

February 11, 2014

Mayor Tommy Davis
City of Minden, Louisiana
520 Broadway Avenue
Minden, Louisiana 71055

Dear Mayor Davis:

This Letter Agreement, entered into by and between Southwestern Electric Power Company ("Company") and City of Minden, Louisiana ("Customer") (collectively, "Parties") on the date set forth above relates to the Revised and Restated Power Supply Agreement ("PSA") between Southwestern Electric Power Company and City of Minden, Louisiana dated October 15, 2010, as amended. The Parties have agreed to further amend the PSA as shown in the redlined version of the PSA attached hereto as Attachment 1 and as described immediately below:

1. The addition of a new Section 3.10 and Exhibit D that provides for the implementation of the SPP Integrated Marketplace.
2. The addition of a new Section 5.04 related to compliance with NERC requirements.
3. Changes to Exhibit C that remove the diesel units from the Minden Generation provided under the PSA and changes the escalation rate applied to the Minden Generation Capacity Credit.

The Parties expressly agree that SWEPCO shall request that the amended PSA be permitted to become effective on March 1, 2014.

Except as expressly provided in the amendments described above in Paragraphs 1, 2, and 3, nothing herein will be interpreted or construed to affect either Party's rights or obligations under the PSA.

The Company will make a filing with the Federal Energy Regulatory Commission ("FERC") requesting that FERC accept the amendments described above and shown in Attachment 1. The Parties acknowledge and agree that such amendments will not become effective unless and until

FERC has accepted the Company's filing of the amendments without modification or condition unless both Parties expressly agree in writing to such modification or condition.

Each Party has caused its duly authorized representative to execute this Letter Agreement on its behalf as of the date specified above.

City of Minden, Louisiana

By: Tommy Davis

Name: Tommy Davis

Title: Mayor

Southwestern Electric Power Company

By: Sandra S. Bennett

Name: Sandra S. Bennett

Title: VP Regulatory & Finance

Attachments

Michael



Legal Department

American Electric Power
801 Pennsylvania Ave NW, Suite 320
Washington, DC 20004-2615
AEP.com

February 11, 2014

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Amanda Riggs Conner
Senior Counsel -
Regulatory Services
(202) 383-3436 (P)
(202) 383-3459 (F)
arconner@aep.com

Re: Southwestern Electric Power Company
Docket No. ER14-____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. 824(d), and Part 35 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations, 18 C.F.R. Part 35 (2011), Southwestern Electric Power Company ("SWEPCO") hereby submits revisions to the "Revised and Restated Power Supply Agreement ("PSA") between Southwestern Electric Power Company and the City of Minden, Louisiana" ("Minden" or "Customer") (collectively, "Parties"), which amendments are incorporated into the "Revised PSA" submitted herewith. SWEPCO respectfully requests that the Commission permit the Revised PSA to become effective on March 1, 2014, the expected implementation date of the Southwest Power Pool, Inc. ("SPP") Integrated Marketplace.

In addition to this transmittal letter, SWEPCO submits the following documents:

1. A clean version of the Revised PSA (Attachment A), which includes the following revisions:
 - a. The addition of a new Section 3.10 and Exhibit D that provides for the implementation of the SPP Integrated Marketplace.
 - b. The addition of a new Section 5.04 related to compliance with NERC requirements.
 - c. Revisions to Exhibit C that remove the diesel units from the Minden Generation provided under the PSA and changes the escalation rate applied to the Minden Generation Capacity Credit.
2. A redlined version of the Revised PSA (Attachment B).

A. Background

The Revised PSA was accepted for filing by the Commission on April 29, 2011, in a Letter Order approving a settlement agreement among SWEPCO, the City of Minden, Louisiana (“Minden”), and the City of Prescott, Arkansas (collectively, “Customers”).¹ The Commission subsequently accepted the initial eTariff submission of the Revised Agreement by Letter Order issued on July 5, 2011, in Docket No. ER11-3562-000. The Revised PSA provides for SWEPCO to supply “Requirements Service” to enable Minden to serve its retail loads (including associated transmission and distribution losses).

SPP and its stakeholders have been collaborating for several years to develop a comprehensive market design for the SPP Region – the Integrated Marketplace. The Day-Ahead and Real-Time Energy and Operating Reserve Markets and the Transmission Congestion Rights Markets, which comprise the Integrated Marketplace, are designed to benefit the Region by saving \$45-\$100 Million/year, reducing total energy costs through centralized unit commitment while maintaining reliable operations, allowing additional price assurance capability prior to real-time through the Day-Ahead Market, and including new markets for Operating Reserve to support implementation of a Consolidated Balancing Authority and facilitating reserve sharing. Because the Integrated Marketplace is scheduled to commence operations March 1, 2014, the parties determined that changes to the PSA were necessary to implement the new market construct.

Additionally, SWEPCO has determined that the PSA must be updated to address responsibilities associated with NERC requirements. Finally, the PSA must be modified to reflect updates to the points of receipt.

Consistent with these identified changes, SWEPCO has proposed to Minden to amend the PSA in the manner described herein and as reflected in the tariff sheets submitted with this filing. Minden is in the process of obtaining appropriate approvals to amend the agreement as proposed and has agreed to the submission of the Revised agreements on an unexecuted basis pending those approvals.

1. Implementation of the SPP Integrated Marketplace (new Section 3.10 and Exhibit D)

Section 3.10 has been added to refer to new Exhibit D, which addresses the implementation of the SPP Integrated Marketplace. Exhibit D sets forth the obligations and responsibilities of the parties specifically related to the Integrated Marketplace. In particular, Exhibit D provides that:

¹ *Southwestern Electric Power Company*, Docket Nos. ER08-1501 and ER09-86, 135 FERC ¶61,092 (2011). The settlement filing, which was made on October 25, 2010, provided a detailed background of the proceeding and the rates and terms agreed upon in the Revised Agreements.

- a. Minden shall assign its load at the Points of Receipt to SWEPCO for the purposes of submitting bids and offers in the Integrated Marketplace;
- b. Minden shall assign to SWEPCO rights to all Auction Revenue Rights ("ARR") and Transmission Congestion Rights ("TCR") associated with SWEPCO resources that are providing Requirements Service as well as SWEPCO controlled resources; Minden shall retain all TCRs and ARRs associated with transmission service from Customer Controlled Resources;
- c. SWEPCO shall retain its rights under the PSA to schedule and dispatch the Customer Controlled Resources. Schedules for Energy from the Customer Controlled Resource shall be implemented through Bilateral Settlement Schedules ("BSS") in the Integrated Marketplace. A SWEPCO request for energy shall be made with a BSS initiated by SWEPCO and reviewed and confirmed by Minden or its agent for each resource.
- d. All Integrated Marketplace settlement charges incurred by SWEPCO shall be booked to either a purchased power account or a sale-for-resale account and such charges shall be included in the energy charge calculation in the cost of service formulas;
- e. In addition to the existing charges under the PSA, a Load Related Settlement Charge (the "LRSC"), shall be invoiced to Customer each month for all energy supplied by the SWPA Hydro Peaking Power resource and credited to the Customer's invoice. The LRSC for each billing period shall be determined as follows:

$$\text{LRSC} = (\text{Sum Load Charges for the period}) / (\text{Sum of Company Total Load for the period}) \times (\text{Energy credit from the SWPA Hydro Peaking Power resource for the period});$$
- f. In the event SPP adopts new charges or credits related to the Integrated Marketplace, the PSA shall be further amended, if necessary, to include such new charges or credits in the cost of service formulas; and
- g. The Parties agree to cooperate with SPP to implement the new PSA terms commensurate with the SPP Integrated Marketplace implementation date.

2. Compliance with NERC Requirements (new Section 5.04)

The PSA has been revised to include new Section 5.04, which provides that Minden will be solely responsible for compliance with NERC requirements throughout the term of the Agreement. SWEPCO will provide Minden with such information and technical assistance as Minden may reasonably request in order to document the manner in which Minden provides for compliance with NERC and any regional reliability organization requirements. Minden will reimburse SWEPCO for any costs or charges incurred by SWEPCO in connection with Minden's NERC and regional reliability organization requirements.

3. Minden Generation (Exhibit C)

Finally, Exhibit C of the PSA has been updated to reflect the removal of diesel units from the Minden Generation provided under the PSA and changes to the escalation rate applied to the Minden Generation Capacity Credit.

B. Compliance with 18 C.F.R. § 35.13

In compliance with the requirements of 18 C.F.R. § 35.13, SWEPCO states as follows:

1. General Information – 18 C.F.R. § 35.13(b)

The documents enclosed with this filing include this Transmittal Letter and the documents listed on page 1 of this Transmittal Letter. The names of the persons upon whom this filing has been served are set out below. A description of and the reasons for the amendments is provided in this Transmittal Letter. SWEPCO further states that there are no costs included in the cost-of-service data that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

2. Cost of Service Information

The changes proposed to the PSA are designed to implement the SPP Integrated Marketplace, which has been approved by the Commission. SWEPCO requests waiver of any provisions in Section 35.13 that would require SWEPCO to submit any cost-of-service data associated with this filing.

C. Effective Date

SWEPCO requests waiver of Section 35.3 as necessary to permit the Revised PSA to become effective on March 1, 2014, the month in which implementation of the SPP Integrated Marketplace is expected to take place.

D. Service

A copy of this filing has been served on representatives listed below, as well as on the Arkansas Public Service Commission.

Mayor
City of Minden, Louisiana
520 Broadway Avenue
Minden, Louisiana 71055

Director of Public Works
City of Minden, Louisiana
520 Broadway Avenue
Minden, Louisiana 71055

SWEPCO requests that correspondence and service regarding this filing be sent to the following individuals, who should be placed on the official service list in this proceeding:

Amanda Riggs Conner
American Electric Power
Service Corporation
801 Pennsylvania Ave NW, Suite 320
Washington, DC 20004-2615
Telephone: (202) 383-3436
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E. Conclusion

Wherefore, AEP respectfully requests that the Commission accept this filing and grant any applicable waivers.

Respectfully submitted,

/s/ Amanda Riggs Conner

Amanda Riggs Conner
Senior Counsel
American Electric Power Service
Corporation

ATTACHMENT A

REVISED AND RESTATED POWER SUPPLY AGREEMENT BY AND BETWEEN
SOUTHWESTERN ELECTRIC POWER COMPANY
AND
THE CITY OF MINDEN, LOUISIANA

(CLEAN VERSION)

RATE SCHEDULE NO. 128

**REVISED AND RESTATED
POWER SUPPLY AGREEMENT
BETWEEN
SOUTHWESTERN ELECTRIC POWER COMPANY
AND
CITY OF MINDEN, LOUISIANA**

Tariff Submitter: **Southwestern Electric Power Company**
FERC Tariff Program Name: **FERC FPA Electric Tariff**
Tariff Title: **SWEPCO Rate Schedules and Service Agreements Baseline**
Tariff Record Proposed Effective Date: **March 1, 2014**
Tariff Record Title: **Revised and Restated Minden PSA**
Option Code: **A**
Record Content Description: **Rate Schedule No. 128**

REVISED AND RESTATED
POWER SUPPLY AGREEMENT
(Substitute Agreement)

BY AND BETWEEN
SOUTHWESTERN ELECTRIC POWER COMPANY
AND
CITY OF MINDEN, LOUISIANA
DATED AS OF OCTOBER 15, 2010

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REVISED AND RESTATED
POWER SUPPLY AGREEMENT

by and between

Southwestern Electric Power Company

and

City of Minden, Louisiana

This AGREEMENT is dated as of October 15, 2010, and is by and between Southwestern Electric Power Company ("Company"), and City of Minden, Louisiana ("Customer") (each individually a "Party," or collectively, the "Parties").

RECITALS

WHEREAS, Company is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business at 428 Travis Street, Shreveport, Louisiana; and owns and operates facilities for the generation, transmission and distribution of electric power and energy in the States of Arkansas, Louisiana, and Texas; and

WHEREAS, Customer is a municipality, organized and existing under the laws of the State of Louisiana, and located in Webster Parish, Louisiana, with a principal place of business at 520 Broadway Avenue, Minden, Louisiana; and

WHEREAS, Customer has been a requirements customer of the Company since 1995 and throughout that period has been included in the Company's system planning for load; and

WHEREAS, Customer requires Requirements Service to meet Customer's Retail Load; and

WHEREAS, subject to the terms and conditions set forth herein, Company has proposed to supply Requirements Service to meet Customer's energy needs to the Points of Delivery; and

WHEREAS, the Parties originally executed the Power Supply Agreement by and between Southwestern Electric Power Company and City of Minden, Louisiana, dated October 14, 2008 ("Original Agreement"); and

WHEREAS, by order issued December 30, 2008, in Docket No. ER09-86, FERC accepted the Original Agreement but established hearing procedures to address various rates and terms under the Original Agreement; and

WHEREAS, the Parties subsequently agreed to supersede the Original Agreement and replace it with this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties hereby agree that this Agreement, together with the Exhibits attached hereto and Related Documents, sets forth the terms under which Company will supply Requirements Service to Customer, during the Delivery Period; constitutes the entire agreement among the Parties relating to the subject matter hereof; and supersedes any other agreements, written or oral (including without limitation any preliminary term sheet), among the Parties concerning this Agreement.

ARTICLE I DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Agreement or in any associated documents entered into in conjunction with this Agreement. This Agreement includes certain capitalized terms that are not explicitly defined herein. Such capitalized terms shall have the meanings specified in the "Related Documents", as the same are in effect from time to time, which meanings are incorporated herein by reference and made a part hereof. In the event of any inconsistency between a definition contained herein and a definition contained in one or more "Related Documents", the definition in this Agreement shall control for purposes of this Agreement.

1.01 Affiliate

Affiliate means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

1.02 Agreement

Agreement means this Power Supply Agreement, including the Exhibits and Related Documents, as amended, modified or supplemented from time to time.

1.03 Ancillary Services

Ancillary Services means those services set forth in the applicable Open Access Transmission Tariff, filed with FERC, that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's and Transmission Owner's(s) Transmission System in accordance with Good Utility Practice.

1.04 Billing Demand

Billing Demand means the average of the four summer months' hourly kilowatt demands at the Points of Receipt coincident with Company's actual system hourly peak demands for each summer month (June, July, August, and September), measured at the Points of Receipt, and adjusted for the appropriate distribution and transmission losses to the Points of Delivery, less any capacity credit for SWPA Hydro Peaking Power. The Billing Demand used for the annual adjustment of the charges for Requirements Service shall be the Billing Demand established for the summer months of the calendar year in which the adjustment applies, and shall remain constant for each Billing Period of such calendar year.

1.05 Billing Energy

Billing Energy means the total kilowatt-hours of Firm Energy as measured during the Billing Period at the Points of Receipt, and adjusted for the appropriate distribution and transmission losses to the Points of Delivery, less any energy credit for the delivery of SWPA Hydro Peaking Power.

1.06 Billing Period

Billing Period means the calendar month which shall be the standard period for all payments and metering measurements under this Agreement, unless otherwise specifically required by SPP or the entity providing meter reading services.

1.07 Business Day

Business Day means a day ending at 5:00 p.m. Central Prevailing Time, other than Saturday, Sunday and any day which is a legal holiday or a day designated as a holiday by the North American Electric Reliability Council; provided, that, with respect to any payment due hereunder, a "Business Day" means a day ending at 5:00 p.m. Central Prevailing Time, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Shreveport, Louisiana are authorized by Law to close.

1.08 Capacity

Capacity means the real power output capability of generating facilities to generate electric power, expressed in kilowatts, and determined in accordance with the SPP Criteria.

1.09 Central Prevailing Time

Central Prevailing Time means the prevailing time in Shreveport, Louisiana.

1.10 Claims

Claims means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of this Agreement, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

1.11 Confidential Information

Confidential Information means such information as the Parties agree shall remain confidential. Notwithstanding the foregoing, the following shall not constitute Confidential Information:

- a) Information which was already in a Party's possession prior to its receipt from another Party and not subject to a requirement of confidentiality;
- b) Information which is obtained from a third person who, insofar as is known to the Party, is not prohibited from transmitting the information to the Party by a contractual, legal or fiduciary obligation to the Party; and
- c) Information which is or becomes publicly available through no fault of the Party.

1.12 Contract Year

Contract Year means the twelve consecutive month period beginning at hour ending 0100 on January 1 and ending at 2400 on December 31 of the same calendar year.

1.13 Defaulting Party

Defaulting Party means the Party who has caused an Event of Default.

1.14 Delivery Period

Delivery Period means the period of time during which Requirements Service is provided under this Agreement as defined in Section 2.02.

1.15 Early Termination Date

Early Termination Date is (i) the date this Agreement is canceled by either Party prior to the end of the Delivery Period in accordance with Section 3.06; (ii) the date selected by the Non-Defaulting Party to terminate this Agreement prior to the end of the Delivery Period in accordance with Section 7.02; or (iii) the date selected by the Company in accordance with Section 2.02.

1.16 Effective Date

Effective Date means the date defined in Section 2.01.

1.17 Energy

Energy means three phase, 60-cycle alternating current electric energy, expressed in kilowatt-hours.

1.18 Entergy Related Documents

Entergy Related Documents means either collectively or individually, the Entergy Open Access Transmission Tariff and any other applicable service agreements, market rules, manuals and procedures adopted by Entergy, as may be amended from time to time, and as administered by Entergy or its agent, the ICT, and applicable to the Requirements Service provided under this Agreement.

1.19 ESI

ESI means Entergy Services, Inc., as agent for Entergy Corporation System operating companies, namely, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, LLC, Entergy Texas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., and Entergy New Orleans, Inc., collectively or in any combination, including individually, or their successors, in their capacity as the regional Transmission Provider or independent system operator for the Transmission System connected to the Points of Receipt and organized and operating pursuant to the Entergy Related Documents.

1.20 Event of Default

Event of Default means those events by the Defaulting Party set forth in this Agreement which give the Non-Defaulting Party the right to terminate this Agreement or exercise other remedies available under this Agreement or at law or in equity.

1.21 FERC

FERC means the Federal Energy Regulatory Commission.

1.22 Firm Energy

Firm Energy means Energy that Company shall sell and deliver and Customer shall purchase and receive under this Agreement, unless relieved of their respective obligations without liability by Force Majeure, but only to the extent that, and for the period during which, either Party's performance is prevented by Force Majeure or temporary interruptions described in Section 8.02.

1.23 Force Majeure

Force Majeure means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the date the Agreement was agreed to, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided.

1.24 Good Utility Practice

Good Utility Practice means any of the practices, methods, techniques and standards (including the practices, methods, techniques and standards approved by a significant portion of the electric power generation industry, SPP and/or NERC) that, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made and having due regard for, among other things, contractual obligations, applicable laws and equipment manufacturer's recommendations, could have been expected to accomplish the desired result in a manner consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, technique or standard to the exclusion of all others, but rather to be a range of possible practices, methods, techniques or standards.

1.25 ICT

ICT means the Independent Coordinator of Transmission that is contracted by Entergy to act as an independent agent for, but not exclusively, in conducting transmission studies, in approving or denying transmission service request, and in reliability analysis, or its successor and assign.

