

RESOLUTION NO. *R. 89-44*

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CONWAY, ARKANSAS CONCURRING IN THE APPROVAL BY THE BOARD OF DIRECTORS OF THE CONWAY CORPORATION OF A MEMORANDUM OF UNDERSTANDING AMONG ARKANSAS POWER AND LIGHT COMPANY AND THE CITY OF CONWAY et. al.;

WHEREAS, the Arkansas Power & Light Company and its parent company the Entergy Corporation f/k/a Middle South Utilities, Inc., has recently sought the permission of the Arkansas Public Service Commission and the Securities and Exchange Commission to create a new Entergy Corporation subsidiary, Entergy Power, Inc. which will acquire from Arkansas Power and Light Company portions of the Independence Steam Electric Station, Unit 2 and the Ritchie Steam Electric Station, Unit 2; and

WHEREAS, in order to resolve potential disagreements amongst Arkansas Power and Light Company and the Conway Corporation and Arkansas Power and Light Company's other Arkansas wholesale customers, the Arkansas Power and Light Company has offered to its Arkansas wholesale customers transmission grid access,

and other power agreement modifications, after regulatory approval, which will allow the Arkansas wholesale customers to make arrangements for power and energy purchases for resale in the wholesale bulk power market under certain conditions, or to purchase power and energy at more economical long-term rates from Arkansas Power and Light Company; and,

WHEREAS, in order to implement Arkansas Power and Light Company's offer and to detail the terms and conditions under which transmission grid access and other rights will be granted, the attached Memorandum of Understanding amongst Arkansas Power and Light Company and its Arkansas wholesale customers is necessary and proper;

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

Section 1. The City Council of the City of Conway hereby concurs in the approval by the Conway Corporation of the Memorandum of Understanding between Arkansas Power & Light Company, and the City of Conway et. al. in a form substantially similar to that attached hereto as Exhibit "A", as well as the

approval of the Conway Corporation of any addendums to the existing Power Coordination Interchange and Transmission Agreement required by the Memorandum of Understanding.

Section 2. Additionally, the City Council concurs in the Conway Corporation's taking all necessary action to assist Arkansas Power and Light Company in obtaining regulatory approvals for Entergy Power, Inc.'s creation, and to protect the interests of the City of Conway before all regulatory agencies.

Section 3. This resolution shall be in full force and effect from and after its passage and approval.

CITY COUNCIL OF THE CITY OF CONWAY, ARKANSAS

PASSED:

10-24-89

APPROVED:

Mayor

Martha Hartwick
City Clerk

Transmission Access - Memorandum of Understanding

Approximately 7 months ago, Middle South Utilities (now known as Entergy, Inc.) proposed a settlement of all outstanding Grand Gulf I and Grand Gulf II issues as well as other issues, including investment tax credit refunds (due to change in tax credit rates) and surplus capacity in AP&L system. They called this proposal "Project Olive Branch".

The investment tax credit issue is a positive change not addressed in this M.O.U., but will be resolved in a separate docket before the F.E.R.C.

Some of these issues would have a negative effect on cost of power to Conway. The most serious of these would be the negative impact of the surplus power issue. Entergy, Inc. proposed the formation of a new, totally owned subsidiary, Entergy Power, Inc. (EPI), to which AP&L would sell a portion of Independent Steam Electric Station, Unit 2 and all of Ritchie Steam Electric Station Unit 2, removing a total of 809 MW of capacity from their system. This would have a short term negative impact on Conway of \$118,000.00 with a potential long term negative effect on transmission and distribution rates.

E.P.I. will become an Independent Power Producer (IPP) with access to the Entergy, Inc. transmission system, a privilege that previously has been denied others.