1.26 Interest Rate

Interest Rate means the lesser of either (i) the applicable FERC rate calculated in accordance with 18 C.F.R. Section 35.19(a) or (ii) the maximum rate permitted by applicable law.

1.27 Letter(s) of Credit

Letter(s) of Credit means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a rating assigned to its unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of at least A- from Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or A3 from Moody's Investors Service, Inc., in a form and from a bank acceptable to the Party in whose favor the letter of credit is issued. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

1.28 NERC

NERC means the North American Electric Reliability Corporation.

1.29 Network Integration Transmission Service

Network Integration Transmission Service or **NITS** means firm transmission service as set forth in the SPP Open Access Transmission Tariff and the Entergy Open Access Transmission Tariff that provides for delivery of capacity and energy from the designated Network Resources at the Points of Delivery to the Network Load at the Points of Receipt.

1.30 Non-Defaulting Party

Non-Defaulting Party means the Party that has not caused an Event of Default.

1.31 Normal Load Growth

Normal Load Growth means the projected load, as measured by the hourly summer peak demand, in the current Contract Year, predicted by the method below that yields the highest value:

- (a) fitting a curve to the most recent five calendar years of historical summer peak demands. Such curve shall be selected to minimize the sum of the squared error terms from the following possible curve types: (1) linear; (2) quadratic; or (3) logarithmic; or
- (b) the summer peak demand for the previous Contract Year times 1.03; or
- (c) the summer peak demand for the previous Contract Year plus three thousand (3,000) kilowatts.

1.32 Party(ies)

Party(ies) means Customer or Company or any or both of them, as the context requires.

1.33 Performance Assurance

Performance Assurance means collateral in the form of either cash, Letter(s) of Credit, or other security acceptable to the Company.

1.34 Point(s) of Delivery

Point(s) of Delivery means the point(s) at which Company's generating resources connect to either the SPP Transmission System or the Entergy Transmission System.

1.35 Point(s) of Receipt

Point(s) of Receipt means the point(s) listed on Exhibit A hereto, as the same may be amended from time-to-time, from which Customer's electric system will receive power and energy pursuant to this Agreement and deliver said power and energy for the sole and exclusive purpose of supplying the Retail Load of Customer.

1.36 Qualifying Facility

Qualifying Facility means an electric generator that meets the criteria for a Qualifying Facility as set forth in part 292, 18 CFR §§ 292.101, et. seq., of the regulations of the FERC, and is certified by the FERC or self-certified, as applicable, as a Qualifying Facility.

1.37 Regulatory Approvals

Regulatory Approvals means all approvals required under applicable federal, state, local and regulatory laws, including acceptance of this Agreement by the Federal Energy Regulatory Commission.

1.38 Related Documents

Related Documents means collectively the Entergy Related Documents, the ICT market rules or procedures, and the SPP Related Documents.

1.39 Requirements Service

Requirements Service means Capacity and Firm Energy supplied by Company to the Points of Delivery, as the same may fluctuate in real time to serve Retail Load and the associated transmission and distribution losses.

1.40 Retail Load

Retail Load means the Capacity and Energy metered at the Points of Receipt to meet the requirements of Customer's end use customers located within the service territory that Customer has a statutory or contractual obligation to serve.

1.41 SPP

SPP means Southwest Power Pool, or its successor, in its capacity as the regional Transmission Provider or independent system operator for the Company's control area organized and operating pursuant to the SPP Related Documents.

1.42 SPP Related Documents

SPP Related Documents means, either collectively or individually, the SPP Open Access Transmission Tariff, the SPP Criteria, the SPP Market Protocols and any other applicable service agreements, market rules, manuals and procedures adopted by SPP, as may be amended from time to time, and as administered by SPP and applicable to the Requirements Service provided under this Agreement.

1.43 SWPA Hydro Peaking Power

SWPA Hydro Peaking Power means that hydro peaking power which SWPA (the Southwest Power Administration) is obligated from time to time to sell to Customer and Customer is obligated to purchase from SWPA and is described in the Power Sales Contract dated June 1, 1995 and amended June 5, 2006 between Customer and the United States of America.

1.44 Term

Term is defined in Section 2.01.

1.45 Transmission Provider

Transmission Provider means any entity or entities providing, transmitting or transporting the Firm Energy and Ancillary Services and measuring the Capacity sold hereunder on behalf of Company or Customer from the Points of Delivery to the applicable Points of Receipt under this Agreement.

Certain other definitions as required appear in subsequent parts of this Agreement.

ARTICLE II TERM, SERVICE AND DELIVERY PROVISIONS

2.01 Term

The Effective Date of this Agreement ("Effective Date") shall be January 1, 2009.

The Term of this Agreement shall begin as of the Effective Date and extend through and include the end of the Delivery Period, unless either Party declares an Early Termination Date in accordance with the provisions hereof. The applicable provisions of this Agreement shall continue in effect in accordance with Section 16.11, Survival, and to the extent necessary to provide for final accounting, billing, billing adjustments, resolution of any billing disputes, realization of any collateral or other security, set-off, final payments, payments pertaining to liability and indemnification obligations arising from acts or events that occurred during the Delivery Period, or other such provisions that by their terms or operation, survive the termination of this Agreement.

2.02 Delivery Period

The Delivery Period shall commence on January 1, 2009, and extend through December 31, 2028, from hours ending 0100 through 2400 Central Prevailing Time. Notwithstanding anything to the contrary in this Agreement, during the period commencing December 31, 2012, through December 31, 2028, the Company shall have the right to terminate this Agreement upon giving Customer three years' prior written notice. By way of example, if the Company provides Customer with written

notice to terminate this Agreement on December 31, 2015, the Agreement shall terminate on December 31, 2018, at 2400 Central Prevailing Time. The date provided in any notice of termination provided by the Company pursuant to this Section 2.02 shall constitute an Early Termination Date.

2.03 Planning

The Company shall plan for and provide the Requirements Service contracted for hereunder in the same manner as the Company plans for and provides service to its retail customers. The Company's obligation to provide service to Customer, and the Customer's obligation to take service from the Company under this Agreement, shall terminate at the end of the Term provided for herein, subject to any notice of termination that the Company may be required to submit under FERC's regulations.

In order to allow Company to plan to meet the Retail Load, Customer agrees to provide the Company, by June 1 of each calendar year during the Term of this Agreement, a forecast of Customer's Retail Load expected to be served under this Agreement for the following eight (8) calendar years.

2.04 Points of Receipt

The Points of Receipt for the Requirements Service to be provided hereunder are set forth on Exhibit A. Whenever the Parties agree to any change in Points of Receipt, Exhibit A hereto shall automatically be amended to reflect such change.

ARTICLE III SALE AND PURCHASE

3.01 Requirements Service

During the Delivery Period, Company shall sell and deliver and Customer shall receive and purchase Requirements Service sufficient to serve Customer's Retail Load, in excess of the power and energy purchased by Customer from the SWPA, except as otherwise provided herein. As a provider of Requirements Service, Company is solely responsible for satisfying all requirements and paying all costs incurred or to be incurred to provide Requirements Service.

The Retail Load to be served at the Points of Receipt listed on Exhibit A shall be electronically transferred into Company's load control area on January 1, 2009, and remain in the Company's control area through the end of the Delivery Period. .

Subject to the conditions herein, the Parties shall cooperate to make the necessary transmission and control area arrangements to have the power and energy delivered from the Points of Delivery to the Points of Receipt.

Except for load in excess of Normal Load Growth removed by Customer pursuant to this Section 3.01, at no time during the Delivery Period shall Customer use either a) newly constructed or purchased generation resources, or b) new power purchase agreements, to reduce the Retail Load hereunder. Company is responsible for Requirements Service regardless of changes in Retail Load arising from daily fluctuations, increased or decreased usage, extreme weather and/or similar events. Requirements Services for Normal Load Growth shall be provided at the rates set forth herein.

To the extent that Retail Load grows at a rate in excess of Normal Load Growth, Company shall have the option to (i) provide Requirements Service at the rates set forth herein, or (ii) give Customer notice as to the new rates applicable to such load in excess of Normal Load Growth. Company and Customer shall mutually agree to the new rates applicable to the Retail Load in excess of Normal Load Growth.; provided, however, that the Company shall not charge such new cost-based rates until they have been accepted or approved by FERC under Section 205 of the Federal Power Act (FPA). If the Parties do not agree how Customer's Retail Load that exceeds Normal Load Growth can be met under this Agreement, then Customer shall have the right to remove load from this Agreement approximately equal to the Retail Load in excess of Normal Load Growth. Such load may be a discrete customer, feeder, or other separately metered portion of the Retail Load. Appropriate meter adjustments at the Points of Receipt shall be made to reflect the removal of the separately metered load from the Requirements Service provided under this Agreement.

3.02 Transmission, Ancillary and Local Facilities Service

Customer shall be responsible for making all arrangements and executing all agreements for the use of the SPP and Entergy Transmission Systems and any other third-party transmission systems, including any necessary Ancillary Services, which are necessary to transmit the Requirements Service from the Points of Delivery to the Points of Receipt in accordance with Good Utility Practice. If requested in writing by Customer, Company shall act as Customer's agent and shall arrange for Network Integration Transmission Service (NITS) for Customer's Retail Load and shall be responsible during the Delivery Period for the provision of all such service. Customer shall be responsible for paying all NITS, related SPP and Entergy charges, and any other charges for the use of third-party transmission systems for the delivery of Requirements Service. During the Term of this Agreement, Customer agrees to reimburse the Company for all NITS, related SPP or Entergy charges, and other charges for the use of third-party transmission systems that the Company incurs on the Customer's behalf, as well as for all charges for any Ancillary Services or charges related to the Interconnection and Local Delivery Service Agreement.

3.03 Control Area Transfer

Company shall make the necessary arrangements with existing control area service providers at the Points of Receipt to transfer the Points of Receipt into the Company's control area; provided, however, that nothing contained herein requires the Company to enter into an agreement with such existing area control provider that is unacceptable to the Company. Company shall provide and maintain the necessary equipment and communications facilities to provide for such control area transfer. Customer shall reimburse Company for the cost of all such equipment located at the Points of Receipt, for the costs of all communication circuits, and for any other third-party costs the Company incurs to transfer such load into Company's control area. The Parties shall cooperate with each other and use their best efforts to secure and maintain these arrangements, equipment and communication circuits during the Term of this Agreement. Upon the expiration or termination of this Agreement in accordance

with its terms, Company shall have no obligation or responsibility to maintain the Points of Receipt within its control area. Company will cooperate with Customer to transfer the Points of Receipt to another control area upon the termination of this Agreement.

3.04 Qualifying Facility Purchases

So long as Customer is receiving Requirements Service from Company, Company shall be obligated to purchase the electrical output from any duly licensed and properly operating Qualifying Facility connected to Customer, but only so long as Company has such obligation pursuant to Public Utility Regulatory Policies Act of 1978, as amended.

Company shall apply the rates for Requirements Service set forth in Article IV to the combined Energy supplied by Company as metered at the Points of Receipt and the Energy amounts delivered by the Qualifying Facility to the Customer. If Customer pays the Qualifying Facility directly for such energy, Company shall provide a credit on the Customer's bill equal to Company's avoided cost at rates that Company would have paid to the Qualifying Facility if Company had directly purchased the Qualifying Facility output.

Customer agrees that Customer will not, directly or indirectly, engage in any activity to encourage, facilitate, help, aid or assist the construction or installation of a Qualifying Facility except as otherwise required by applicable law, and shall not itself install, purchase or operate a Qualifying Facility during the Term of this Agreement.

Customer shall notify Company of the proposed connection of any Qualifying Facility to any part of Customer's system served by Company. Notification shall be in writing as soon as practical, but at least ninety (90) days prior to the connection of the Qualifying Facility.

3.05 Retail Choice

The Parties expressly recognize that retail choice may occur during the Term of this Agreement. In order to enable Customer to compete to retain existing customers, in the event retail choice is mandated in Customer's service area, by state or federal

statutes, regulations, or regulatory agencies, or in the event other power suppliers plan to make a direct connection to a customer(s) of Customer, the Parties agree as follows:

If retail choice is available to a customer or an aggregated group of customers or a potential customer of Customer, Customer may negotiate a price with Company for the retention of such customer or group of customers, or to obtain new customers; provided, however, that if Customer and Company are unable to agree upon a price that retains or acquires such customer(s), then Customer may seek to obtain an alternate source of supply, which Company shall have the right of last refusal to match within five (5) Business Days of being officially notified by Customer.

"Mandated by state or federal statutes or regulations or regulatory agencies" includes the following scenario: If state or federal statutes or regulations or regulatory agencies provide for retail choice by the Retail Load as part of a larger retail choice program (in either a pilot program or permanent program), or if Customer is exempt from such state or federal statutes or regulations, but retail customers of Customer, by vote or other legally enforceable right, require that Customer offer them the same provisions and rights contained in a statewide retail choice program.

3.06 Regulatory Change

The FERC-jurisdictional, cost-based Requirements Service to be provided by Company under this Agreement is long-term, wholesale requirements service (as opposed to wholesale opportunity service) where the Company plans for and provides such wholesale service to the Customer ("Wholesale Service") in the same manner as Company plans for and provides service to its retail native load customers. Historically, the state regulatory commissions that have jurisdiction over the Company's retail rates ("State Commissions") have determined that a just and reasonable method of determining the Company's jurisdictional costs is a method that assigns costs to the Company's various jurisdictions, including its Wholesale Service jurisdiction, based upon each jurisdiction's allocated share of average system costs.

Company and Customer, if timely notified by Company, agree to take all reasonable measures to oppose any recommendation before any of the Company's State Commissions that the Wholesale Service provided or to be provided under this

Agreement should not receive a cost of service allocation based upon the Company's average system costs. If a State Commission issues an order that allocates costs, or results in an allocation of costs, to the Requirements Service under this Agreement on a basis other than average system costs ("State Commission Order"), then the following provisions shall apply:

- a) the Parties agree to meet to decide, under the then applicable circumstances, what reasonable steps should be taken, including, but not limited to, seeking a stay or appealing such State Commission Order;
- b) the Parties agree to meet to discuss if any mutually agreeable modifications should be made to this Agreement as a result of the State Commission Order; provided, however, that the Company and Customer agree that the existence of this provision does not impose any obligation on either Party to accept any proposed modifications to this Agreement; and
- c) the Parties agree that, notwithstanding any other provision in this Agreement, the Company shall have the right to propose to FERC that the charges applicable to Customer under this Agreement be increased to include the difference between the allocated costs that result from such State Commission Order and the average system cost charges determined pursuant to the then-effective cost of service formulas in Exhibit B, but only to the extent that such difference relates to the Requirements Service provided under this Agreement.

Consistent with the foregoing subsection (c), upon the issuance of a State Commission Order, the Company may propose to FERC, in a Section 205 filing, that any such difference in costs be reflected in charges to the Customer for Requirements Service (1) in future estimated rates, (2) through any future redetermination of rates under Article IV, and (3) through an adjustment to all previously redetermined rates to reflect the inclusion of all such costs incurred during the period for which those rates were designed to recover the cost of providing service to Customer. Any such costs that are accepted or approved by FERC ("Additional Costs") shall be determined promptly for each of the past calendar years that were previously redetermined in

accordance with Section 4.13. Any Additional Costs charged for such past calendar years shall be billed to and paid by Customer in twelve (12) equal monthly installments, or if such Additional Costs include more than one (1) past calendar year, the number of months for which such differences were incurred, up to a maximum of thirty-six (36) monthly installments, unless otherwise agreed to by the Parties. The amount of any such under-collection will include a carrying charge based on the rate of interest per annum that is published from time to time under "Money Rates" by the Wall Street Journal for large U.S. Money Center commercial banks for the then effective one year "LIBOR" rate.

Except during any time that the effectiveness of the State Commission Order is stayed by the State Commission or a court, Additional Costs shall be reflected in charges billed to and paid by Customer, as described above, until a reversal or modification of the State Commission Order, either by that State Commission or by a court, becomes a final non-appealable order. If the State Commission Order is ultimately reversed or modified by a final, non-appealable order of that State Commission or a court, then the Company shall refund to Customer, over a twelve month period, the amount of any Additional Costs that the Company collected from the Customer, including a carrying charge based upon the Interest Rate. If the State Commission Order is ultimately affirmed by a final, non-appealable court order, and the effectiveness of the State Commission Order was stayed for any period of time, then the Customer shall pay to Company, over a twelve month period, the amount of any Additional Costs that are owed to Company by Customer, including a carrying charge based upon the Interest Rate.

Company shall promptly notify Customer, in writing, of any State Commission Order. Customer shall have twelve (12) months, from the last date for filing the initial appeal of such State Commission Order, to notify the Company, in writing, of Customer's election to cancel this Agreement. The effective date of such cancellation shall be no earlier than six (6) months from the date of receipt of the written cancellation notice; provided however, that the notice of cancellation will not waive the Customer's responsibility to pay for all Additional Costs through the effective date of Customer's cancellation. Once the Company has provided Customer with written notification of

such State Commission Order, the Company may notify the Customer, in writing, of Company's election to cancel this Agreement. The effective date of such cancellation shall be no earlier than thirty-six (36) months from the date of the written cancellation notice. The notice of cancellation will not waive the Customer's responsibility for all Additional Costs through the effective date of the Company's cancellation.

The provisions of this Section 3.06 shall expire, and cease to operate, on the first day of the first month after the last of the following conditions precedent have occurred:

1) Each State Commission that has jurisdiction over the Company's retail rates has issued an order or orders that addresses the assignment or allocation of all costs, including fuel costs, to the Company's various jurisdictions, including its Wholesale Service jurisdiction, based upon information from a period of time that includes at least twelve months during which the Company provided Customer with cost-based Requirements Service under this Agreement;

2) Final, non-appealable orders, which result in the assignment costs to the Company's various jurisdictions, including its Wholesale Service jurisdiction, based upon each jurisdiction's allocated share of average system costs, have been issued for each State Commission order that meets the criteria described in item 1) above, either by the State Commission or a court.

3.07 Renewable Portfolio Standards

During the Term of this Agreement, if the Company is required, as a result of federal or state laws, rules or regulations, to meet the requirements of any renewable portfolio standards, the Company agrees to meet those requirements with regard to Customer's Retail Load. In no event shall the Company be obligated to meet any renewable portfolio standards imposed upon and/or adopted by Customer that are more stringent than those standards that the Company is required to meet in serving its own retail load in the State of Louisiana.

3.08 SWPA Hydro Peaking Power

Customer shall designate Company as its agent for the scheduling of the SWPA Hydro Peaking Power. Such SWPA Hydro Peaking Power shall be integrated into

Company's load control area and dispatched by Company operators to meet Company's system requirements, including the Retail Load of Customer, in accordance with Good Utility Practice and in accordance with the terms of the Power Sales Contract for such SWPA Hydro Peaking Power. Customer shall not modify, amend, or terminate the Power Sales Contract for SWPA Hydro Peaking Power without prior written consent from Company. Customer shall be responsible for replacement cost of any capacity or firm energy that SWPA fails to deliver under the terms and conditions for the SWPA Hydro Peaking Power on the Effective Date of this Agreement.

3.09 Minden Generation

Customer shall make the generation capacity owned and operated by Customer and its associated energy (the "Minden Generation") available to Company pursuant to the terms and conditions in Exhibit C. Company shall provide Customer a capacity credit and reimburse Customer for generator fuel pursuant to the terms and conditions in Exhibit C.

3.10 SPP Integrated Marketplace

Customer and Company agree that the provisions of Exhibit D shall take effect when SPP begins operating and administering its Energy and Operating Reserves Markets and Transmission Congestion Rights Market known as the SPP Integrated Marketplace.

ARTICLE IV RATES AND BILLING

4.01 Compensation

Customer shall pay Company a demand and energy charge for the Requirements Service provided each Billing Period throughout the Delivery Period. The demand charge and the energy charge shall be determined pursuant to the cost of service formulas set forth in Exhibit B hereto. These charges shall be calculated in accordance with the terms of this Article and subject to all other terms and conditions contained in this Agreement.

4.02 Capacity Credit

The capacity credit for SWPA Hydro Peaking Power for each month shall be the lesser of a) 2,400 kilowatts; or b) the number of kilowatts of firm hydro peaking power Customer is entitled to receive from SWPA under similar terms and conditions as described in the Power Sales Contract dated June 1, 1995 and amended June 5, 2006 between Customer and the United States of America.

4.03 Energy Credit

For the purposes of determining the energy charges during any Billing Period, the energy credit shall be equal to the total energy scheduled for delivery to the Transmission System during a given Billing Period as SWPA Hydro Peaking Power, less adjustments for losses incurred in delivery to the Transmission System.

4.04 Demand and Energy Charges

Except as otherwise expressly provided herein, prior to January 31 of each Contract Year, estimated monthly charges for electric service for such Contract Year shall be determined pursuant to the cost of service formulas set forth in Exhibit B hereto. Such estimates of monthly charges shall be made available to Customer no later than January 31 of each such Contract Year.

The Company's estimated monthly charges, or any revised estimated monthly charges determined after discussions between the Parties with respect to Company's original estimates, shall be made effective April 1 of the Contract Year to which such estimates relate. The billing statement sent to Customer for April of each Contract Year shall show an adjustment equal to the difference between the sums charged Customer in the months of January, February and March under the estimated monthly charges for the prior Contract Year and the amount which would have been due in such months under the estimated monthly charges for the current Contract Year made effective on April 1.

Each Contract Year, Company shall redetermine Customer's load share responsibility for such Contract Year based upon actual system peak demands for each

summer month (June, July, August, and September) during such Contract Year and Customer's contributions to such peak demands. New estimated monthly charges for such Contract Year shall be determined based on such redetermination of Customer's load share responsibility. Such new estimated monthly charges shall be made effective with the October 1 billing cycle of such Contract Year and shall continue in effect until March 31 of the succeeding Contract Year, subject to adjustment with respect to the first three months of such succeeding Contract Year as provided in the preceding paragraph.

Energy charges shall be determined monthly pursuant to the cost of service formulas set forth in Exhibit B hereto. Customer shall be billed each month an energy charge based upon estimated energy costs for the preceding Billing Period. As soon as practicable, the energy charge will be redetermined based upon the actual energy costs incurred in such Billing Period. Any difference between the energy charges so estimated and the energy charges based on actual energy costs shall be billed or credited to Customer on the first bill rendered after such actual energy costs for such preceding Billing Period has been determined. Company shall use reasonable diligence when estimating the monthly energy charges so as to avoid any significant difference between estimated and actual monthly energy charges to Customer.

4.05 Return on Common Equity (ROE)

The Parties agree that an ROE of 11.1% shall be used in Exhibit B. The Parties expressly agree that either Party shall have the right unilaterally to submit to FERC a rate filing that proposes that the 11.1% ROE be revised, and any such filing(s) shall be reviewed by FERC under the "just and reasonable" standard of Sections 205 and/or 206 of the FPA.

4.06 Construction Work in Progress (CWIP)

For purposes of calculating the Company's rate base used in Exhibit B, the Parties agree that the Company will include one hundred percent (100%) of its expenditures for Pollution Control Facilities and Fuel Conversion Facilities (as defined in Section 32.25 of the FERC's regulations) recorded on the Company's books and

records as Construction-Work-In-Progress (CWIP), and fifty percent (50%) of its expenditures for all other CWIP. The Parties expressly agree that either Party shall have the right unilaterally to submit to FERC a rate filing that proposes that the CWIP percentages be revised, and any such filing(s) shall be reviewed by FERC under the "just and reasonable" standard of Sections 205 and/or 206 of the FPA.

The Company shall file annually with FERC the Company's projected CWIP expenditures with supporting workpapers (which also will be supplied to Customer) that list projected CWIP expenditures on a project-specific basis. The projected CWIP expenditures will be used to derive projected cost-of-service formula rates beginning each April 1 of the then-current Calendar Year. In connection with the annual adjustment made in accordance with Section 4.13 herein, the Company will use the actual CWIP expenditures for such Calendar Year and, in conjunction with such annual adjustment, the Company shall file annually with FERC the Company's actual CWIP expenditures with supporting workpapers (which also will be supplied to Customers) that list actual CWIP expenditures on a project-specific basis. The Company will revise its CWIP costs subject to further recalculation if subsequently required by FERC.

In its annual adjustment, the Company will adjust its production invested capital to recognize that under this Agreement, certain percentages of CWIP have been included in rate base formulas. The effect of this adjustment will be to recognize the fact that the formulas shall not include any allowance for funds used during construction ("AFUDC") on the amounts included in rate base as CWIP. A workpaper detailing the calculation supporting the adjustment will be included in the information submitted to Customer with annual adjustment information.

**4.07 Post-Employment Benefits Other than Pensions (PBOP)
and Post Employment Benefits (PEB)**

For purposes of calculating the Company's rate base used in Exhibit B, the Parties agree that the Company will include expenses for PBOP and PEB in accordance with then-applicable FERC rules and financial accounting standards. The Company shall file annually with FERC the Company's projected PBOP and PEB expenditures with supporting workpapers, including actuarial information, (which also will be supplied to Customer). The projected PBOP and PEB expenditures will be used

to derive projected cost-of-service formula rates beginning each April 1 of the then-current Calendar Year. In connection with the annual adjustment made in accordance with Section 4.13 herein, the Company will use the actual PBOP and PEB expenditures for such Calendar Year and, in conjunction with such annual adjustment, the Company shall file annually with FERC the Company's actual PBOP and PEB expenditures with supporting workpapers (which also will be supplied to Customers). The Company will revise its PBOP and PEB costs subject to further recalculation if subsequently required by FERC.

4.08 Off System Sales Margins (OSS Margins)

Any margins realized in a calendar year from the Company's off-system sales (OSS Margins) above \$10,500,000 shall be shared fifty percent (50%) by Customer and fifty percent (50%) by the Company, with the Customer's share reducing the Company's total production cost as shown on Exhibit B. The Company shall not be entitled to share in OSS Margins in any calendar year when such OSS Margins do not exceed \$10,500,000. The Company shall provide Customer with supporting workpapers each year supporting the projected and actual calculation of the Company's OSS Margins and the amounts, if any, to be shared by Customer and the Company in accordance with this Section 4.08. The Parties may propose changes to this Section 4.08 only by mutual agreement.

4.09 Determination of Monthly Bill

Company shall maintain an accurate record of the electric power and energy received, sold and delivered under this Agreement and on or before the 5th Business Day of each month shall prepare and submit to Customer a billing statement setting forth:

- a) The amount of power and energy delivered to the Points of Delivery during the preceding Billing Period.
- b) The demand and energy charges for Requirements Service provided during the preceding Billing Period.

- c) The amount of Minden Generation Capacity Credit, the Energy Delivery Requirement, the Gas Index Price, and the reimbursement amount for generator fuel pursuant to Exhibit C.
- d) The amounts due either Party from the other for services or reimbursements not included in any of the other charges, including, but not limited to, applicable taxes, fees and assessments.

4.10 Payment Date

Customer shall pay Company any amounts due and payable hereunder on or before the later of the fifteenth (15th) day of each month, or the tenth (10th) day after receipt of invoice or, if such day is not a Business Day, then on the next Business Day. All invoices shall be paid by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the Company. If all or any part of any amount due and payable pursuant to this Agreement shall remain unpaid thereafter, interest shall thereafter accrue and be payable to Company on such unpaid amount at a rate per annum equal to the Interest Rate.

4.11 Payment Netting

Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date pursuant to this Agreement through netting, in which case all amounts owed by each Party to the other Party under this Agreement, interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it. All amounts netted pursuant to this Article IV shall not take into account or include any Performance Assurance or guaranty, which may be in effect to secure Customer's performance under this Agreement. If no mutual debts or payment obligations exist and only one Party owes a debt or obligation to the other during the monthly Billing Period, that Party shall pay such sum in full when due.

4.12 Billing Disputes

If a Party, in good faith, disputes an invoice, the disputing Party shall immediately notify the other Party of the basis for the dispute and pay the undisputed portion of such invoice no later than the due date. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with any accrued interest from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned by the receiving Party or deducted by the receiving Party from subsequent payments at the option of the overpaying Party with interest accrued at the Interest Rate until the date paid or deducted from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment.

4.13 Annual Adjustment

Prior to the 31st day of May of each calendar year, the Company shall provide Customer with information detailing how the demand and energy charges billed to Customer by the Company for Requirements Service in the preceding calendar year shall be redetermined pursuant to the cost of service formulas set forth in Exhibit B, based upon the actual costs incurred by the Company for that calendar year, and the CWIP expenses, PBOP and PEB expenses and OSS Margin provision provided in Sections 4.06, 4.07, and 4.08, respectively; provided, however, that no changes to the ROE, CWIP percentages, OSS Margins provision, depreciation rates, or amortizations set out in this Agreement or in the cost of service formulas may be implemented prior to FERC acceptance or approval under FPA Sections 205 and/or 206. Company shall provide such information to Customer via email and shall include a fully-functioning spreadsheet file containing the cost of service formulas in Exhibit B. Any difference between the sums due Company for Requirements Service in the preceding calendar year and the sums paid by Customer in the preceding calendar year for such services shall be billed to Customer or credited to Customer, as appropriate, in three (3) equal amounts during the months of July, August and September, unless otherwise agreed to by the Parties. The amount of any such over-collection or under-collection will include a

carrying charge based on the Interest Rate. The Parties may mutually agree to prepay any amount owed to Company or credit, in advance, any amounts due Customer in order to minimize the annual adjustment for a given calendar year and any such prepayment or advance credit shall be reflected in the carrying charge calculations hereunder. Each annual adjustment of the cost of service formula rates in Exhibit B shall be based on the Company's FERC Form 1 data for the applicable calendar year, to the extent possible and shall consist of the following:

- a.) Calculation of the adjusted cost of service formula rates in Exhibit B.
- b.) Comparison of the adjusted demand and energy charges with the amounts actually paid by Customer for Requirements Service.
- c.) Workpapers showing the source of all data utilized and other supporting documentation included in the formula rates.

The formulas attached hereto as Exhibit B make reference to certain page and line numbers found in FERC Form 1: Annual Report of Major Electric Utilities, Licensees and Others (Form 1) used for reporting calendar year 2008 data. Should FERC make changes in the format of Form 1 that render inaccurate any references to Form 1 included in Exhibit B, the Company shall submit a limited Section 205 filing that revises Exhibit B to reflect such format changes; provided that any such filing shall be made at the time that the Company submits the informational true-up filings provided for in Section 4.06 and 4.07. There is no deadline for either Customer or the Company to notify each other of any mistake in any FERC Form 1 data or specific data applied in the formulas, and corrections of any such mistakes may be made without a Section 205 or 206 filing with FERC. Data required under the cost of service rate formula that is not reported in the Company's FERC Form 1 for the applicable calendar year shall be supported with appropriate documentation which shall be included in the workpapers accompanying such annual adjustment.

The adjustments to the cost of service formula rates provided for in this Section 4.13 shall be subject to refund or surcharge until the latest of (1) the end of a review period extending one hundred twenty (120) days after all relevant data is provided to Customer, if at such time there is no outstanding, unresolved complaint pursuant to

Article XV; (2) the final resolution of any complaint filed pursuant to Article XV; or (3) any required corrections have been made. Any errors in data or application of the formulas in Exhibit B that are detected by the Customer during the review period provided in Section 4.14 shall be corrected by Company as soon as possible after the end of such review period. Any corrected adjustment to the cost of service formula rates shall be provided to the Customer and Company shall make any required refund or surcharge to Customer on the next normal monthly billing.

Notwithstanding the foregoing paragraph, nothing herein shall be construed to limit Customer's right to challenge any of the inputs to the cost of service formulas. The Company acknowledges that if Customer challenges any such inputs and the Parties are unable to resolve any dispute in accordance with the provisions of Sections 15.01 and 15.02 hereof, Company shall bear the burden of demonstrating the justness and reasonableness of any input that may be the subject of a complaint proceeding in which FERC determines that Customer met its burden to establish the facts needed to support its claim(s).

4.14 Review of Formula Rate Data

Within sixty (60) days after the Company provides Customer with the adjusted rates and supporting information in accordance with Section 4.13, Customer may submit to the Company information requests, including requests for copies of source documents and inputs to the cost of service formulas, which are reasonably necessary for Customer to determine if the Company properly calculated the annual adjustment. Such information requests shall not seek information related to the annual adjustments for prior years except as reasonably necessary to (i) determine whether a prior year's approach on a given matter was the same or different from the current year's approach, or (ii) review corrections to any errors in data or application of the formulas in Exhibit B hereto. The Company shall make reasonable efforts to respond to such information requests within thirty (30) business days of receiving Customer's information request. Any disputes concerning the reasonableness of Customer's information requests or the

Company's responses thereto shall be resolved in accordance with the provisions of Sections 15.01 and 15.02 hereof.

4.15 Generation Interconnection Expense

The Parties recognize that the Company may be required to pay for Interconnection Facilities or Network Upgrades as a result of Energy Resource Interconnection Services obtained under the SPP OATT, as these terms are defined in the SPP OATT, for future generation resources that are needed to provide service under this Agreement. To the extent that any such payments, net of credits applied against the payments, are not already reflected in the cost of service formulas in Exhibit B, the Parties agree that the Company shall have the unilateral right to submit a FERC filing, pursuant to Section 205 of the FPA, that proposes to amend Exhibit B to include the payments as a component of production rate-base, and any such filing shall be reviewed by FERC under the "just and reasonable" standard.

ARTICLE V Implementation

5.01 Implementation

Company and Customer shall enter into, and file with SPP and other applicable entities, all documents necessary for the Company to fulfill its obligations under this Agreement and for Customer to fulfill its obligations to obtain the necessary transmission service to fulfill its obligations under this Agreement.

The Parties recognize and agree that during the Delivery Period, Company shall be the Market Participant that registers the load and resources related to the Requirements Service with SPP; provided, however, Customer shall be the Transmission Customer acquiring grandfathered Transmission rights. Company shall be responsible for all scheduling and settlement activities related to such load and resources. Company may take steps as it deems necessary to combine the scheduling and settlement activities with the scheduling and settlement activities associated with Company's other native load customers. Customer hereby gives permission to

Company to access information Company reasonably requests to facilitate such settlement activities with the SPP and the administration of this Agreement.

5.02 Measurement and Reporting

Customer shall provide metering and associated equipment necessary at the Points of Receipt to measure Requirements Service delivered to Customer. Such metering and associated equipment shall measure the kW, kWh and kVAR at each Point of Receipt at least on an hourly integrated basis. The metering equipment shall also satisfy the requirements of the SPP Related Documents related to metering and settlements.

Customer shall provide to Company on a monthly basis (or more frequently as required by the SPP Related Documents for Energy Imbalance Service Market settlement purposes) as soon as practicable after the end of the prior month, the hourly kW and kVAR load data. Such data shall be supplied in an electronic format acceptable to both Parties. The testing, validation, and estimating of meter readings shall be done in accordance with the SPP Related Documents. If the meters fail to register the Requirements Service used during any Billing Month within the accuracy limits established by the SPP Related Documents, then service delivered during such period shall be measured in a manner established by the SPP Related Documents.

5.03 Meter Testing

The Parties shall have the right to request that a special test of metering equipment be made at any time. If any test, made at a Party's request, discloses that the metering equipment tested is registering within \pm two percent accuracy, the Party requesting the test shall bear the expense thereof. The expense of all other such tests shall be borne by the Party owning the meter. The results of all tests and calibrations shall be open to examination by the Parties and a report of every test shall be furnished immediately to the other Party.

5.04 NERC Requirements

Notwithstanding any other provisions of this Agreement, Customer will be solely responsible for compliance with Customer's NERC requirements throughout the Term. Company will provide Customer with such information and technical assistance as Customer may reasonably request in order to document the manner in which Customer provides for compliance with NERC and any regional reliability organization requirements. Customer will reimburse Company for any third-party costs or charges incurred by Company in connection with Customer's NERC and regional reliability organization requirements.

ARTICLE VI CREDITWORTHINESS

6.01 Financial Information

If requested by a Party (Party X), the other Party (Party Y) shall deliver (i) within one hundred twenty (120) days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year with respect to Party Y, and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of the quarterly report, if available, containing unaudited consolidated financial statements for such fiscal quarter with respect to Party Y. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles for Company and in accordance with Governmental Accounting Standards Board (GASB) principles for Customer; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements.

6.02 Credit Assurances

If at any time Company has reasonable grounds to believe that the Customer's creditworthiness or performance under this Agreement has become unsatisfactory, the Company may provide the Customer with written notice requesting Performance

Assurance in an amount determined by Company in a commercially reasonable manner.

Upon receipt of such notice the Customer shall have three (3) Business Days to remedy the situation by providing such Performance Assurance to the Company.

In the event that the Customer fails to provide such Performance Assurance or other credit assurance acceptable to the Company within three (3) Business Days of receipt of notice, then an Event of Default under Article VII shall be deemed to have occurred.

6.03 Grant of Security Interest/Remedies

To secure its obligations under this Agreement and only to the extent Customer delivers Performance Assurance hereunder, Customer (the Pledgor) hereby grants to Company (the Secured Party) a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party, and Pledgor agrees to take such action as the Secured Party reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Company may do any one or more of the following:

- a) exercise any of the rights and remedies of a Secured Party with respect to all Performance Assurance, including any such rights and remedies under law then in effect;
- b) exercise its rights of setoff against any and all property of the Customer in the possession of the Company or its agent;
- c) draw on any outstanding Letter of Credit issued for its benefit; and
- d) liquidate all Performance Assurance then held by or for the benefit of the Secured Party free from any claim or right of any nature whatsoever of the

Customer, including any equity or right of purchase or redemption by the Customer.

The Secured Party shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Pledgor's obligations under the Agreement (the Pledgor remaining liable for any amounts owing to the Secured Party after such application), subject to the Secured Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

6.04 Interest Rate on Cash Amounts Held as Collateral

For Performance Assurance in the form of cash that is held by Company pursuant to this Article VI, the interest rate will be the Federal Funds Rate as from time to time in effect. "Federal Funds Rate" means the rate, for the relevant determination date opposite the caption "Federal Funds (Effective)", as set forth in the weekly statistical release designated as H.15 (519), published by the Board of Governors of the Federal Reserve System. Such interest shall be calculated commencing on the date Performance Assurance in the form of cash is received by Company but excluding the earlier of: (i) the date Performance Assurance in the form of cash is returned to Pledgor; or (ii) the date Performance Assurance in the form of cash is applied to a Pledgor's obligations pursuant to Section 6.03.