There are many issues in the "Project Olive Branch" that are very important to AP&L that have no direct effect on Conway, and in view of the total package, AP&L is prompted to seek favorable intervention by the Municipal wholesale customers (Munis). Thus, AP&L and the Munis negotiated a Settlement Agreement represented by the

M. O. U. The M. O. U. provides support by the Munis for AP&L as they seek approval of the Arkansas Public Service Commission (APSC), the Security & Exchange Commission (SEC), and the Federal Energy Regulatory Commission (FERC). To the Munis, it provides a guarantee of no negative impact due to "Olive Branch" and also provides access to the Entergy transmission grid under favorable conditions, more specifically delineated as follows:

1. If the Entergy Power, Inc. (EPI) transactions are approved by the Securities and Exchange Commission (SEC), Arkansas Power and Light Company (AP&L) will grant to Conway Transmission Grid Access thirty (30) months from SEC approval (a substantially earlier and more certain time and method than if Conway cancelled its Agreement with Arkansas Power and Light Company on five years notice and sought Transmission Grid Access in an anti-trust suit before the District Court).
2. The negative impact of the EPI transaction in the form of increased rates due to the completion of the transactions associated with the EPI creation are negated in Section 5 of the MOU.
3. In order to protect Transmission Grid Access during the thirty month moratorium period Conway is granted two reservations of Transmission paths from February 1, 1990 until the thirty (30) months expire.

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4. Generally, the MOU with associated Transmission Grid Access gives to Conway another contractual negotiating tool in its dealings with AP&L and other large power companies.

The power industry is moving into an era of competitive markets with power available to Conway from other large power companies. Under this proposed Agreement, Conway can now reach this market place and negotiate the lowest power costs for itself. To accomplish this, the Conway Corporation Board and the Conway City Council must pass companion Resolutions. To that end, we respectfully request passage of the Resolution before you today.

MEMORANDUM OF UNDERSTANDING

AMONG

ARKANSAS POWER AND LIGHT COMPANY (AP&L)

AND

THE CITY OF CONWAY, ARKANSAS (Conway)

THE CITY OF WEST MEMPHIS, ARKANSAS (West Memphis)

THE CITY OF OSCEOLA, ARKANSAS (Osceola)

THE CITY OF BENTON, ARKANSAS (Benton)

THE CITY OF PRESCOTT, ARKANSAS (Prescott)

THE CITY OF NORTH LITTLE ROCK, ARKANSAS (North Little Rock)

FARMERS ELECTRIC COOPERATIVE CORPORATION (Farmers)

hereinafter sometimes referred to collectively as

"Wholesale Customers"

WHEREAS, AP&L has filed an application in Arkansas Public Service Commission (APSC) Docket No. 89-128-U requesting approval of a Stipulation and Settlement Agreement which provides, among other things, for the transfer and sale of certain AP&L generating facilities to Entergy Power, Inc. (EPI), a yet to be formed corporation which is proposed to be a wholly owned subsidiary of Entergy Corporation; and,

WHEREAS, Entergy Corporation and AP&L intend to file an application with the Securities and Exchange Commission (SEC) requesting SEC approval of the formation of Entergy Power, Inc. as a wholly owned subsidiary of Entergy Corporation and for approval of the transfer by AP&L to EPI of AP&L's interest in certain generating facilities known as Independence Steam

Electric Station Unit No. 2 (ISES 2) and Ritchie Steam Electric Station Unit No. 2 (Ritchie 2); and,

WHEREAS, AP&L and the Wholesale Customers propose to resolve any and all differences between and among themselves with respect to the approval of the formation of EPI and for the transfer to it of AP&L's interest in ISES 2 and Ritchie 2 as well as questions related to the Wholesale Customers' desire to have access to the transmission facilities owned in whole or in part by AP&L.

NOW, THEREFORE, AP&L and the Wholesale Customers enter into the following agreements and undertakings:

1. This Memorandum of Understanding (MOU) and all agreements and undertakings herein set out are expressly contingent upon receipt by AP&L and Entergy Corporation of regulatory authorizations of the APSC, the Public Service Commission of Missouri (MOPSC), and SEC necessary for them to carry out the implementation of the transactions associated with the formation of EPI as a wholly owned subsidiary of Entergy Corporation and sale of ISES 2 and Ritchie 2 by AP&L to EPI contained in the Stipulation and Settlement Agreement prior to January 1, 1991. In the event all such authorizations are not received prior to January 1, 1991, or in the event any of said agencies specifically disapprove the formation of EPI, or sale by AP&L of ISES 2 and Ritchie 2 to EPI at any earlier date (Agency Denial), then this MOU and all agreements and undertakings herein contained shall be null and void unless a Customer in its sole

discretion notifies AP&L, in writing, of its desire to continue performance under this MOU for one or more additional six (6) month periods after January 1, 1991, or one or more additional six (6) month periods after any Agency Denial prior to January 1, 1991, until necessary approvals are obtained. In the event a Customer elects not to continue performance under this MOU by not giving notice prior to January 1, 1991, or any succeeding six (6) month period, or after Agency Denial, prior to January 1, 1991 or by exercising its termination rights in Sections 11 and/or 12 hereof, any such Customer shall be free to exercise any legal right it has to obtain transmission grid access, and nothing in this MOU, nor such customers' execution of, and prior performance under this MOU, shall be deemed by any party to be a waiver, abandonment, relinquishment, or bar to the exercise of such rights by the Customer.