6.05 Transfer of Interest Amount

The Pledgor shall invoice the Secured Party monthly setting forth the calculation of the interest amount due, and the Secured Party shall make payment thereof by the later of

- a) the third Business Day of the first month after the last month to which such invoice relates or
- b) the third Business Day after the day on which such invoice is received.

ARTICLE VII DEFAULT AND REMEDIES

7.01 Events of Default

Any one or more of the following shall constitute an "Event of Default" hereunder with respect to either Party (the Defaulting Party):

- a) The failure to make, when due, any payment required pursuant to this Agreement (other than payments disputed under Article IV) if such failure is not remedied within three (3) Business Days after written notice;
- b) Any representation or warranty made by a Party herein is false or misleading in any material respect when made or when deemed made or repeated, if such failure is not remedied within thirty (30) days after written notice;
- c) The failure by Customer to provide Performance Assurance as set forth in Article VI;
- d) The failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default as specified above and except to the extent such Party's obligations to deliver or receive Firm Energy are modified by the provisions of Article VIII) if such failure is not remedied within three (3) Business Days after written notice;
- e) Such Party: (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due;
- f) Such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the

time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party; or

- g) Such Party experiences the occurrence and continuation of a default, Event of Default or other similar condition or event in respect of such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than U.S. Dollars \$50,000,000 for Company and U.S. Dollars \$2,000,000 for Customer, which results in such indebtedness becoming immediately due and payable.

7.02 Declaration of an Early Termination

If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the Non-Defaulting Party) shall have the right (i) to designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an Early Termination Date, (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance.

7.03 Suspension of Performance

Notwithstanding any other provision of this Agreement, if an Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon written notice to the Defaulting Party, shall have the right

- a) to suspend performance under this Agreement; provided, however, in no event shall any such suspension continue for longer than ten (10) Business Days unless an Early Termination Date shall have been declared and notice thereof pursuant to Article IX been given;
- b) to exercise any remedy available at law, subject to the limitations set forth in Section 10.01 hereof, including the right to seek to recover direct damages

before a court of competent jurisdiction, and, if the Defaulting Party is the Customer, Company's right to seek to recover its Stranded Costs in accordance with Section 35.26 of the FERC's Regulations; and

c) to exercise any remedy available in equity.

7.04 Obligations Following Expiration or Termination

Upon the termination or expiration of this Agreement, in addition to such rights and obligations enumerated elsewhere in this Agreement, the grant of any and all right and interest to Company to supply the Requirements Service shall cease, and Customer and Company shall immediately make all necessary filings with SPP and perform all other acts necessary to transfer all such rights and interests back to Customer. It is not the intent of Company to claim rights to Customer's Retail Load.

ARTICLE VIII CURTAILMENT, TEMPORARY INTERRUPTIONS **AND FORCE MAJEURE**

8.01 Curtailment

Customer shall participate in Company's emergency load relief plan, pro rata, on a non-discriminatory basis. It is understood and agreed that if there is a shortage of capacity and/or electric energy requiring Company to curtail power deliveries to its own retail customers, Customer agrees that upon being notified by Company of such requirement to curtail, Customer shall curtail power deliveries to its own retail customers proportionally to Company's curtailment. Customer further agrees that if, upon reasonable notification, it fails to take the action which it hereby agrees to take, Company shall be entitled to take such action to limit deliveries of power, including the right of total interruption of power deliveries during the period any shortage exists, and, in such event, Company shall not incur any liability to Customer in connection with the action so taken by Company in conformity with this section.

8.02 Temporary Interruptions

Company will use reasonable diligence in furnishing Firm Energy to Customer, but Company does not guarantee that the supply of Firm Energy furnished to Customer will be uninterrupted, or that voltage and frequency will be at all times constant. Temporary interruption of Firm Energy deliveries hereunder, such as transmission curtailments and system emergencies, shall not constitute a breach of the obligations of Company under this Agreement, and Company shall not in any such case be liable to Customer for damages resulting from any such temporary interruptions of service.

8.03 Force Majeure

To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under the Agreement and such Party (the Claiming Party) gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations with respect to this Agreement (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

8.04 Force Majeure Exceptions

Force Majeure shall not be based on (i) the increase or decrease of Customer's Retail Load; (ii) Customer's inability economically to use or resell the Requirements Service; (iii) the loss or failure of Company's generation supply; or (iv) Company's ability to resell the Requirements Service at a price greater than the pricing set forth herein.

8.05 Transmission Curtailment

Neither Party may raise a claim of Force Majeure based in whole or in part on curtailment by SPP or Entergy unless (i) such Party has contracted for firm transmission

with a Transmission Provider for the services to be delivered to or received at the Points of Delivery and/or Points of Receipt, and (ii) such curtailment is due to "Force Majeure" or "uncontrollable force" or a similar term as defined under the Transmission Provider's tariff.

ARTICLE IX NOTICES, REPRESENTATIVES OF THE PARTIES

9.01 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. Such notice shall be sent by facsimile, electronic messaging (confirmed by telephone), courier, personally delivered or mailed, postage prepaid, to the representative of the other Party designated in this Article IX. Any such notice, demand, or request shall be deemed to be given (i) when received by facsimile or electronic messaging, (ii) when actually received if delivered by courier, overnight mail or personal delivery, or (iii) three (3) days after deposit in the United States mail, if sent by first class mail.

Notices and other communications by Company to Customer shall be addressed to:

Mayor
City of Minden, Louisiana
520 Broadway Avenue
Minden, Louisiana 71055
Phone: (318) 377-2144
Facsimile: (318) 371-4200

With a copy to:

Director of Public Works
City of Minden
520 Broadway Avenue
Minden, Louisiana 71055
Phone: (318) 377-2144
Facsimile: (318) 371-4200

Notices and other communications by Customer to Company shall be addressed to:

Vice President – Energy Marketing
American Electric Power
155 W. Nationwide Blvd., Suite 400
Columbus, OH 43215
Phone: (614) 583-7018
Facsimile: (614) 583-1626

With a copy to:

Chief Credit Officer
American Electric Power
155 W. Nationwide Blvd., Suite 400
Columbus, OH 43215
Phone: (614) 583-6728
Facsimile: (614) 583-1604

With a copy to:

President
Southwestern Electric Power Company
428 Travis Street
Shreveport, Louisiana 71156
Phone: (318) 673-3399
Facsimile: (318) 673-3608

Change of Notice

Any Party may change its representative by written notice to the other Party.

9.02 Authority of Representative

The Parties' representatives designated in Section 9.01 shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. The Parties' representatives shall not, however, have the authority to amend, modify or waive any provision of this Agreement unless they are authorized officers of their respective entities and such amendment, modification or waiver is made pursuant to Section 16.6.

ARTICLE X LIABILITY, INDEMNIFICATION, AND RELATIONSHIP OF PARTIES

10.01 Limitation on Damages

TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER CUSTOMER NOR COMPANY, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS OR AFFILIATES, SUCCESSORS OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR THEIR RESPECTIVE MEMBERS, PARENTS, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, UNDER ANY INDEMNITY PROVISION OR ANY OTHER THEORY OF RECOVERY. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY, AND SUCH DIRECT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. THE PROVISIONS OF THIS SECTION 10.01 SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

10.02 Indemnification

Each Party shall indemnify, defend and hold harmless each other Party from and against any Claims arising from or out of any event, circumstance, act or incident

occurring or existing during the period when control and title to Requirements Service is vested in such Party as provided in Section 10.03.

Each Party shall indemnify and hold harmless the other Party from and against any and all legal and other expenses, claims, costs, losses, suits or judgments for damages to any person or destruction of any property arising in any manner directly or indirectly by reason of the acts of such Party's authorized representatives while on the premises of the other Party under any rights of access provided herein.

Customer shall indemnify and hold harmless the Company from and against any and all legal and other expenses, claims, costs, losses, suits or judgments for damages to any individual, firm or corporation constituting part of the Retail Load arising in any manner directly or indirectly by reason of a failure, interruption, curtailment, or deficiency in Company's supply of Requirements Service.

Company assumes no responsibility of any kind with respect to the construction, maintenance, or operation of the system or other property owned or used by Customer; and Customer agrees to protect indemnify and save harmless Company from any and all claims, demands, or actions for injuries to person or property by any person, firm or corporation in any way resulting from, growing out of, or arising in or in connection with (a) the construction, maintenance or operation of Customer's electrical system or other property, or (b) the use of, or contact with, Energy delivered hereunder after it is delivered to Customer and while it is flowing through the lines of Customer, or is being distributed by Customer, or is being used by Retail Load.

If any Party intends to seek indemnification under this Section 10.02 from the other Party with respect to any Claim, the Party seeking indemnification shall give such other Party notice of such Claim within fifteen (15) days of the commencement of, or actual knowledge of, such Claim. Such Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such Claim. The Party seeking indemnification shall not compromise or settle any such Claim without the prior consent of the other Party, which consent shall not be unreasonably withheld.

10.03 Title and Risk of Loss

Title to and risk of loss related to the Requirements Service shall transfer from Company to Customer at the Points of Delivery. Company warrants that it will deliver Requirements Service to Customer free and clear of all Claims or any interest therein or thereto by any person arising prior to the Points of Delivery.

ARTICLE XI REPRESENTATIONS AND WARRANTIES

11.01 Company and Customer Representations and Warranties

Company and Customer represent and warrant to the other that:

- a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- b) It has, or will upon execution of this Agreement promptly seek, all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, including, but not limited to, any organizational documents, charters, by-laws, indentures, mortgages or any other contracts or documents to which it is a party, or any law, rule, regulation, order or the like applicable to it;
- d) This Agreement, and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any equitable defenses;
- e) It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it, which would result in it being or becoming bankrupt; and
- f) There is not pending or, to its knowledge, threatened against it any legal proceedings that could materially and/or adversely affect its ability to perform its obligations under this Agreement.

11.02 Customer Representations and Warranties

Customer represents and warrants to Company that:

- a) With respect to its contractual obligations hereunder and performance thereof, it will not claim immunity on the grounds of its status as a municipality under Federal or state law or similar grounds with respect to itself or its revenues or assets from (i) suit, (ii) jurisdiction of courts, (iii) relief by way of injunction, order for specific performance or recovery of property, (iv) attachment of assets, or (v) execution or enforcement of any judgment;
- b) Customer shall provide and maintain suitable protective devices on its equipment to prevent any loss, injury or damage that might result from single phasing conditions or any other fluctuations or irregularity in the supply of Energy. Company shall not be liable for any loss, injury or damage resulting from a single phasing condition or any other fluctuation or irregularity in the supply of Energy which could have been prevented by Customer's use of such protective devices;
- c) Customer agrees that it will not seek to provide any type of electric service to retail customers that are not part of Customer's Retail Load, as it exists as of the date hereof, which have or obtain the ability to choose generation electric suppliers, without the express consent of Company; and
- d) Customer shall not take any actions inconsistent with this Agreement, including, but not limited to actions specifically addressed in Article III of this Agreement, to change Customer's Retail Load due to prevailing electric market prices; provided, however, that it is understood that Customer's support of conservation, energy efficiency, economic development, or customer retention activities that could affect Retail Load shall not be considered to be inconsistent with this Agreement.

ARTICLE XII ASSIGNMENT

12.01 General Prohibition Against Assignments

Except as provided in Section 12.02 below, no Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

12.02 Exceptions to Prohibition Against Assignments

A Party may, without the other Party's prior written consent, (and without relieving itself from liability hereunder) (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements; (ii) transfer or assign this Agreement to an Affiliate of such Party (which Affiliate shall be of equal or greater creditworthiness); or (iii) transfer or assign this Agreement to any person or entity succeeding by merger or by acquisition to all or substantially all of the assets whose creditworthiness is equal to or higher than that of the assigning Party; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof.

ARTICLE XIII CONFIDENTIALITY

13.01 Treatment of Confidential Information

To the extent permitted by law, all Confidential Information shall be held and treated by the Parties and their agents in confidence, used solely in connection with this Agreement, and shall not, except as hereinafter provided, be disclosed without the other Party's prior written consent.

Notwithstanding the foregoing, Confidential Information may be disclosed (a) to a third party for the purpose of effectuating the supply, transmission and/or distribution of Requirements Service to be delivered pursuant to this Agreement, (b) to regulatory authorities of competent jurisdiction, or as otherwise required by applicable law,

regulation or order, (c) as part of any required, periodic filing or disclosure with or to any regulatory authority of competent jurisdiction, and (d) to third parties in connection with merger, acquisition/disposition and financing transactions provided that any such third party shall have signed a confidentiality agreement with the Disclosing Party containing customary terms and conditions that protect against the disclosure of the Confidential Information and that strictly limit the recipient's use of such information only for the purpose of the subject transaction and that provide for remedies for non-compliance.

In the event that a Party (Disclosing Party) is requested or required to disclose any Confidential Information pursuant to subsections (a) and (b) above, the Disclosing Party shall provide the other Party with prompt written notice of any such request or requirement, so that the other Party may seek an appropriate protective order, other confidentiality arrangement or waive compliance with the provisions of this Agreement. If, failing the entry of a protective order, other confidentiality arrangement or the receipt of a waiver hereunder, the Disclosing Party, in the opinion of counsel, is compelled to disclose Confidential Information, the Disclosing Party may disclose that portion of the Confidential Information which the Disclosing Party's counsel advises that the Disclosing Party is compelled to disclose.

The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation. In addition to the foregoing, the Disclosing Party shall indemnify, defend and hold harmless the other Parties from and against any Claims, threatened or filed, and any losses, damages, expenses, attorneys' fees or court costs incurred by such Party in connection with or arising directly or indirectly from or out of the Disclosing Party's disclosure of the Confidential Information to third parties except as permitted above.

Notwithstanding the above provisions, Company shall be permitted to communicate with SPP and Entergy any necessary information, including Confidential Information, with regard to implementation of this Agreement, and will make all reasonable efforts to ensure that Confidential Information remains confidential.

ARTICLE XIV REGULATORY AUTHORITIES

14.01 Effect of Regulation

Each Party shall perform its obligations hereunder in accordance with applicable law, rules and regulations. Nothing contained herein shall be construed to constitute consent or acquiescence by either Party to any action of the other Party which violates the laws of the United States as those provisions may be amended, supplemented or superseded, or which violates any other law or regulation, or any order, judgment or decree of any court or governmental authority of competent jurisdiction.

The Parties hereto recognize that this Agreement is subject to the jurisdiction of the FERC and, except as expressly provided in Section 15.03 of this Agreement, nothing herein should be interpreted as limiting FERC's authority under the FPA, including requiring changes to the cost of service formulas included in Exhibit B hereto. The terms of this Agreement have been negotiated and constitute a settlement of all outstanding issues. The Company will file this Agreement with the FERC and Customer shall support such filing. Should the FERC not accept this Agreement for filing, without change or condition, this Agreement shall not become effective, unless the Parties agree otherwise in writing, it being the intent of the Parties that the FERC's acceptance of this Agreement, without change or condition, is prerequisite to the validity of this Agreement. In the event that this Agreement is not accepted for filing, without change or condition, the Parties agree to negotiate in good faith to reach an agreement that provides for a similar balancing of interests as is reflected in this Agreement.

The Parties shall use their best efforts to seek and obtain the prompt approval of this Agreement by the FERC.

ARTICLE XV DISPUTE RESOLUTION AND STANDARD OF REVIEW FOR PROPOSED CHANGES

15.01 Resolution by Officers of the Parties

In the event of any dispute among the Parties arising out of or relating to this Agreement, including disputes related to the cost of service formulas as provided for in

Sections 4.13 and 4.14 hereof, the Parties shall refer the matter to their duly authorized officers for resolution. Should such officers fail to resolve the dispute within ten (10) days after such referral, the Parties agree that any such dispute may be resolved pursuant to Section 15.02.

15.02 Procedures for Resolution of Disputes

Any claim, counterclaim, demand, cause of action, dispute, or controversy arising out of or relating to this Agreement or the relationship established by this Agreement, any provision hereof, the alleged breach thereof, or in any way relating to the subject matter of this Agreement, involving the Parties and/or their respective representatives (for purposes of this Section only, collectively the "Disputes"), even though some or all of such Disputes allegedly are extra contractual in nature, whether such Claims sound in contract, tort, or otherwise, at law or in equity, under state or federal law, whether provided by statute or the common law, for damages or any other relief, may, upon mutual agreement of the Parties, be resolved by binding arbitration. Such arbitration shall be conducted in accordance with the rules of the Commercial Arbitration Rules of the American Arbitration Association. Upon agreement to arbitrate, any award made hereunder shall be binding upon the Parties, their successors and assigns, and any trustee or receiver of either Party; provided, however, that the Parties will not implement any final arbitration decision that would change the rates, terms, or conditions hereunder prior to acceptance or approval of such changes by FERC under FPA Sections 205 or 206.

In the event a Dispute comes before a court of competent jurisdiction, the Parties hereby knowingly, voluntarily and intentionally waive any rights they may have to a trial by jury in respect of any litigation based hereon, or arising out of, under, or in connection with, this Agreement and/or any course of conduct, course of dealing, statements (whether oral or written) or actions of Company and Customer related hereto.

15.03 Standard of Review

Notwithstanding the provisions of Sections 15.01 and 15.02 hereof, and subject to the exceptions set out in this Section 15.03, the Company and Customer shall be entitled, at any time and from time to time, to apply for or to take other action to request a change to provisions of this Agreement under FPA Sections 205 or 206, respectively, and pursuant to the rules and regulations promulgated thereunder, except as limited below:

It is the intent of this Section and the Parties that, to the maximum extent permitted by law, the provisions of this Agreement that are enumerated immediately below shall not be subject to change by the Parties under FPA Sections 205 and 206 absent the written agreement of the Parties to change any such provisions:

- a) the Term and expiration date of this Agreement;
- b) the Parties' agreement that Customer is not entitled to cost-based rates, after the expiration of this Agreement, solely because of this Agreement;
- c) the cessation of the Company's obligation to plan to meet Retail Load, after the end of the Term of this Agreement, absent an agreement of the Parties that extends beyond the end of the Delivery Period covered by this Agreement;
- d) the provisions of Section 3.06;
- e) the credit provisions in Article VI;
- f) the treatment of CWIP expenses provided in Section 4.06, the treatment of PBOP and PEB expenses provided in Section 4.07, and the treatment of OSS Margins in Section 4.08; and
- g) Customer's agreement that, so long as its Monthly Bill is calculated in accordance with this Agreement, Customer shall not allege, in any FERC proceeding, that any of the rates charged hereunder result in price discrimination or anti-competitive effects.

Consistent with the foregoing, absent written agreement of the Parties, the standard of review for changes to any of the above-enumerated provisions unilaterally proposed by a Party, a non-contracting party, or the FERC, acting *sua sponte* or on behalf of a non-contracting party, shall be the public interest standard of review set forth

in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 554 U.S. ___, 128 S.Ct. 2733, (2008), and *NRG Power Marketing, LLC, et al. v. Maine Public Utilities Commission*, 558 U.S. ___, 2010 WL 98876.

ARTICLE XVI GENERAL PROVISIONS

16.01 Third Party Beneficiaries

This Agreement is intended solely for the benefit of the Parties hereto, and nothing herein will be construed to create any duty to, or standard of care with reference to, or any liability to, any person not a Party hereto.

16.02 No Dedication of Facilities

Any undertakings or commitments by one Party to the other under this Agreement shall not constitute the dedication of generation facilities or the transmission system or any portion thereof of either Party to the other Party.

16.03 Waivers

The failure of a Party to insist in any instance upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, except to the extent such waiver is in writing and signed by an authorized representative of such Party.

16.04 Interpretation

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the State of Louisiana, without giving effect to its conflict of laws provisions.

16.05 Severability

If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby; and the Parties hereby agree to effect such modifications to this Agreement as shall be reasonably necessary in order to give effect to the original intention of the Parties.

16.06 Modification

No modification to this Agreement will be binding on any Party unless it is in writing and signed by the Parties.

16.07 Counterparts

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

16.08 Headings

Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.

16.09 Audit

Each Party has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any invoice, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the other Party invoices evidencing the quantities of Requirements Service. If any such examination reveals any inaccuracy in any invoice, the necessary adjustments to such invoice and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy

thereof was made prior to the lapse of twelve (12) months from the rendition thereof, and thereafter any objection shall be deemed waived.

16.10 Records

The Parties shall keep (or as necessary cause to be kept by their respective agents) for a period of at least one (1) year (or longer if required under FERC's regulations) such records as may be needed to afford a clear history of the Requirements Service supplied pursuant to this Agreement. For any matters in dispute, the Parties shall keep the records related to such matters until the dispute is ended.

16.11 Survival

The provisions of Articles X, XIII and XV, and Section 16.09 and 16.10 hereof, and any other Section of this Agreement that specifies by its terms that it survives termination, shall survive the termination or expiration of this Agreement.

16.12 Cooperation to Effectuate Agreement

Each Party shall cooperate to implement the provisions of and to administer this Agreement in accordance with the intent of the Parties.

16.13 Rules of Construction

- a) Terms used in this Agreement but not listed in this Article, or defined herein or in Article I, shall have meanings as commonly used in the English language and, where applicable, in Good Utility Practice.
- b) Words not otherwise defined herein that have well known and generally accepted technical or trade meanings are used herein in accordance with such recognized meanings.
- c) The masculine shall include the feminine and neuter.
- d) The words "include", "includes" and "including" are deemed to be followed by the words "without limitation."

- e) References to contracts, agreements and other documents and instruments shall be references to the same as amended, supplemented or otherwise modified from time to time.
- f) The Exhibits attached hereto are incorporated in and are intended to be a part of this Agreement; provided, that in the event of a conflict between the terms of any Exhibits and the terms of this Agreement, the terms of this Agreement shall take precedence.
- g) References to laws and to terms defined in, and other provisions of, laws shall be references to the same (or a successor to the same) as amended, supplemented or otherwise modified from time to time.
- h) References to a person or entity shall include its successors and permitted assigns and, in the case of a governmental or regulatory authority, any entity succeeding to its functions and capacities.
- i) References to "Articles," "Sections," or "Exhibits" shall be to articles, sections, or Exhibits of this Agreement.
- j) Unless the context plainly indicates otherwise, words importing the singular number shall be deemed to include the plural number (and vice versa); terms such as "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Agreement rather than any particular part of the same.

This Agreement was negotiated and prepared by both Parties with the advice and participation of counsel. The Parties have agreed to the wording of this Agreement and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Agreement or any part hereof.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement on their behalf as of the date first above written.

City of Minden, Louisiana

By: _____

Name: _____

Title: _____

Southwestern Electric Power Company

By: _____

Name: _____

Title: _____

EXHIBIT A POINTS OF RECEIPT

	Point of Receipt Name	Voltage (kV)	Capacity (MW) (Note 1)	Comment(s)
1.	Gilark	115	45	

Notes:

1. Capacity is the forecasted Retail Load summer peak demand at the Point of Receipt for 2009.

EXHIBIT B **COST OF SERVICE FORMULAS**

B-1
CAPACITY (FIXED) CHARGE CALCULATION
12 Months Ending 12/31/2###

Exhibit B
Page 1

	RATE \$/kW (1)	CAPACITY kW (2)	Amount \$ (1) x (2) (3)
Capacity Monthly Charge:			
1. Reference	P.2	Note A	Col (1) x (2)
2. Amount	\$	#	\$

Note A: The Capacity kW shall be the average of the four summer months' hourly kilowatt demands at the Points of Receipt coincident with Company's actual system hourly peak demands for each summer month (June, July, August, and September), measured at the Points of Receipt and adjusted for the appropriate distribution and transmission losses to the Points of Delivery.

B-1A
Cleco PSSA Exclusion
12 Months Ending 12/31/2###

Exhibit B
Page 1A

Note A:

On October 1, 2010, SWEPCO assumed the obligations under a certain Power Sale and Service Agreement for the purchase of electrical power and energy from Cleco Power, LLC to serve the retail load of the former Valley Electric Membership Corporation (the "Cleco Purchase"). Effective on October 1, 2010, and continuing through December 31, 2014, the formula rates and charges computed by this Exhibit B shall not include the demand and energy expense associated with the Cleco Purchase and the associated load (kW demand and kWh energy) that is supplied by the Cleco Purchase.

Note B:

Demand and energy expenses and loads (kW demand and kWh energy) associated with the Cleco Purchase is taken from SWEPCO's financial and operating reports.

Page, Line #
B-2

Description

"SWEPCO Average System Peak Demand" shall be modified to exclude the Demand associated with the Cleco Purchase.

	Original (kW)	Cleco Purchase (kW)	Revised (kW) (a - b)
	(a)	(b)	(c)
	#	#	#
1.			

Page, Line #
B-14, Line 11

Description

"Purchased Power" (Acct.No. 555) shall be modified to exclude the expense associated with the Cleco Purchase.

		Total Company	(Demand) Fixed	(Energy) Variable
		(a)	(b)	(c)
		\$	\$	\$
2.	Original	(\$)		
3.	Cleco Purchase	(\$)		
4.	Revised (2 - 3)	(\$)		

B-1B
Cleco PSSA Exclusion
12 Months Ending 12/31/2###

Exhibit B
Page 1B

<u>Page, Line #</u>		<u>Description</u>		
B-21		"Net kWh Gen. and kWh Purchase, less kWh sold" shall be modified to exclude the kWh associated with the Cleco Purchase.		
	Month	Original (kWh) (a)	Cleco Purchase (kWh) (b)	Revised (kWh) (a - b) (c)
5.	January	#	#	#
6.	February	#	#	#
7.	March	#	#	#
8.	April	#	#	#
9.	May	#	#	#
10.	June	#	#	#
11.	July	#	#	#
12.	August	#	#	#
13.	September	#	#	#
14.	October	#	#	#
15.	November	#	#	#
16.	December	#	#	#

<u>Page, Line #</u>		<u>Description</u>		
B-22, Line 13		"Purchased Power - Energy Related" shall be modified to exclude the expense associated with the Cleco Purchase.		
	Month	Original (\$) (a)	Cleco Purchase (\$) (b)	Revised (\$) (a - b) (c)
17.	January	\$	\$	\$
18.	February	\$	\$	\$
19.	March	\$	\$	\$
20.	April	\$	\$	\$
21.	May	\$	\$	\$
22.	June	\$	\$	\$
23.	July	\$	\$	\$
24.	August	\$	\$	\$
25.	September	\$	\$	\$
26.	October	\$	\$	\$
27.	November	\$	\$	\$
28.	December	\$	\$	\$

B-2
DETERMINATION OF RATES APPLICABLE TO
SWEPCO'S CAPACITY REQUIREMENTS
#REF!

Exhibit B
Page 2

1. Capacity Monthly Rates

$$\$/\text{kW} = \frac{\text{Annual Production Fixed Cost}}{(12 \times \text{SWEPCO Average System Peak Demand}) (\text{Note A})}$$

$$\frac{\$}{12 \times \#} = \$$$

Where: Annual Production Fixed Cost, P.4

Note A: Average of the four summer months' hourly kilowatt demands, at the generator, of the combined SWEPCO-City of Minden system for the year, coincident with Company's actual system hourly peak demands for each summer month (June, July, August, and September), less a capacity credit for customer supplied capacity.

B-3
Generator Step Up Transformer Workpaper
12 Months Ending 12/31/2###

Exhibit B
Page 3

		Reference	
1.	GSU & Associated Investment	Note A	\$
2.	Total Transmission Investment	FF1, P.207, L.58, Col.g	\$
3.	Percent (GSU to Total Trans. Investment)	L.1 / L.2	%
4.	Transmission Depreciation Expense	FF1, P.336, L.7, Col.b	\$
5.	GSU Related Depreciation Expense	L.3 x L.4	\$
6.	Station Equipment Acct. 353 Investment	FF1, P.207, L.50, Col.g	\$
7.	Percent (GSU to Acct. 353)	L.1 / L.6	%
8.	Transmission O&M (Accts 562 & 570)	FF1,P.321, L. 93, Col.b, and L.107, Col.b	\$
9.	GSU & Associated Investment O&M	L.7 x L.8	\$

Note A: Workpapers -- tab WP-16

B-4
ANNUAL PRODUCTION FIXED COST
12 Months Ending 12/31/2###

Exhibit B
Page 4

	Reference	PRODUCTION Amount
1. Return on Rate Base	P.5, L.19, Col.(2)	\$
2. Operation & Maintenance Expense	P.14, L.15, Col.(2)	\$
3. Depreciation Expense	P.16, L.11, Col.(2)	\$
4. Taxes Other Than Income Taxes	P.17, L.5, Col.(2)	\$
5. Income Tax	P.18, L.5, Col.(2)	\$
6. Off-System Sales for Resale	Note A	\$
7. Ancillary Service Revenue	Note B	\$
8. Annual Production Fixed Cost	Sum (L.1 : L.5) - (L.6 + L.7)	\$

Note A: Capacity related revenues associated with off-system sales as
reported in Account 447.

Note B: Workpapers -- tab WP-2

B-5
RETURN ON PRODUCTION-RELATED INVESTMENT
12 Months Ending 12/31/2###

Exhibit B
Page 5

	Reference	Amount (1)	Demand (2)	Energy (3)
1. ELECTRIC PLANT				
2. Gross Plant in Service	P.6, L.4, Col.(2)	\$	\$	\$
3. Less: Accumulated Depreciation	P.6, L.11, Col.(2)	\$	\$	\$
4. Net Plant in Service	L.2 - L.3	\$	\$	\$
5. Less: Accumulated Deferred Taxes	P.6, L.12, Col.(2)	\$	\$	\$
6. Plant Held for Future Use (Note A)	FF1, P.214	\$	\$	\$
7. Pollution Control CWIP	Note B	\$	\$	\$
8. Non-Pollution Control CWIP (50%)	Note B	\$	\$	\$
9. Subtotal - Electric Plant	L.5 + L.6 + L.7 + L.8	\$	\$	\$
10. WORKING CAPITAL				
11. Materials & Supplies				
12. Fuel	P.9, L.2, Col.(2)	\$	\$	\$
13. Nonfuel	P.9, L.8, Col.(2)	\$	\$	\$
14. Total M & S	L.12 + L.13	\$	\$	\$
15a. Prepayments Nonlabor (Note C)		\$	\$	\$
15b. Prepayments Labor (Note C)		\$	\$	\$
15c. Prepayments Total (Note C)		\$	\$	\$
16. Cash Working Capital	P.8, L.7, Col.(2)	\$	\$	\$
17. Total Rate Base	L.9 + L.14 + L.15c + L.16	\$	\$	\$
18. Weighted Cost of Capital	P.11, L.4, Col.(4)	%	%	%
19. Return on Rate Base	L.17 x L.18	\$	\$	\$

Note A: Production; land only (thirteen months average).

Note B: Workpapers -- tab WP-3. CWIP balances in the formula cannot be changed absent a Section 205/206 filing with the Commission.

Note C: Prepayments include amounts booked to Account 165. Nonlabor related prepayments allocated to the production function based on gross plant on P.6, L.19. Labor related prepayments allocated to production function based on wages and salaries on P.7, Note B.

B-6

Exhibit B

PRODUCTION-RELATED

Page 6

ELECTRIC PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND ADIT

12 Months Ending 12/31/2###

	System		Reference	PRODUCTION		
	Reference	Amount		Amount	Demand	Energy
		(1)		(2)	(3)	(4)
1. GROSS PLANT IN SERVICE (Note A)						
2. Plant in Service (Note C)	FF1, P.204-207, L.100	\$		\$	\$	\$
3. Allocated General & Intangible Plant			P.7, Col(3), L.28	\$	\$	\$
4. Total	L.2 + L.3	\$		\$	\$	\$
5.			Col.(2), L.4	\$	\$	\$
6.			Col.(1), L.4	\$	\$	\$
7.		%		%	%	%
8. ACCUMULATED PROVISION FOR DEPRECIATION (Note A)						
9. Plant in Service (Note D)		\$	FF1, P.200, L.22	\$	\$	\$
10. Allocated General Plant		\$	Note B	\$	\$	\$
11. Total	L.9 + L.10			\$	\$	\$
12. ACCUMULATED DEFERRED TAXES (Note A)	FF1, P.234 (Acct. 190), L.8, P.274-275 (Acct.282), L.5, P.276-277 (Acct. 283), L.9	\$	Exhibit B, P.6a	\$	\$	\$

Note A: Thirteen Months Average excluding ARO amounts.

Note B: (% From P.7, Col.(3), L.29)

Note C: Includes Generator Step-Up Transformers and Other Generation related investments previously included in the transmission accounts, but not included in the establishment of rates for SPP Open Access Transmission Tariff and not directly assigned to others.

Note D: Includes Accumulated Depreciation associated with the Generator Step-Up Transformers and Other Generation investments.

B-6a
PRODUCTION-RELATED ADIT
For the Year Ending December 31, 2###

Exhibit B
Page 6a

	Account	Description	13 Month AVG	Exclusions	100% Production (Energy Related)	PTD Plant	Labor
1	190	Excluded Items	\$	\$			
2	190	100% Production (Energy)	\$		\$		
3	190	PTD Plant	\$			\$	
4	190	Labor Related	\$				\$
5	190	Total	\$	\$	\$	\$	\$
6		Production Allocation		%	%	%	%
7		(Gross Plant or Wages/Salaries)		\$	\$	\$	\$
8		Demand Related			\$	\$	\$
9		Energy Related			\$	\$	\$
10		Allocation Basis			Direct	B-6, L. 7	B-7, Note B
11	282	Excluded Items	\$	\$			
12	282	100% Production (Energy)	\$		\$		
13	282	PTD Plant	\$			\$	
14	282	Labor Related	\$				\$
15	282	Total	\$	\$	\$	\$	\$
16		Production Allocation		%	%	%	%
17		(Gross Plant or Wages/Salaries)		\$	\$	\$	\$
18		Demand Related			\$	\$	\$
19		Energy Related			\$	\$	\$
20		Allocation Basis			Direct	B-6, L. 7	B-7, Note B
21	283	Excluded Items	\$	\$			
22	283	100% Production (Energy)	\$		\$		
23	283	PTD Plant	\$			\$	
24	283	Labor Related	\$				\$
25	283	Total	\$	\$	\$	\$	\$
26	283	Production Allocation		%	%	%	%
27		(Gross Plant or Wages/Salaries)		\$	\$	\$	\$
28		Demand Related			\$	\$	\$
29		Energy Related			\$	\$	\$
30		Allocation Basis			Direct	B-6, L. 7	B-7, Note B
31	Summary Production Related ADIT		Total	Demand	Energy		
32	P Plant (Energy Related)		\$	\$	\$		
33	PTD Plant		\$	\$	\$		
34	Labor Related		\$	\$	\$		
35	Total		\$	\$	\$		

Source: Thirteen month average balances for Accounts 190, 282 and 283 from WP-8a.

B-7
PRODUCTION-RELATED GENERAL PLANT ALLOCATION
12 Months Ending 12/31/2###

Exhibit B

Page 7

1 of 2

General Plant Accounts 101 and 106

	Total System (Note A) (1)	Allocation Factor (2)	Related to Production (1) x (2) (3)	Demand (4)	Energy (5)
1. GENERAL PLANT					
2. Land					
3. District Offices	\$	%	\$		
4. General Offices	\$	Note B	\$	\$	\$
5. Total Land	\$		\$	\$	\$
6. Structures					
7. District Offices	\$	%	\$		
8. General Offices	\$	Note B	\$	\$	\$
9. Total Structures	\$		\$	\$	\$
10. Office Equipment					
11. District Offices	\$	%	\$		
12. General Offices	\$	Note B	\$	\$	\$
13. Total Office Equipment	\$		\$	\$	\$
14. Transportation Equipment	\$	Note B	\$	\$	\$
15. Stores Equipment	\$	Note B	\$	\$	\$
16. Tools, Shop & Garage Equipment	\$	Note B	\$	\$	\$
17. Lab Equipment	\$	Note B	\$	\$	\$
18. Communications Equipment	\$	Note B	\$	\$	\$
19. Miscellaneous Equipment	\$	Note B	\$	\$	\$
20. Subtotal	\$		\$	\$	\$
21. PERCENT		Note C	%	%	%
22. Other Tangible Property					
23. Fuel Exploration	\$	Note D	\$		\$
24. Rail Car Facility	\$	Note D	\$		\$
25. Total Other Tangible Property	\$		\$	\$	\$
26. TOTAL GENERAL PLANT FF1, P.206, L.99	\$		\$	\$	\$
27. INTANGIBLE PLANT	\$	Note B	\$	\$	\$
28. TOTAL GENERAL AND INTANGIBLE	\$		\$	\$	\$
29. PERCENT		Note E	%	%	%
30. Total General and Intangible	\$		\$	\$	\$
31. Exclude Other Tangible (Railcar and Fuel Exploration)	\$		\$	\$	\$
32. Net General and Intangible	\$		\$	\$	\$
33. PERCENT			%	%	%

B-7
PRODUCTION-RELATED GENERAL PLANT ALLOCATION
12 Months Ending 12/31/2###

Exhibit B
Page 7

2 of 2

NOTE A: Thirteen months average data from SWEPCOs Books excluding ARO amounts.