2. The Wholesale Customers agree that prior to the termination of this MOU they shall support all approvals which may be required by the APSC, the MOPSC, the Federal Energy Regulatory Commission (FERC) and the SEC for the formation of EPI and the transfer to it of all of AP&L's interest in ISES 2 and Ritchie 2 and all transactions related to such approvals. Such support shall constitute, but shall not necessarily be limited to, a written statement on behalf of the Wholesale Customers individually and collectively expressing support for the above-described transactions which AP&L may use with the APSC, MOPSC, the FERC and SEC evidencing the support of the Wholesale

Customers. Nothing in this MOU shall be a bar to, or basis for, objection to any Wholesale Customer's intervention or participation in APSC, SEC, or FERC proceedings associated with the transactions described in this MOU in order to support the approval and formation of EPI (including the sale by AP&L of ISES 2 and Ritchie 2 to EPI) and to protect its interests from positions of parties not signatories to this MOU which may be adverse to approval and formation of EPI (including the sale by AP&L of ISES 2 and Ritchie 2 to EPI) and, in addition, at the FERC to protect its interest with regard to formula rates contained in Exhibit B from claims by any party inconsistent with their justness and reasonableness, or to protect its interest from positions taken in such proceedings by signatories to this MOU inconsistent with this MOU or to contest the justness and reasonableness of transmission service rates before the FERC under §205 or §206 of the Federal Power Act if the formula rates in the initial filing with FERC differ from those contained in Exhibit "B".

3. AP&L agrees that, upon receipt of the approvals of the APSC, MOPSC and SEC necessary for the formation of EPI and for the transfer of ISES 2 and Ritchie 2 to EPI, AP&L will execute and cause to be filed with the FERC, an Addendum to the currently effective Power Coordination, Interchange and Transmission Agreement, Power Agreement, or Agreement for Electric Service ("existing Agreement(s)") between AP&L and each individual Wholesale Customer. Such Addendum to the existing Agreements

will provide for any changes to formula rates made necessary by operation of this MOU, and specifically incorporate all provisions of this MOU in addition to formula rate changes and provide for access, as described hereafter, by the Wholesale Customers to the interconnected transmission system of AP&L (System) at the earlier of: (1) As of the termination date presently specified in the existing Agreements;¹ or (2) As of 30 months from the date of the necessary approvals of the SEC for the formation of EPI and sale to EPI of ISES 2 and Ritchie 2. The method of providing access to the system within the Addendum shall be by individual contract between AP&L and each Wholesale Customer as set forth in the attached Exhibit A, Terms for Transmission Service, and shall contain such additional terms and provisions substantially similar to the terms and provisions within the Agreement between AP&L and EPI attached hereto as Exhibit B as may be consistent with the Wholesale Customers or its supplier's physical and operating characteristics and power and energy requirements, or such additional terms and provisions substantially similar to terms and provisions which may be contained in any other Transmission Service Agreement now or hereafter entered into between any Entergy Corporation operating

¹ The North Little Rock Addendum (including this MOU) shall remain effective beyond the termination date of the North Little Rock/AP&L Power Agreement, if this MOU is not terminated by North Little Rock in accordance with its provisions, by operation of this MOU, or by any Agency Denial.

subsidiary and EPI or its successors. Where conflicts exist between this MOU, and Exhibits A and B, hereto, this MOU shall control, and where Exhibit B's terms are more favorable to the Wholesale Customer or its supplier than Exhibit A, Exhibit B shall control.