NOTE B: Allocation factors based on wages and salaries in electric operations and maintenance expenses excluding administrative and general expenses:

a. Total wages and salaries in electric operation and maintenance expenses excluding administrative and general expense, FF1, P.354, Col.(b), Ln.28 - L.27.	\$
b. Production wages and salaries in electric operation and maintenance expense, FF1, P.354, Col.(b), L.20.	\$
c. Ratio (b / a)	%

NOTE C: L.20, Col.(3) / L.20, Col.(1)

NOTE D: Directly assigned to Production

NOTE E: L.26, Col.(3) / L.26, Col.(1)

B-8
PRODUCTION-RELATED CASH REQUIREMENT
12 Months Ending 12/31/2###

Exhibit B
Page 8

	Reference	Amount (1)	PRODUCTION Demand (2)	Energy (3)
1. Total Production Expense Excluding Fuel Used In Electric Generation	P.14, L.12	\$	\$	\$
2. Less Fuel Handling / Sale of Fly Ash	P.14, L.1 thru 3	\$	\$	\$
3. Less Purchased Power	P.14, L.11	\$	\$	\$
4. Other Production O&M	Sum (L.1 thru L.3)	\$	\$	\$
5. Allocated A&G	P.10, L.17	\$	\$	\$
6. Total O&M for Cash Working Capital Calculation	L.4 + L.5	\$	\$	\$
7. O&M Cash Requirements	$\approx 45 / 360 \times L.6$	\$	\$	\$

B-9
PRODUCTION-RELATED MATERIALS & SUPPLIES
12 Months Ending 12/31/2###

Exhibit B
Page 9

	SYSTEM		PRODUCTION			
	Reference	Amount (1)	Reference	Amount (2)	Demand (3)	Energy (4)
1. Material & Supplies (Note A)						
2. Fuel (Note C)	FF1, P.227, L.1	\$		\$	\$	\$
3. Non-Fuel						
4. Production	Functional Breakdown	\$	100% Col. 1	\$	\$	\$
5. Transmission	Furnished from	\$	%	\$	\$	\$
6. Distribution	SWEPCOs Books by	\$	%	\$	\$	\$
7. General	Accounting Dept.	\$	Note B	\$	\$	\$
8. Total	L.4 + L.5 + L.6 + L.7	\$		\$	\$	\$

Note A: Thirteen months average.

Note B: Column (1) times % from P.7, Col.(3), L.29.

Note C: Booked amounts will be adjusted for inventory carried on behalf of others in respect to which the Company received carrying compensation from others.

B-10
PRODUCTION-RELATED
ADMINISTRATIVE & GENERAL EXPENSE ALLOCATION
12 Months Ending 12/31/2###

Exhibit B
Page 10

	Account	System		Allocation Factor % (2)	Production		
		Reference	Amount (1)		Amount (3)	Demand (4)	Energy (5)
1.	ADMINISTRATIVE & GENERAL EXPENSE						
2.	RELATED TO WAGES AND SALARIES						
3.	A&G Salaries	920 FF1, P.323	\$				
4.	Outside Services	923 FF1, P.323	\$				
5.	Employee Pensions & Benefits	926 FF1, P.323	\$	Note F			
6.	Office Supplies	921 FF1, P.323	\$				
7.	Injuries & Damages	925 FF1, P.323	\$				
8.	Franchise Requirements	927 FF1, P.323	\$				
9.	Duplicate Charges - Cr.	929 FF1, P.323	\$				
10.	Total	Ls. 3 thru 9	\$	Note A	\$	\$	\$
11.	MISCELLANEOUS GENERAL EXPENSES	930 FF1, P.323	\$	Note A, C & D	\$	\$	\$
12.	ADM. EXPENSE TRANSFER - CR.	922 FF1, P.323	\$	Note B	\$	\$	\$
13.	PROPERTY INSURANCE	924 FF1, P.323	\$	Note E	\$	\$	\$
14.	REGULATORY COMM. EXPENSES	928 FF1, P.323	\$	Note C	\$	\$	\$
15.	RENTS	931 FF1, P.323	\$	Note B	\$	\$	\$
16.	MAINTENANCE OF GENERAL PLANT	935 FF1, P.323	\$	Note B	\$	\$	\$
17.	TOTAL A & G EXPENSE	L.10 thru 16	\$		\$	\$	\$

Note A: % from Note B, P.7

Note B: General Plant % from P.7, Col.(3), L.29

Note C: Excluding all items not related to wholesale service and also excludes FERC assessment of annual charges.

Note D: Excludes general advertising and company dues and memberships.

Note E: % Plant from P.6, L.7.

Note F: Post-Employment Benefits other than pensions (PBOPs) and Post-Employment Benefits (PEBs) accrual estimates and funding commitments included in the formula rate calculation cannot be changed absent a Section 205/206 filing with the Commission.

B-11
COMPOSITE COST OF CAPITAL
12 Months Ending 12/31/2###

Exhibit B
Page 11

		Reference	Total Company Avg Capitalization \$ (1)	Weighted Cost Ratios % (2)	Reference	Cost of Capital % (3)	Weighted Cost of Capital (2 x 3) (4)
1.	Long Term Debt	Note A	\$	%	Note D	%	%
2.	Preferred Stock	Note B	\$	%	Note E	%	%
3.	Common Stock	Note C	\$	%	Note F	11.10%	%
4.	Total		\$	%			%

Note A: P.12, L.4, Col.1.

Note B: P.13a, L.1(2).

Note C: Workpapers -- tab WP-13b, L.5.

Note D: P.12, L.20 (2).

Note E: P.13a, L.7.

Note F: Return on Equity of 11.1% as approved by the Commission. The return on equity cannot be changed absent a Section 205/206 filing with the Commission.

B-12
AVERAGE LONG TERM DEBT
12 Months Ending 12/31/2###

Exhibit B
Page 12

	Reference	Average Debt Balance (1)	Interest & Cost Booked (2)
<u>13 Monthly Average of LTD at End of Year (Actual)</u>			
1. Bonds (Acc 221)	FF1, 112.18.c.	\$	
2. Less: Reacquired Bonds (Acc 222)	FF1, 112.19.c.	\$	
3. Advances from Assoc Companies (Acc 223)	FF1, 112.20.c.	\$	
4. Other Long Term Debt (Acc 224)	FF1, 112.21.c.	\$	
5. Total Long Term Debt Balance		<u>\$</u>	
<u>Costs and Expenses (actual)</u>			
6. Interest Expense (Acc 427)	FF1, 117.62.c.		\$
7. Amortization Debt Discount and Expense (Acc 428)	FF1, 117.63.c.		\$
8. Amortization Loss on Reacquired Debt (Acc 428.1)	FF1, 117.64.c.		\$
9. Less: Amortiz Premium on Reacquired Debt (Acc 429)	FF1, 117.65.c.		\$
10. Less: Amortiz Gain on Reacquired Debt (Acc 429.1)	FF1, 117.66.c.		\$
11. Interest on LTD Assoc Companies (portion Acc 430)	WP-13, L.7		\$
12. (Reduction)/Increase in Acc 427 Interest Expense	Line 18		\$
13. Total LTD Cost Amount			\$
<u>Limit on Hedging (G)/L on Interest Rate Derivatives of LTD</u>			
14. Annual Amortiz of Hedge (G)/L included in Acc 427 above Enter a hedge Gain as a negative value and a hedge Loss as a positive value	WP-13, L.15		\$
15. Total Capitalization	B-11, L.4, col.(1)	\$	
16. 5 basis point Limit on (G)/L Recovery			0.0005
17. Amount of (G)/L Recovery Limit	L. 10 * L.11		\$
18. (Reduction)/Increase in Acc 427 Interest Expense To be subtracted or added to actual Interest Expenses on Lines 12			\$
19. Total Balance and Interest Costs	L.5, L.13	\$	\$
20. Embedded Cost of Long Term Debt = L.14, Col.(2) / L.14, Col.(1)			%

Note A: Workpapers -- tab WP-13a

Note B: Annual amortization of net gains or net loss on interest rate derivative hedges on long term debt shall not cause the composite after-tax weighted average cost of capital to increase/decrease by more than 5 basis points. Hedge gains/losses shall be amortized over the life of the related debt issuance. The unamortized balance of the g/l shall remain in Acc 219 Other Comprehensive Income and shall not flow through the formula rate. Hedge-related ADIT shall not flow through rate base.

B-13a
AVERAGE PREFERRED STOCK
12 Months Ending 12/31/2###

Exhibit B
Page 13a

		(1) Reference	(2) Amount
1.	Preferred Stock Dividends	FF1, P.118, L.29	\$
2.	Preferred Stock Outstanding	Note A & B FF1, P.251, L. 12 (f)	\$
3.	Plus: Premium on Preferred Stock	Note A FF1, P.112, L.6	\$
4.	Less: Discount on Pfd Stock	Note A FF1, P. 112. L.9	\$
5.	Plus: Paid-in-Capital Pfd Stock	Note A	\$
6.	Total Preferred Stock	L.2 + L.3 - L.4 + L.5	\$
7.	Average Cost Rate	L.1 / L.6	%

Note A: Workpaper -- tab WP-12b.

Note B: Preferred stock outstanding excludes pledged and Reacquired (Treasury) preferred stock..

B-13b

AVERAGE COMMON EQUITY

Average of 13 Monthly Balances ending 12/31/2###

Exhibit B

Page 13b

	Source	Average Balances
1. Total Proprietary Capital	WP-12a, col. a	\$
<u>Less:</u>		
2. Preferred Stock (Acc 204, pfd portion of Acc 207-213)	WP-12a, col.b+c+d	\$
3. Unappropriated Undistributed Subsidiary Earnings (Acc 216.1)	WP-12a, col.e	\$
4. Accumulated Comprehensive Other Income (Acc 219)	WP-12a, col.f	\$
5. Total Average Balance of Common Equity	L.1-2-3-4	\$

B-14
ANNUAL FIXED COSTS
PRODUCTION O & M EXPENSE
EXCLUDING FUEL USED IN ELECTRIC GENERATION
12 Months Ending 12/31/2###

Exhibit B
Page 14

	Account No.	Total Company (1)	(Demand) Fixed (2)	(Energy) Variable (3)
1. Coal Handling	501.xx	\$		\$
2. Lignite Handling	501.xx	\$		\$
3. Sale of Fly Ash (Revenue & Expense)	501.xx	\$		\$
4. Rents	507	\$		
5. Hydro O & M Expenses	535-545	\$		
6. Other Production Expenses	557	\$	\$	
7. System Control of Load Dispatching	556	\$	\$	
8. Other Steam Expenses	Note A	\$	\$	\$
9. Combustion Turbine	Note A	\$		\$
10. Nuclear Power Expense-Other	Note A	\$		
11. Purchased Power	555	\$	\$	\$
12. Total Production Expense Excluding Fuel Used In Electric Generation above		\$	\$	\$
13. A & G Expense P.10, L.17		\$	\$	\$
14. Generator Step Up related O&M	Note B	\$	\$	\$
15. Total O & M		\$	\$	\$

NOTE A: Amounts recorded in Accounts 500, 502-509, 510-514, 546, 548-550 and 551-554 classified into Fixed and Variable Components in accordance with P.15 and WP-14

NOTE B: FF1, P.321, L.93 & L.107 (ACCTS. 562 & 570) times GSU Investment to Account 353 ratio (See P.3, L.9)

B-15

CLASSIFICATION OF FIXED AND VARIABLE
PRODUCTION EXPENSES

Exhibit B
Page 15

Line No.	Description	FERC Account No.	Energy Related	Demand Related
1	POWER PRODUCTION EXPENSES			
2	Steam Power Generation			
3	Operation supervision and engineering	500	-	xx
4	Fuel	501	xx	-
5	Steam expenses	502	-	xx
6	Steam from other sources	503	xx	-
7	Steam transferred-Cr.	504	xx	-
8	Electric expenses	505	-	xx
9	Miscellaneous steam power expenses	506	-	xx
10	Rents	507	-	xx
11	Maintenance supervision and engineering	510	xx	-
12	Maintenance of structures	511	-	xx
13	Maintenance of boiler plant	512	xx	-
14	Maintenance of electric plant	513	xx	-
15	Maintenance of miscellaneous steam plant	514	-	xx
16	Total steam power generation expenses			
17	Hydraulic Power Generation			
18	Operation supervision and engineering	535	-	xx
19	Water for power	536	-	xx
20	Hydraulic expenses	537	-	xx
21	Electric expenses	538	-	xx
22	Misc. hydraulic power generation expenses	539	-	xx
23	Rents	540	-	xx
24	Maintenance supervision and engineering	541	-	xx
25	Maintenance of structures	542	-	xx
26	Maintenance of reservoirs, dams and waterways	543	-	xx
27	Maintenance of electric plant	544	xx	-
28	Maintenance of miscellaneous hydraulic plant	545	-	xx
29	Total hydraulic power generation expenses			
30	Other Power Generation			
31	Operation supervision and engineering	546	-	xx
32	Fuel	547	xx	-
33	Generation expenses	548	-	xx
34	Miscellaneous other power generation expenses	549	-	xx
35	Rents	550	-	xx
36	Maintenance supervision and engineering	551	-	xx
37	Maintenance of structures	552	-	xx
38	Maintenance of generation and electric plant	553	-	xx
39	Maintenance of misc. other power generation plant	554	-	xx
40	Total other power generation expenses			
41	Other Power Supply Expenses			
42	Purchased power	555	xx	xx
43	System control and load dispatching	556	-	xx
44	Other expenses	557	-	xx
45	Station equipment operation expense (Note A)	562	-	xx
46	Station equipment maintenance expense (Note A)	570	-	xx

Note A: Restricted to expenses related to Generator Step-up Transformers and Other Generator related expenses.
See Note D, Page 6

B-16
PRODUCTION-RELATED DEPRECIATION EXPENSE
12 Months Ending 12/31/2###

Exhibit B
Page 16

		Depreciation Expense (1)	Demand (2)	Energy (3)
	PRODUCTION PLANT			
1.	Steam	\$	\$	\$
2.	Nuclear	\$	\$	\$
3.	Hydro	\$	\$	\$
4.	Conventional	\$	\$	\$
5.	Pump Storage	\$	\$	\$
6.	Other Production	\$	\$	\$
7.	Int. Comb.	\$	\$	\$
8.	Other	\$	\$	\$
9.	Production Related General & Intangible Plant	\$	\$	\$
10.	Generator Step Up Related Depreciation (Note A)	\$	\$	\$
11.	Total Production	\$	\$	\$

Note: Lines 1 through 8 will be Depreciation Expense reported on P.336 of the FF1 excluding the amortization of acquisition adjustments.

Line 9 will be total General & Intangible Plant (from P.336 of the FF1, adjusted for amortization adjustments) times ratio of Production Related General Plant to total General Plant computed on P.7, L.33, Col.(3)

Depreciation expense excludes amounts associated with ARO.

Note A: Line 10, see P.3, L.5

B-16a

SOUTHWESTERN ELECTRIC POWER COMPANY
CALCULATION OF TOTAL COMPANY
WEIGHTED AVERAGE DEPRECIATION RATES

Exhibit B
Page 16a
Page 1 of 2

	LOUISIANA				ARKANSAS			TEXAS			FERC - Wholesale			TOTAL COMPANY
	PLANT ACCT.	LA RATES (2) (3)	ALLOCATION FACTOR	WTD AVG. DEPREC. RATE	ARKANSAS RATES (4)	ALLOCATION FACTOR	WTD AVG. DEPREC. RATE	TEXAS RATES (5)	ALLOCATION FACTOR	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE
STEAM PRODUCTION PLANT														
Arsenal Hill														
	311.0	1.1400%	0.292862	0.3339%	1.1800%	0.201802	0.2381%	0.0000%	0.339374	0.0000%	3.0300%	0.165962	0.5029%	1.07%
	312.0	1.5800%	0.292862	0.4627%	0.9400%	0.201802	0.1897%	0.4200%	0.339374	0.1425%	3.5700%	0.165962	0.5925%	1.38%
	314.0	1.0400%	0.292862	0.3046%	0.9200%	0.201802	0.1857%	0.0000%	0.339374	0.0000%	3.4500%	0.165962	0.5726%	1.06%
	315.0	1.1700%	0.292862	0.3426%	1.6600%	0.201802	0.3350%	0.0000%	0.339374	0.0000%	3.4500%	0.165962	0.5726%	1.25%
	316.0	4.9300%	0.292862	1.4438%	2.7500%	0.201802	0.5550%	3.7000%	0.339374	1.2557%	3.8500%	0.165962	0.6390%	3.89%
Stall Unit at Arsenal Hill														
	311.0	2.8600%	0.292862	0.8376%	2.8600%	0.201802	0.5772%	2.8600%	0.339374	0.9706%	2.8600%	0.165962	0.4747%	2.86%
	312.0	2.8600%	0.292862	0.8376%	2.8600%	0.201802	0.5772%	2.8600%	0.339374	0.9706%	2.8600%	0.165962	0.4747%	2.86%
	314.0	2.8600%	0.292862	0.8376%	2.8600%	0.201802	0.5772%	2.8600%	0.339374	0.9706%	2.8600%	0.165962	0.4747%	2.86%
	315.0	2.8600%	0.292862	0.8376%	2.8600%	0.201802	0.5772%	2.8600%	0.339374	0.9706%	2.8600%	0.165962	0.4747%	2.86%
	316.0	2.8600%	0.292862	0.8376%	2.8600%	0.201802	0.5772%	2.8600%	0.339374	0.9706%	2.8600%	0.165962	0.4747%	2.86%
Knox Lee														
	311.0	1.4600%	0.292862	0.4276%	0.4300%	0.201802	0.0868%	0.7000%	0.339374	0.2376%	3.0300%	0.165962	0.5029%	1.25%
	312.0	1.9200%	0.292862	0.5623%	0.4400%	0.201802	0.0888%	1.1400%	0.339374	0.3869%	3.5700%	0.165962	0.5925%	1.63%
	314.0	1.5100%	0.292862	0.4422%	0.5600%	0.201802	0.1130%	0.6900%	0.339374	0.2342%	3.4500%	0.165962	0.5726%	1.36%
	315.0	1.6700%	0.292862	0.4891%	0.9500%	0.201802	0.1917%	0.8600%	0.339374	0.2919%	3.4500%	0.165962	0.5726%	1.55%
	316.0	3.7300%	0.292862	1.0924%	0.4200%	0.201802	0.0848%	2.6900%	0.339374	0.9129%	3.8500%	0.165962	0.6390%	2.73%
Lieberman														
	311.0	0.7500%	0.292862	0.2196%	0.8500%	0.201802	0.1715%	0.0000%	0.339374	0.0000%	3.0300%	0.165962	0.5029%	0.99%
	312.0	1.6800%	0.292862	0.4920%	0.7800%	0.201802	0.1574%	0.1100%	0.339374	0.0373%	3.5700%	0.165962	0.5925%	1.28%
	314.0	0.8900%	0.292862	0.2606%	0.1800%	0.201802	0.0363%	0.0000%	0.339374	0.0000%	3.4500%	0.165962	0.5726%	0.87%
	315.0	0.9700%	0.292862	0.2841%	0.5600%	0.201802	0.1130%	0.0000%	0.339374	0.0000%	3.4500%	0.165962	0.5726%	0.97%
	316.0	5.1700%	0.292862	1.8070%	2.6700%	0.201802	0.5388%	3.9100%	0.339374	1.3270%	3.8500%	0.165962	0.6390%	4.31%
Lone Star														
	311.0	0.3200%	0.292862	0.0937%	0.9400%	0.201802	0.1897%	0.0000%	0.339374	0.0000%	3.0300%	0.165962	0.5029%	0.79%
	312.0	0.9800%	0.292862	0.2870%	0.9700%	0.201802	0.1957%	0.0000%	0.339374	0.0000%	3.5700%	0.165962	0.5925%	1.08%
	314.0	0.2900%	0.292862	0.0849%	0.9600%	0.201802	0.1937%	0.0000%	0.339374	0.0000%	3.4500%	0.165962	0.5726%	0.85%
	315.0	0.7500%	0.292862	0.2196%	2.6500%	0.201802	0.5348%	0.0000%	0.339374	0.0000%	3.4500%	0.165962	0.5726%	1.33%
	316.0	3.4100%	0.292862	0.9987%	4.3600%	0.201802	0.8799%	3.4700%	0.339374	1.1776%	3.8500%	0.165962	0.6390%	3.70%
Wilkes														
	311.0	1.5200%	0.292862	0.4452%	0.8500%	0.201802	0.1715%	0.6600%	0.339374	0.2240%	3.0300%	0.165962	0.5029%	1.34%
	312.0	1.7900%	0.292862	0.5067%	0.7800%	0.201802	0.1574%	0.8500%	0.339374	0.2885%	3.5700%	0.165962	0.5925%	1.55%
	314.0	1.6500%	0.292862	0.4832%	0.8100%	0.201802	0.1635%	0.7700%	0.339374	0.2613%	3.4500%	0.165962	0.5726%	1.48%
	315.0	1.9000%	0.292862	0.5564%	2.3700%	0.201802	0.4783%	0.9400%	0.339374	0.3190%	3.4500%	0.165962	0.5726%	1.93%
	316.0	2.8200%	0.292862	0.8259%	0.0500%	0.201802	0.0101%	1.7100%	0.339374	0.5803%	3.8500%	0.165962	0.6390%	2.06%