4. Transmission Grid Access rights granted to the Wholesale Customers as provided in this MOU shall be available to a Wholesale Customer after the time specified in Paragraph 3(1) and (2) irrespective of whether or not the Wholesale Customer elects to request such service at either of such times for so long as AP&L provides access to EPI or to its successors, and for so long as AP&L has no duty to plan generation facilities to serve such Customers' loads, as described below. To the extent a Wholesale Customer actually exercises its rights to take service and does acquire firm electric capacity and energy from a Supplier by access to the system, such receipt of service shall relieve AP&L of any obligation to continue to plan for and provide generation facilities necessary to meet such Wholesale Customers' loads thereafter served by a supplier other than AP&L. As to transmission and related distribution facilities described in the FERC System of Accounts 350-359 for Transmission and 360-373 for Distribution, 18 C.F.R. part 101, 16 U.S.C.A. §825 and as required by existing Agreements necessary to meet the Wholesale Customers' full requirements, AP&L's obligation to plan for and provide such transmission and distribution facilities shall be unchanged by this MOU. It is the specific intent of AP&L and

Wholesale Customers to provide to Wholesale Customers and/or their supplier to the extent necessary to supply power to the Wholesale Customer access to the System under terms and conditions substantially similar to those granted from time to time to EPI by AP&L, or any Entergy Corporation Company, or by AP&L to any non-affiliated party. To that extent, therefore, subject to paragraph 14 hereof, in the event terms or conditions of transmission service more favorable than those contained in Exhibit B are provided by AP&L (or any Entergy Corporation Company for similar transmission service over its facilities) to EPI or by AP&L to any non-affiliated party, such more favorable terms or conditions of transmission service on the system shall be offered to Wholesale Customers (and/or their supplier to the extent necessary to supply power to such Wholesale Customers), notwithstanding conflicts with Exhibit A, Exhibit B, or this MOU.

5. The Wholesale Customers to which formula rates apply are to be insulated from any increase in rates that might result from a partial implementation of the transfer of ISES 2 and Ritchie 2 to EPI as proposed in the Stipulation and Settlement Agreement.

AP&L and the Wholesale Customers agree that full implementation of such transfer shall be deemed to have occurred when either A or B has occurred:

A.1. ISES 2 and Ritchie 2 have been transferred to EPI and AP&L retires approximately \$140 million of first mortgage bonds bearing interest rates of at least 13 percent, and,

2. AP&L's Before Tax Cost of Capital, as defined in the currently effective formula rates, becomes equal to or less than the Before Tax Cost of Capital existing at the end of the month prior to the month in which the transfer of ISES 2 and Ritchie 2 occurs, adjusted to give effect to any change in the allowed cost of common equity.

B.1. ISES 2 and Ritchie 2 have been transferred to EPI and AP&L uses the funds received from such transfer in a manner other than the retirement of the approximately \$140 million of first mortgage bonds as contemplated in A above, including but not limited to the retention of funds for general corporate purposes, the payment of dividends or the purchase of other assets, and,

2. AP&L's Before Tax Cost of Capital, as defined in the currently effective formula rate becomes equal to or less than the Before Tax Cost of Capital existing at the end of the month prior to the month in which the transfer of ISES 2 and Ritchie 2 occurs, adjusted to give effect to any change in the allowed cost of common equity.

In the event partial implementation of transfer of ISES 2 and Ritchie 2 occurs in any calendar year but full implementation is not completed in the same calendar year, the formula rate redetermination to be filed on or about March 1 of the following year and based on data for the year in which the partial implementation occurred shall be made as though no aspect of the

partial implementation of the transfer had been made during that calendar year.

In the event full implementation occurs, or is completed, in any calendar year, then the formula rate redetermination to be filed on or about March 1 of the following year and based on data for the year in which full implementation was completed shall be made in the normal, prescribed fashion except that all revenue and expense effects resulting from such implementation of the transfer shall be reflected at an annualized level.

6. In order to provide for and to assure Wholesale Customers transmission capacity availability for each Wholesale Customer at the time transmission access commences under this MOU and the associated effective dates of proposed Addendums to existing Agreements, each Wholesale Customer shall be entitled to designate, on or before February 1, 1990 (Commitment Date), no more than two proposed point-to-point transmission contract paths which are specific as to (1) the number of megawatts (which may be an amount which Transmission capacity will not exceed); (2) beginning date of transmission service, (which may be a continuous period of time not to exceed One Hundred Eighty (180) days) (Beginning Date); (3) duration in time (which may be a period of time that the access to the specified path will not exceed); and (4) point-to-point location (i.e., point of delivery into AP&L's system and point of delivery into the system of the Wholesale Customer as those terms are defined in Section 3 of Exhibit A). Such designated transmission transactions shall be

limited to the Wholesale Customers' purchased power requirements in 1989 plus a reasonable rate of growth not to exceed the greater of 5 percent per year or the actual annual rate of growth in purchased power requirements from 1988 to 1989, whichever is greater, adjusted for known and measurable changes.