B-16a

SOUTHWESTERN ELECTRIC POWER COMPANY
CALCULATION OF TOTAL COMPANY
WEIGHTED AVERAGE DEPRECIATION RATES

Exhibit B
Page 16a
Page 2 of 2

	LOUISIANA				ARKANSAS				TEXAS				FERC - Wholesale				TOTAL COMPANY
	PLANT ACCT.	LA RATES (2) (3)	ALLOCATION FACTOR	WTD AVG. DEPREC. RATE	ARKANSAS RATES (4)	ALLOCATION FACTOR	WTD AVG. DEPREC. RATE	TEXAS RATES (5)	ALLOCATION FACTOR	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE
STEAM PRODUCTION PLANT																	
Dolet Hills																	
	311.0	2.3800%	0.292862	0.6970%	0.8800%	0.201802	0.1776%	1.4400%	0.339374	0.4887%	3.0300%	0.165962	0.5029%	1.87%			
	312.0	2.4300%	0.292862	0.7117%	1.0600%	0.201802	0.2139%	1.4600%	0.339374	0.4955%	3.5700%	0.165962	0.5925%	2.01%			
	314.0	2.3700%	0.292862	0.6941%	0.8900%	0.201802	0.1796%	1.4300%	0.339374	0.4853%	3.4500%	0.165962	0.5726%	1.93%			
	315.0	2.3900%	0.292862	0.6993%	0.8500%	0.201802	0.1715%	1.4400%	0.339374	0.4887%	3.4500%	0.165962	0.5726%	1.93%			
	316.0	3.0100%	0.292862	0.8815%	1.4100%	0.201802	0.2845%	1.7600%	0.339374	0.5973%	3.8500%	0.165962	0.6390%	2.40%			
Flint Creek																	
	311.0	2.0100%	0.292862	0.5887%	1.7000%	0.201802	0.3431%	1.2900%	0.339374	0.4378%	3.0300%	0.165962	0.5029%	1.87%			
	312.0	2.2100%	0.292862	0.6472%	1.4500%	0.201802	0.2926%	1.3800%	0.339374	0.4683%	3.5700%	0.165962	0.5925%	2.00%			
	314.0	2.2500%	0.292862	0.6589%	1.4000%	0.201802	0.2825%	1.4200%	0.339374	0.4819%	3.4500%	0.165962	0.5726%	2.00%			
	315.0	2.2100%	0.292862	0.6472%	1.5400%	0.201802	0.3108%	1.3900%	0.339374	0.4717%	3.4500%	0.165962	0.5726%	2.00%			
	316.0	2.8900%	0.292862	0.8464%	2.2000%	0.201802	0.4440%	1.7400%	0.339374	0.5905%	3.8500%	0.165962	0.6390%	2.52%			
Pirkey																	
	311.0	2.3800%	0.292862	0.6970%	0.8900%	0.201802	0.1796%	1.4000%	0.339374	0.4751%	3.0300%	0.165962	0.5029%	1.85%			
	312.0	2.5900%	0.292862	0.7585%	1.1300%	0.201802	0.2280%	1.5200%	0.339374	0.5158%	3.5700%	0.165962	0.5925%	2.09%			
	314.0	2.3900%	0.292862	0.6993%	0.8500%	0.201802	0.1715%	1.4000%	0.339374	0.4751%	3.4500%	0.165962	0.5726%	1.92%			
	315.0	2.5700%	0.292862	0.7527%	1.0900%	0.201802	0.2200%	1.5000%	0.339374	0.5091%	3.4500%	0.165962	0.5726%	2.05%			
	316.0	2.6700%	0.292862	0.7819%	1.1600%	0.201802	0.2341%	1.6100%	0.339374	0.5454%	3.8500%	0.165962	0.6390%	2.20%			
Welsh																	
	311.0	2.1100%	0.292862	0.6179%	1.6700%	0.201802	0.3370%	1.3900%	0.339374	0.4717%	3.0300%	0.165962	0.5029%	1.93%			
	312.0	2.6500%	0.292862	0.7761%	1.7700%	0.201802	0.3572%	1.6600%	0.339374	0.5634%	3.5700%	0.165962	0.5925%	2.29%			
	314.0	2.3200%	0.292862	0.6794%	1.6100%	0.201802	0.3249%	1.4600%	0.339374	0.4955%	3.4500%	0.165962	0.5726%	2.07%			
	315.0	2.4600%	0.292862	0.7204%	1.4100%	0.201802	0.2845%	1.4700%	0.339374	0.4989%	3.4500%	0.165962	0.5726%	2.08%			
	316.0	3.8500%	0.292862	1.1275%	2.0900%	0.201802	0.4218%	2.3500%	0.339374	0.7975%	3.8500%	0.165962	0.6390%	2.99%			
RAIL CARS																	
Rail Cars - Flint Creek	312.1	4.9300%	0.292862	1.4438%	2.8600%	0.201802	0.5772%	2.3100%	0.339374	0.7840%	3.5700%	0.165962	0.5925%	3.40%			
Rail Cars - Welsh Plant	312.1	3.9800%	0.292862	1.1656%	2.4300%	0.201802	0.4904%	2.0700%	0.339374	0.7025%	3.5700%	0.165962	0.5925%	2.95%			
OTHER PRODUCTION PLANT																	
Matlison																	
	341.0	2.3500%	0.292862	0.6882%	2.3500%	0.201802	0.4742%	2.3600%	0.339374	0.8009%	2.3500%	0.165962	0.3800%	2.35%			
	344.0	2.3600%	0.292862	0.6912%	2.3600%	0.201802	0.4763%	2.3400%	0.339374	0.7941%	2.3600%	0.165962	0.3917%	2.35%			
	345.0	2.3200%	0.292862	0.6794%	2.3200%	0.201802	0.4682%	2.3400%	0.339374	0.7941%	2.3200%	0.165962	0.3850%	2.33%			
	346.0	2.3200%	0.292862	0.6794%	2.3200%	0.201802	0.4682%	2.3400%	0.339374	0.7941%	2.3200%	0.165962	0.3850%	2.33%			

NOTES:

1. Louisiana steam production depreciation rates were made effective on October 15, 2007 as per LA Commission Order No. U-23327, Subdocket A.
2. Louisiana general depreciation rates were approved at the LA Public Service Commission session dated November 17, 1999 as per Order U-23029-A.
3. Arkansas depreciation rates were approved in 2009 per a Settlement agreement in Docket 09-008-U. Staff rates were approved and made effective on December 1, 2009.
4. Texas depreciation rates were approved in 2010 using Company Recommended rates in Docket 37364.
5. Depreciation rates reflected in the formula rate calculation cannot be changed absent a Section 205/206 filing with the Commission.

B-17
PRODUCTION RELATED
TAXES OTHER THAN INCOME TAXES
12 Months Ending 12/31/2###

Exhibit B
Page 17

SYSTEM		%	PRODUCTION
REFERENCE	AMOUNT		AMOUNT
	(1)		(2)

PRODUCTION RELATED TAXES OTHER THAN INCOME

1	Labor Related	Note A	\$	Note B	\$
2	Property Related	Note A	\$	Note C	\$
3	Other	Note A	\$	Note C	\$
4	Gross Receipts / Commission Assessments	Note A	\$	Note D	\$
5	TOTAL TAXES OTHER THAN INCOME TAXES	Sum L.1 : L.4	\$		\$

Note A: Taxes other than Income Taxes will be those reported in FERC-1, Pages 262 & 263.

Note B: Total (Col. (1), L.1) allocated on the basis of wages & salaries in Electric O & M Expenses (excl. A & G), P.354, Col.(b) and Services shown on Worksheets WP-9a and WP-9b.

	Amount	%
(1) Total W & S (excl. A & G)	\$	%
(2) Production W & S	\$	%

Note C: Allocated on the basis of Gross Plant Investment from Schedule B-6, Ln.19, Col.(2)

Note D: Not allocated to wholesale

B-18
PRODUCTION-RELATED INCOME TAX
12 Months Ending 12/31/2###

Exhibit B
Page 18

	Reference	Amount (1)	Demand (2)	Energy (3)
1. Return on Rate Base	P.5, L.19	\$	\$	\$
2. Effective Income Tax Rate	P.19, L.2	%	%	%
3. Income Tax Calculated	L.1 x L.2	\$	\$	\$
4. ITC Adjustment	P.19, L.13	\$	\$	\$
5. Income Tax	L.3 + L.4	\$	\$	\$

Note A: Classification based on Production Plant classification of P.19, L.20 and L.21.

B-19
COMPUTATION OF EFFECTIVE INCOME TAX RATE
12 Months Ending 12/31/2###

Exhibit B
Page 19

1.	$T = 1 - \{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\} =$	%
2.	$\text{EIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{WACC})) =$	%
3.	where WCLTD and WACC from Exhibit B-11 and FIT, SIT & p as shown below.	
4.	$\text{GRCF} = 1 / (1 - T)$	#
5.	Federal Income Tax Rate	FIT %
6.	State Income Tax Rate (Composite)	SIT %
7.	Percent of FIT deductible for state purposes	p %
8.	Weighted Cost of Long Term Debt	WCLTD %
9.	Weighted Average Cost of Capital	WACC %
10.	Amortized Investment Tax Credit (enter negative)	FF1, P.114, L.19, Col.c \$
11.	Gross Plant Allocation Factor	L.21 %
12.	Production Plant Related ITC Amortization	\$
13.	ITC Adjustment	L.12 x L.4 \$
14.	<u>Gross Plant Allocator</u>	Total
15.	Gross Plant	P.6, L.4, Col.1 \$
16.	Production Plant Gross	P.6, L.4, Col.2 \$
17.	Demand Related Production Plant	P.6, L.4, Col.3 \$
18.	Energy Related Production Plant	P.6, L.4, Col.4 \$
19.	Production Plant Gross Plant Allocator	L.16 / L.15 %
20.	Production Plant - Demand Related	L.17 / L.16 %
21.	Production Plant - Energy Related	L.18 / L.16 %

B-20
ENERGY CHARGE CALCULATION
MONTH OF _____, 2###

Exhibit B
Page 20

	RATE \$/kWh (1)	BILLING kWh (2)	AMOUNT, \$ (1) X (2) (3)
ENERGY CHARGE:			
1. Reference	P.21	Note A	
2. Amount	\$	#	\$

Note A: Workpapers -- tab WP-4b

B-21
DETERMINATION OF RATE APPLICABLE
TO City of Minden ENERGY REQUIREMENTS
MONTH OF _____, 2###

Exhibit B
Page 21

1. Monthly Energy Rate

$$\$/\text{kWh} = \frac{\text{Actual Monthly Energy Related Costs}}{\text{Net kWh Gen. and kWh Purchased, less kWh sold}} = \frac{\$}{\#} = \$$$

Where: Actual Monthly Energy Related Costs: From P.22

Net kWh Generated; from SWEPCO's Monthly Financial and Operating Reports, kWh
Purchased, less kWh Sold; from SWEPCO's Monthly Financial and Operating Reports.

Note: Monthly Energy Rate includes \$0.000022/KWh charge for Mine Closing Costs.

B-22
DETERMINATION OF ACTUAL
MONTHLY ENERGY RELATED COSTS
MONTH OF _____, 2###

Exhibit B
Page 22

	FOSSIL FUEL EXPENSE	Account	Reference	Amount
1.	Coal-conventional	501	Note A	\$
2.	Coal-combined cycle	501	Note A	\$
3.	Coal-inventory adjustment	501	Note A	\$
4.	Gas-conventional	501	Note A	\$
5.	Gas-combined cycle	501	Note A	\$
6.	Oil-conventional	501	Note A	\$
7.	Oil-combined cycle	501	Note A	\$
8.	Lignite	501	Note A	\$
9.	Natural gas purchased	547	Note A	\$
10.	Oil-combustion turbine	547	Note A	\$
11.	Amortization of Gas Connect. Fac.	501	Note A	\$
12.	Total Fossil Fuel			\$
	PURCHASED POWER			
13.	Energy Related	555	Note A & B	\$
	OTHER PRODUCTION EXPENSE			
14.	Energy Related		P.23, L.8	\$
	TOTAL PRODUCTION COST			
15.	Energy Related		L.12, 13 & 14	\$
16.	Off-system sales for resale revenues net of margins		Note C	\$
17.	SUBTOTAL ENERGY RELATED COSTS		L.15 - L.16	\$
18.	12th of Energy related A & G Expense		P.10	\$
19.	12th of Energy related return		P.5	\$
20.	12th of Energy related dep. exp.		P.16	\$
21.	12th of Energy related income tax		P.18	\$
22.	12th of SPP Losses and Imbalance Ancillary Svc. Rev.		Note D	\$
23.	Total Energy Related Costs		L.17 thru 21 - L.22	\$

Note A: From SWEPCO's monthly Financial and Operating Reports.

Note B: Net of Purchased and Interchange Power included in Account 555

Note C: Off-System Sales for Resale Revenues:

Energy related revenues net of Company's share of OSS Margins
after deducting the first \$10,500,000 of Total OSS Margins.

Note D: Workpapers -- tab WP-2

B-23
DETERMINATION OF MONTHLY ENERGY RELATED
OTHER PRODUCTION EXPENSE
MONTH OF _____, 2###

Exhibit B
Page 23

	ACCOUNT	REFERENCE	AMOUNT
ENERGY RELATED PRODUCTION COSTS NOT INCLUDED ON PAGE 22, L. 1 THRU 13			
1.	Sale of Fly Ash (Revenue & Expense)	501 Note A	\$
2.	Fuel Handling	501 Note A	\$
3.	Lignite Handling	501 Note A	\$
4.	Other Steam Expense	Note B	\$
5.	Combustion Turbine		
6.	Rents	507	
7.	Hydro O & M	535-545	
8.	Total Energy Related Production Expense Other Than Fuel	L.1 thru 7	\$

Note A: From SWEPCO's monthly Financial and Operating Reports.

Note B: Workpapers -- tab WP-14

EXHIBIT C MINDEN GENERATION

1.1 Energy Delivery Requirement

The Energy Delivery Requirement means the kilowatt-hours to be generated and delivered annually by Customer in accordance with a generation schedule provided by Company during the months of April through October as further defined in Exhibit C, Section 1.10 below.

1.2 Capacity Credit Rate

The Minden Generation Capacity Credit Rate shall be \$1.70 per kW for 2014. Each Contract Year thereafter, the capacity credit shall increase by two percent (2%).

1.3 Hourly Energy Replacement Charge

The Hourly Energy Replacement Charge shall be determined each hour and is defined as the greater of; (i) AEP-West System's (SPP Region) Firm Load Lambda calculated in the manner in which it is determined for reporting in the applicable annual Company FERC Form 714 report for such hour, or (ii) the highest cost of energy purchased by the AEP Operating Companies for such hour for delivery within the SPP region.

1.4 Minden Generation

Minden Generation means all generation capacity owned and operated by Customer, as provided in Exhibit C-1.

1.5 Minden Generation Capacity Credit

Minden Generation Capacity Credit means the dollar credit amount received each billing month for the Minden Generation. The Minden Generation Capacity Credit shall equal the Net Dependable Generating Capacity times the Capacity Credit Rate.

1.6 Net Dependable Generating Capacity

Net Dependable Generating Capacity is the sum of the tested maximum capabilities of each unit of Minden Generation. However, such sum shall not exceed a maximum of 25,000 kilowatts.

1.7 Minden Generation Term

Customer shall make the Minden Generation available to Company, and Company shall provide the Minden Generation Capacity Credit, in accordance with the terms of this Exhibit C beginning January 1, 2009. Either Party may elect to terminate the provisions of this Exhibit C related to the Minden Generation by providing the other Party with two (2) year's advance notice; however, such notice shall not be effective prior to December 31, 2013.

1.8 Minden Generation Commitment

The Parties agree that Customer shall make available to Company the Minden Generation in accordance with this Exhibit C. Customer shall be required to operate and maintain Minden Generation such that Company can dispatch such generation as peaking power or emergency power resources. Generation schedules shall be submitted to Customer by either Company or its designated agent. Minden Generation shall be integrated into Company's load control area and dispatched by Company operators to meet Company's system requirements, including the load of Customer, in accordance with Good Utility Practice and in accordance with the characteristics of such generation.

In consideration of the above commitments, the Parties agree to cooperate to find the optimum generation scheduling patterns to meet Company's daily peaking requirements. Customer will use its best efforts to meet the generation schedules submitted by Company. Company will only submit schedules that are in accordance with Good Utility Practice.

1.9 Capacity from Minden Generation

Tests to establish maximum capability will be performed in accordance with SPP Related Documents. Company shall schedule no more frequently than once every three (3) years unless required to do so under the SPP Related Documents. Energy generated and delivered during Company scheduled tests shall be paid for by Company. Customer may schedule and repeat such tests if they are not satisfied with the initial test results, provided that energy generated and delivered during Customer scheduled tests shall be paid for by Customer. Customer shall give Company as much notice as possible, but not less than 30 days notice, of its intention to repeat any test

and shall allow Company to have a representative present. Customer shall not be responsible for the cost incurred by Company to have a representative present during such test. In any event, the most recent test will be used to determine the Net Dependable Generating Capacity.

1.10 Energy from Minden Generation

During the months of April through October, Customer will be required to generate and deliver when called upon by Company an amount of peaking energy (KWH), the Energy Delivery Requirement. All energy provided by Minden Generation up to but not in excess of the amounts scheduled by Company shall apply toward the Energy Delivery Requirement. Company shall reimburse Customer for all generator fuel associated with the Energy Delivery Requirement as scheduled by Company according to the following; the product of (a) the amount of Energy scheduled and delivered (expressed in MWh), and (b) the Gas Index Price on the day Energy is delivered and (c) a heat rate. The heat rate when energy is scheduled from Minden's Steam Generation shall be 14.00 (MMBtu/MWh). The "Gas Index Price" shall mean the price of gas published by the Financial Times Energy in its Gas Daily publication in the "Daily Price Survey" Section for the "Louisiana Onshore South, Henry Hub" location under the column heading "Midpoint" for gas to flow on such day (expressed in \$/MMBtu).