Within 30 days after receipt of a designation by a customer for a point-to-point transmission path, AP&L will notify such customer whether or not such transmission capacity is presently available. If the designated transmission capacity is not presently available, such customer shall have an additional 30 days to designate another point-to-point transmission contract path, and AP&L shall notify such customer within 30 days after receipt of such additional designation as to the availability of such transmission capacity.

It is recognized and acknowledged by the parties that AP&L's primary transmission responsibility is to its retail and firm Wholesale Customers and that additions to these loads may affect the availability of transmission capacity. Thus, during the period from the Commitment Date until the Beginning Date, AP&L will undertake to notify the Wholesale Customer of any AP&L proposed transmission transaction with a third party or parties which would, during the period designated by the customer, substantially impair AP&L's ability to complete the transmission transactions designated by the customer on or before the Commitment Date. A Wholesale Customer shall have 30 days from the date of such notification to either (a) reserve such

transmission capability by paying to AP&L each month an amount equal to the transmission charges associated with the transmission transaction designated and requested by the customer, or (b) provide a written release of AP&L from any obligation to provide to such Wholesale Customer the designated transmission service which would be impaired by the proposed transaction, and elect, within Ninety (90) days under the procedure outlined in this section a substitute transmission path, which shall thereafter be subject to all the provisions of this paragraph 6.

7. AP&L agrees that the Cities of Benton and Prescott, Arkansas and Farmers Electric Cooperative Corporation (Farmers) may, upon the receipt by AP&L and Entergy Corporation of the approvals described in Section 1 of this MOU, elect to enter into Peaking Power Agreements (PPA's) with AP&L to provide peaking power service to such customers. Such PPA's shall include provisions which are substantially similar to the terms and provisions contained in the PPA's between AP&L and the Cities of Conway and West Memphis, Arkansas to be effective on and after October 1, 1991.

Benton, Prescott and Farmers may elect to commence receipt of service under the PPA's either (a) when the one year, twenty percent (20%) discount in the production demand rate terminates

in their existing Agreements² in which event the PPA's shall be effective as follows: Benton, September 1, 1992; Prescott, August 12, 1992; Farmers, July 1, 1992; or alternatively, (b) in lieu of receipt of any discount in their existing Agreement in which event the PPA's shall be effective as follows: Benton, September 1, 1991; Prescott, August 12, 1991; Farmers, July 1, 1991. In the event of the election of either alternative (a) or (b), the PPA's for Benton, Prescott and Farmers shall terminate as of April 30, 1996, the date of termination of the Conway, Osceola and West Memphis PPA's. Provided that, in the event the PPA of Conway and/or Osceola and/or West Memphis is extended beyond April 30, 1996, then at the individual option of either Benton or Prescott or Farmers, such later date as the Conway and/or Osceola and/or West Memphis PPA may be extended (likewise, Conway and/or Osceola, and/or West Memphis shall have the option to extend their effective PPA's in the event that the PPA's of Benton and/or Prescott and/or Farmers are extended beyond April 30, 1996). Provided additionally, in any event, either Benton, or Prescott or Farmers shall have the individual right, upon no

2 AP&L and Benton, Prescott, Farmers and North Little Rock agree that the formulas contained in the existing Agreements between AP&L and Benton, Prescott, Farmers and North Little Rock shall be revised so as to conform with the formulas contained in the existing Agreements with Conway, Osceola and West Memphis. In regard to North Little Rock, this change shall affect only the underlying transmission and distribution demand rate formula in the Agreement for Hydroelectric Power Transmission and Distribution Service. However, this rate shall continue to be expressed as an energy rate.

less than five (5) years notice, to cancel its existing Agreements as of the termination date of the PPA.

8. Notwithstanding Section 14 of Exhibit A, AP&L, in consideration of Wholesale Customer performance under this MOU, forever waives any and all rights it might have, or in the future may acquire by any means to request, demand or bring, in any forum, any Civil or Administrative action for the recovery of "stranded investment payments" related to existing Agreements with these Wholesale Customers under current law, or laws in the future, including acts of Congress, or orders of the SEC or FERC against these Wholesale Customers or their suppliers. Company acknowledges that inclusion of Section 14 in Exhibit A is designed to assist Company in its dealings with Wholesale Customers not party to this Agreement and that the Wholesale Customers (except North Little Rock) thirty (30) month continuation of purchase of production capacity in accordance with existing Agreements beyond the date of SEC approval of EPI, and North Little Rock's performance under this MOU until January 1, 1991, or any Agency Denial prior to January 1, 1991, the Wholesale Customers (including North Little Rock's) duty to support the formation of EPI, AP&L's rights in §4 hereof to cease planning for customer loads and other valuable consideration given by Wholesale Customers within this MOU is ample consideration to AP&L for its commitment to forever waive all rights or entitlement to any right to claims against these Wholesale Customers or their suppliers for "stranded investment

payments" related to existing Agreements with these Wholesale Customers as a result of access by such Wholesale Customers to AP&L's transmission facilities as provided in this MOU. Nothing herein contained shall be construed to be a waiver by AP&L of any claim or potential claim or any Civil or Administrative action for recovery of stranded investment occasioned by any breach by Wholesale Customers, or any of them, (a) of this MOU, or (b) any existing Agreement, (after termination of this MOU), or (c) any future Agreement for the sale by AP&L to any such customer of electric power and energy. Moreover, nothing herein contained shall be construed to be a waiver by AP&L or any Wholesale Customer of any right or claim pursuant to statute or other applicable law or regulation related to any acquisition by any Wholesale Customer of any facilities now or hereafter owned by AP&L or any annexation by any Wholesale Customer of customers now or hereafter served by AP&L.

9. The Wholesale Customers, and each of them, in consideration of AP&L's performance under this MOU, waive during the period of performance under this MOU, any and all rights they may have, or in the future may acquire by any means to request, demand or bring, in any forum, any civil or administrative action for access by them to the transmission facilities owned in whole or in part by AP&L. In the event of termination of this MOU by any means specified herein, the parties shall be restored to all rights they had prior to execution of this MOU.

10. Notwithstanding Section 1 of Exhibit A, AP&L agrees that points of delivery for purposes of this MOU between AP&L and other operating subsidiaries of Entergy Corporation, Arkansas Electric Cooperative Corporation, Southwestern Power Administration, Southwestern Electric Power Company, Oklahoma Gas and Electric Company, and the Tennessee Valley Authority either do not require "Reciprocal Agreements", or AP&L currently has effective "Reciprocal Agreements" within the meaning of Section 1 of Exhibit A. The intent of this Section is to allow Transmission Grid Access in favor of the Wholesale Customers from AP&L physical interconnections with the enumerated utilities without compliance with Section 1 of Exhibit A. AP&L represents that the interconnected transmission grid of Entergy Corporation subsidiaries and affiliates as outlined in the attached Exhibit C has transmission capacity adequate to accommodate the transmission of power and energy to be designated by Wholesale Customers on the Commitment Date as set out in paragraph 6 above currently available and reasonably anticipated to be available at the time of transmission access as described in paragraph 3 of this MOU at interconnections with the utilities identified in this Section, and the Wholesale Customers, without the need for major capital improvements.

11. In the event the FERC, at any time prior to termination of this MOU, issues a final non-appealable order approving any rule making, or a final non-appealable order in any contested proceeding to which AP&L is a party or is represented by any

affiliated company and which FERC declares to be a generic finding applicable to all similar circumstances, which would allow transmission grid access to the Wholesale Customers as if this Agreement were not then effective, any Wholesale Customer in its sole discretion may after sixty (60) days notice terminate this Agreement, in which event the parties will be returned to all rights they had prior to the execution of this MOU.

12. In the event the APSC, in its approval of the sale of ISES 2 and Ritchie 2 by AP&L to EPI, conditions such approvals upon AP&L and EPI agreeing to, in any manner, limit geographically EPI's wholesale sales and the SEC or FERC sets for hearing any SEC or FERC regulatory approval without allowing the immediate implementation of the transactions described in this MOU, subject to refund, or otherwise, where there is at issue such APSC conditions, or other issues and such issues are not resolved by the SEC or FERC prior to January 1, 1991, Wholesale Customers shall have the right on sixty (60) days notice to terminate this MOU.

13. This MOU shall inure to the benefit of and be specifically binding upon the successors or assigns of all parties.

14. All parties to this MOU acknowledge that AP&L is a separate corporation which is a wholly-owned subsidiary of Entergy Corporation and that Entergy Corporation owns other operating electric utility subsidiaries. The parties further acknowledge that AP&L cannot obligate such other Entergy Corporation subsidiaries, including Louisiana Power and Light Company,

Mississippi Power and Light Company, or New Orleans Public Service, Inc. to provide access to transmission grids owned by such other companies nor to the entire interconnected Entergy Corporation grid. However, AP&L represents to the Wholesale Customers that the transmission access policy set out in Exhibit A is applicable to such other companies. AP&L will notify Wholesale Customers of any significant modifications in Exhibit A.

15. Any notice required to be given under the terms of this MOU, or any other notice from AP&L to a Wholesale Customer, or to AP&L from a Wholesale Customer, may given by United States Mail, first class, postage prepaid as follows:

President, Arkansas Power and Light Company
Post Office Box 551
Little Rock, AR 72203

Mayor, City of Benton
City Hall
Post Office Box 607
Benton, AR 72015

General Manager, Conway Corporation
1319 Prairie
Post Office Box 99
Conway, AR 72032

Mayor, City of North Little Rock
City Hall
Post Office Box 5757
North Little Rock, AR 72119

Mayor, City of Osceola
City Hall
Box 443
Osceola, AR 72370

Mayor, City of Prescott
City Hall
Prescott, AR 71857

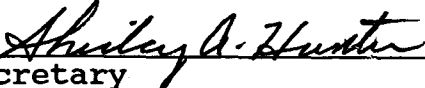
General Manager, West Memphis Utilities
Post Office Box 1868
604 East Cooper
West Memphis, AR 72301

General Manager, Farmers Electric
Cooperative Corporation
Post Office Box 400
Newport, AR 72112

ARKANSAS POWER AND LIGHT COMPANY:



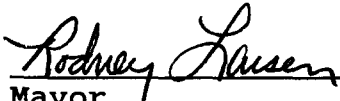
President



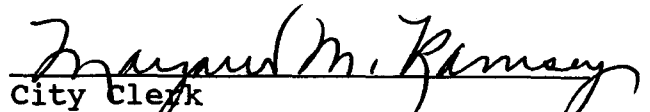
Asst. Secretary

DATE: 12-27-89

CITY OF BENTON, ARKANSAS:



Mayor



City Clerk

DATE: 11-17-89

CONWAY CORPORATION:



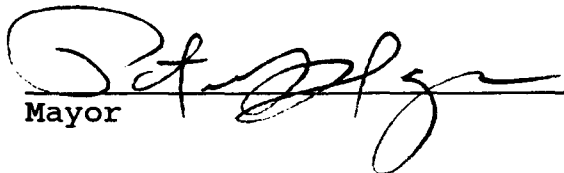
General Manager



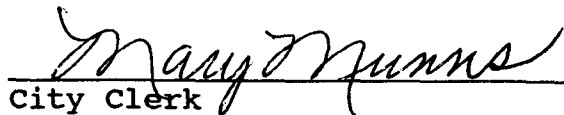
Secretary

DATE: 10-27-89

CITY OF NORTH LITTLE ROCK, ARKANSAS:



Mayor



City Clerk

DATE: 11-17-89

CITY OF OSCEOLA, ARKANSAS:

R. Shewett
Mayor

Lynnda L. Wells
City Clerk

DATE: 10-30-89

CITY OF PRESCOTT, ARKANSAS:

Don J. Smith
Mayor

Howard Taylor
City Clerk

DATE: 11-14-89

CITY OF WEST MEMPHIS, ARKANSAS:

Keith M. Ingram
Mayor

Ron Coffey
City Clerk

DATE: 10/31/89

FARMERS ELECTRIC COOPERATIVE CORPORATION:

James J. [Signature]
Chairman

Bill Fortune
Secretary

DATE: 11-13-89