1.11 Unavailability of Gas Index Price

With respect to the Gas Index Price, any of the following events (the existence of which shall be determined in good faith by Company), shall constitute a "Market Disruption Event": (a) the failure of the Gas Daily to publish the Gas Index Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in natural gas at the Texas intra-Waha area market location; (c) a material change in the formula for or the method of determining the Gas Index Price. If a Market Disruption Event has occurred as to one or more days on which Energy is to be delivered, the Gas Index Price for the affected day of delivery shall be determined pursuant to an average of the Gas Price Index specified for the last day before and the first day after the Market Disruption Event; provided, however, if the Gas Index Price is not so determined within three (3) Business Days after the first affected day of delivery

on which the Market Disruption Event occurred or existed, then the Parties shall negotiate in good faith to agree on a substitute gas price index (or a method for determining a gas index price), and if the Parties have not so agreed on or before the twelfth Business Day following the first affected day of delivery on which the Market Disruption Event occurred or existed, then the Gas Index Price shall be determined in good faith by Company, by taking the average of two or more dealer quotes.

1.12 Availability Requirements

Each month Customer shall provide at least ninety percent (90%) of the Energy Delivery Requirement requested by Company (the "Availability Requirement"). Failure to meet the Availability Requirement shall allow Company to purchase or generate energy from alternative sources and Customer shall pay to Company an amount which shall be the product of (a) the difference between the amount of energy which would have been delivered if the Availability Requirement had been met and the amount of energy actually delivered pursuant to Company's exercising of its right to schedule energy pursuant to Exhibit C, Section 1.10 and (b) the Hourly Energy Replacement Charge. Minden Generation shall be tested in accordance with Exhibit C, Section 1.9 to determine the Net Dependable Generating Capacity of Minden's Generation. Customer shall operate and maintain its generation to achieve a Net Dependable Generating Capacity of 25,000 kilowatts. Failure to meet the Net Dependable Generating Capacity requirement of 25,000 kilowatts shall allow Company to purchase, in a Commercially Reasonable Manner, additional capacity to meet the shortfall from alternative sources and Customer shall pay Company its cost for such alternative sources of capacity. Capacity purchased by Company from alternative sources shall have similar energy capabilities (i.e., heat rates, dispatch parameters, fuels, etc.) and costs as the existing Minden Generation.

1.13 Fuel for Minden Generation

Customer shall be responsible for procuring the fuel supply for the Minden Generation.

EXHIBIT C-1

MINDEN GENERATION

Purchaser's Generation:

Steam Unit 1: 12,500 kW
 Unit 2: 12,500 kW

Dispatch Parameters:

Notice to Start:
Steam Units 1 & 2: 24 hours

In the event of an emergency, MINDEN shall use its best efforts to dispatch the units when called upon by Company.

Ramp Rates: Steam Units 1 & 2: 6 hours then 2,000 kW per 5 minutes.

Minimum Turndown Rates:

Steam Unit 1: 2,500 kW
Steam Unit 2: 2,500 kW

Minimum Run Times:

Steam Units 1 & 2: 48 hours

Maximum Cycles Per Year Per Unit: Two starts per calendar week and a total of 20 starts per calendar year. The Parties may increase the number of starts upon mutual agreement, provided that increasing the number of starts will not affect availability criteria.

EXHIBIT D SPP Integrated Marketplace Implementation

1. **Purpose** The SPP Integrated Marketplace (the "IM") is scheduled to be implemented on March 1, 2014. At that time, SPP will begin operating and administering Energy and Operating Reserves Markets and a Transmission Congestion Rights Market. Customer and Company agree that effective March 1, 2014, or such later date that SPP implements the IM (the "IM Implementation Date"), the obligations and responsibilities of the Parties under this Agreement shall be modified as described herein to permit the implementation of the IM consistent with the Parties other obligations and responsibilities under this Agreement.
2. **Terms**
 - 2.1. **ARR** ARR means Auction Revenue Right as defined in the SPP Related Documents
 - 2.2. **Company Controlled Resources** Company Controlled Resources are the Customer resources for which the Company is the registered Market Participant with SPP as indicated in Appendix 1.
 - 2.3. **Company Total Load** Company Total Load is the total retail and wholesale load of Company in the IM for a given period.
 - 2.4. **Customer Controlled Resources** Customer Controlled Resources are the Customer resources that are listed in Appendix 1.
 - 2.5. **IM** IM means the SPP Integrated Marketplace.
 - 2.6. **IM Implementation Date** IM Implementation Date is March 1, 2014, or such later date that SPP implements the Integrated Marketplace.
 - 2.7. **Load Charges** Load Charges means the sum of the net charges and credits for the SPP IM charge types that are listed in Appendix 2, related to the Company Total Load for a given period in the IM.
 - 2.8. **LRSC** LRSC means the net load related IM settlement charges or credits, determined pursuant to Section 9, and invoiced to the Customer. The LRSC represents the IM settlement charges that are related to Customer's load being supplied by the Customer resources.
 - 2.9. **TCR** TCR means Transmission Congestion Right as defined in the SPP Related Documents

- 2.10. Other capitalized terms used in this Agreement and not defined herein shall have the meaning described in the SPP Related Documents.
3. Load at the Points of Receipt Customer shall assign its load at the Points of Receipt to the Company for the purposes of submitting Bids and Offers in the IM related to such load and performing settlements with SPP in the IM. Company shall accept the assignment of such load and shall be the Market Participant representing such load in the IM.
 4. ARR/TCR Assignment Customer shall assign to Company all ARRs and TCRs associated with a) the Company resources that are providing Requirements Service; and b) the Company Controlled Resources.
 5. Company Controlled Resources Company is the Market Participant for the Company Controlled Resources. Company shall continue to be the Market Participant for the Company Controlled Resources when the IM is implemented. Company shall be responsible for submitting Bids and Offers for these resources in the IM and performing settlements and other activity with SPP in the IM related to these resources.
 6. Customer Controlled Resources Customer or its agent shall be the Market Participant for all Customer Controlled Resources and shall make such resources available in the IM. Customer shall retain all TCRs and ARRs associated with its transmission service from such resources and shall be responsible for Bids, Offers, settlements and all other activity related to these resources in the IM.
 7. Schedules and Energy Credits Notwithstanding the implementation of the IM, Company shall retain its rights under this Agreement to schedule and dispatch the Customer resources including the Customer Controlled Resources. Schedules for Energy from the Customer Controlled Resources shall be implemented through Bilateral Settlement Schedules (BSS) in the IM. A Company request for energy shall be made with a BSS initiated by Company and reviewed and confirmed by Customer or its agent for each resource. The BSS will specify the Company as the buyer, Customer as the seller, the Company load as the Settlement Location, and the quantity of Energy scheduled for each hour. The BSS confirmed by the Parties shall be treated as delivered energy from the Customer Controlled Resource under this agreement. Customer or its agent shall be obligated to offer the capacity of the Customer Controlled Resource in the SPP Day Ahead Market each day that the resource is available. Customer shall retain all TCRs and ARRs associated with the Customer Controlled Resources and shall be responsible for the performance of

all financial and other obligations with SPP for such resources and the associated BSS.

8. IM Settlement Charges All IM settlement charges incurred by Company shall be booked to either a purchased power account or a sale-for-resale account as shown in Appendix 2 and such charges shall be included in the Energy Charge calculation in the Cost of Service formulas herein.
9. Load Related Settlement Charge In addition to the existing charges under this Agreement, a Load Related Settlement Charge (the "LRSC"), shall be invoiced to Customer each month for all energy supplied by the SWPA Hydro Peaking Power resource and credited to the Customer's invoice. The LRSC for each billing period shall be determined as follows:

$$\text{LRSC} = (\text{Sum Load Charges for the period}) / (\text{Sum of Company Total Load for the period}) \times (\text{Energy credit from the SWPA Hydro Peaking Power resource for the period})$$

If the actual data to determine the LRSC is unavailable, the Company will provide a reasonable estimate each month of the data using Good Utility Practice and invoice the Customer based on such estimates. The LRSC shall be redetermined periodically based on the availability of the necessary data, but no less than annually in the same manner as the described in Section 5.10 (Annual Adjustment) and any difference between the sums due Company and the sums paid by Customer shall be billed to customer or credited to customer, as appropriate, with carrying charges in the same way described in Section 5.10 for the demand and energy charges under this Agreement.

10. Expenses and Credits Except as otherwise specified herein related to the IM, Customer shall continue to be solely responsible for all operation, maintenance, and other expenses related to the Customer resources. Customer shall continue to receive capacity and energy credits for the Customer resources as set forth in this Agreement.
11. New SPP Charges The Parties agree that should SPP adopt new charges or credits related to the IM, then this Agreement shall be amended, if necessary, to include such new charges or credits in the cost of service formulas and the LRSC in a way similar to the provisions of this Exhibit.
12. Cooperation The Parties agree to cooperate with SPP to implement the terms and conditions herein effective with the IM Implementation Date and to cease the implementation of the terms and conditions at the termination of this

Agreement, taking into account, if necessary, any partial year assignments of rights and obligations as necessary.

Appendix 1: Customer Resources

	Resource	Estimated Capacity MW	Estimated Annual Energy GWH	Company Controlled Resource	Customer Controlled Resource
1)	Minden Steam	25	4	X	
2)	SWPA Hydro Peaking Power	2.4	7		X

Appendix 2: SPP IM Settlement Charges

Ln.	Charge Type	Basis	Charge/ Credit	Frequency	FERC Account	LRSC
1	Day Ahead Asset Energy Amount	Load/Gen	Credit or Charge	Hourly	555/447	
2	Day Ahead Non Asset Energy Amount	Imports/Exports	Credit or Charge	Hourly	555/447	
3	Day Ahead Virtual Energy Amount	Virtual	Credit or Charge	Hourly	555/447	
4	Day Ahead Regulation Up Amount	Gen	Credit	Hourly	555	
5	Day Ahead Regulation Down Amount	Gen	Credit	Hourly	555	
6	Day Ahead Spinning Reserve Amount	Gen	Credit	Hourly	555	
7	Day Ahead Supplemental Reserve Amount	Gen	Credit	Hourly	555	
8	Day Ahead Regulation Up Distribution Amount	Load/Exports	Charge	Hourly	555	y
9	Day Ahead Regulation Down Distribution Amount	Load/Exports	Charge	Hourly	555	y
10	Day Ahead Spinning Reserve Distribution Amount	Load/Exports	Charge	Hourly	555	y
11	Day Ahead Supplemental Reserve Distribution Amount	Load/Exports	Charge	Hourly	555	y
12	Day Ahead Make Whole Payment Amount	Gen	Credit	Daily	447 or 555	
13	Day Ahead Make Whole Payment Distribution Amount	Load/Exports/ Virtual	Charge	Hourly	447 or 555	y
14	Day Ahead Over Collected Losses Distribution Amount	Load/Exports/ Loss Pool	Credit	Hourly	447 or 555	y
15	Day Ahead Virtual Energy Transaction Fee Amount	Virtual	Charge	Daily	555/447	
16	Real Time Asset Energy Amount	Load/Gen	Credit or Charge	Interval	555/447	
17	Real Time Non Asset Energy Amount	Load	Credit or Charge	Interval	555/447	y
18	Real Time Virtual Energy Amount	Virtual	Credit or Charge	Interval	555/447	
19	Real Time Regulation Up Amount	Gen	Credit or Charge	Interval	555	
20	Real Time Regulation Down Amount	Gen	Credit or Charge	Interval	555	
21	Real Time Spinning Reserve Amount	Gen	Credit or Charge	Interval	555	
22	Real Time Supplemental Reserve Amount	Gen	Credit or Charge	Interval	555	
23	RUC Make Whole Payment Amount	Gen	Credit	Interval	447	
24	Real Time Out of Merit Amount	Gen	Credit	Interval	447	
25	RUC Make Whole Payment Distribution Amount	All	Charge	Hourly	447	y
26	Real Time Regulation Up Distribution Amount	Load/Exports	Credit or Charge	Hourly	555	y

Appendix 2 Continued: SPP IM Settlement Charges

Ln.	Charge Type	Basis	Charge/ Credit	Frequency	FERC Account	LRSC
27	Real Time Regulation Down Distribution Amount	Load/Exports	Credit or Charge	Hourly	555	y
28	Real Time Spinning Reserve Distribution Amount	Load/Exports	Credit or Charge	Hourly	555	y
29	Real Time Supplemental Reserve Distribution Amount	Load/Exports	Credit or Charge	Hourly	555	y
30	Real Time Regulation Non Performance Amount	Gen	Charge	Interval	555	
31	Real Time Regulation Non Performance Distribution Amount	Load/Exports	Credit	Hourly	555	y
32	Real Time Contingency Reserve Deployment Failure Amount	Gen	Credit or Charge	Hourly	555	
33	Real Time Contingency Reserve Deployment Failure Distribution Amount	Load	Credit or Charge	Hourly	555	y
34	Real Time Regulation Deployment Adjustment Amount	Gen	Credit or Charge	Hourly	555	
35	Real Time Over Collected Losses Distribution Amount	Load	Credit or Charge	Hourly	555/447	y
36	Real Time Joint Operating Agreement Amount	Load	Credit or Charge	Hourly	555/447	y
37	Real Time Reserve Sharing Group Amount	Load	Credit or Charge	Hourly	555/447	y
38	Real Time Reserve Sharing Group Distribution Amount	Gen	Credit	Hourly	447	
39	Revenue Neutrality Uplift Distribution Amount	All	Credit or Charge	Hourly	555/447	y
40	Transmission Congestion Rights Funding Amount	TCR	Credit or Charge	Hourly	447	
41	Transmission Congestion Rights Daily Uplift Amount	TCR	Charge	Daily	447	
42	Transmission Congestions Rights Monthly Payback Amount	TCR	Credit	Daily	447	
43	Transmission Congestion Rights Annual Payback Amount	TCR	Credit	Annual	447	
44	Transmission Congestion Rights Annual Closeout Amount	ARR	Credit	Annual	447	
45	Transmission Congestion Rights Auction Transaction Amount	TCR	Credit or Charge	Daily	447	
46	Auction Revenue Rights Funding Amount	ARR	Credit	Daily	447	
47	Auction Revenue Rights Uplift Amount	ARR	Charge	Daily	447	
48	Auction Revenue Rights Monthly Payback Amount	ARR	Credit	Daily	447	
49	Auction Revenue Rights Annual Payback Amount	ARR	Credit	Daily	447	
50	Auction Revenue Rights Annual Closeout Amount	ARR	Credit	Daily	447	
51	Miscellaneous Amount	All	Credit or Charge	Daily	555/447	y

ATTACHMENT B

REVISED AND RESTATED POWER SUPPLY AGREEMENT BY AND BETWEEN
SOUTHWESTERN ELECTRIC POWER COMPANY
AND
THE CITY OF MINDEN, LOUISIANA

(REDLINED VERSION)

**REVISED AND RESTATED
POWER SUPPLY AGREEMENT
(Substitute Agreement)**

BY AND BETWEEN

SOUTHWESTERN ELECTRIC POWER COMPANY

AND

CITY OF MINDEN, LOUISIANA

DATED AS OF OCTOBER 15, 2010

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REVISED AND RESTATED
POWER SUPPLY AGREEMENT
by and between
Southwestern Electric Power Company
and
City of Minden, Louisiana

This AGREEMENT is dated as of October 15, 2010, and is by and between Southwestern Electric Power Company ("Company"), and City of Minden, Louisiana ("Customer") (each individually a "Party," or collectively, the "Parties").

RECITALS

WHEREAS, Company is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business at 428 Travis Street, Shreveport, Louisiana; and owns and operates facilities for the generation, transmission and distribution of electric power and energy in the States of Arkansas, Louisiana, and Texas; and

WHEREAS, Customer is a municipality, organized and existing under the laws of the State of Louisiana, and located in Webster Parish, Louisiana, with a principal place of business at 520 Broadway Avenue, Minden, Louisiana; and

WHEREAS, Customer has been a requirements customer of the Company since 1995 and throughout that period has been included in the Company's system planning for load; and

WHEREAS, Customer requires Requirements Service to meet Customer's Retail Load; and

WHEREAS, subject to the terms and conditions set forth herein, Company has proposed to supply Requirements Service to meet Customer's energy needs to the Points of Delivery; and

WHEREAS, the Parties originally executed the Power Supply Agreement by and between Southwestern Electric Power Company and City of Minden, Louisiana, dated October 14, 2008 ("Original Agreement"); and

WHEREAS, by order issued December 30, 2008, in Docket No. ER09-86, FERC accepted the Original Agreement but established hearing procedures to address various rates and terms under the Original Agreement; and

WHEREAS, the Parties subsequently agreed to supersede the Original Agreement and replace it with this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties hereby agree that this Agreement, together with the Exhibits attached hereto and Related Documents, sets forth the terms under which Company will supply Requirements Service to Customer, during the Delivery Period; constitutes the entire agreement among the Parties relating to the subject matter hereof; and supersedes any other agreements, written or oral (including without limitation any preliminary term sheet), among the Parties concerning this Agreement.

ARTICLE I DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Agreement or in any associated documents entered into in conjunction with this Agreement. This Agreement includes certain capitalized terms that are not explicitly defined herein. Such capitalized terms shall have the meanings specified in the "Related Documents", as the same are in effect from time to time, which meanings are incorporated herein by reference and made a part hereof. In the event of any inconsistency between a definition contained herein and a definition contained in one or more "Related Documents", the definition in this Agreement shall control for purposes of this Agreement.

1.01 Affiliate

Affiliate means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

1.02 Agreement

Agreement means this Power Supply Agreement, including the Exhibits and Related Documents, as amended, modified or supplemented from time to time.

1.03 Ancillary Services

Ancillary Services means those services set forth in the applicable Open Access Transmission Tariff, filed with FERC, that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's and Transmission Owner's(s) Transmission System in accordance with Good Utility Practice.

1.04 Billing Demand

Billing Demand means the average of the four summer months' hourly kilowatt demands at the Points of Receipt coincident with Company's actual system hourly peak demands for each summer month (June, July, August, and September), measured at the Points of Receipt, and adjusted for the appropriate distribution and transmission losses to the Points of Delivery, less any capacity credit for SWPA Hydro Peaking Power. The Billing Demand used for the annual adjustment of the charges for Requirements Service shall be the Billing Demand established for the summer months of the calendar year in which the adjustment applies, and shall remain constant for each Billing Period of such calendar year.

1.05 Billing Energy

Billing Energy means the total kilowatt-hours of Firm Energy as measured during the Billing Period at the Points of Receipt, and adjusted for the appropriate distribution and transmission losses to the Points of Delivery, less any energy credit for the delivery of SWPA Hydro Peaking Power.

1.06 Billing Period

Billing Period means the calendar month which shall be the standard period for all payments and metering measurements under this Agreement, unless otherwise specifically required by SPP or the entity providing meter reading services.

1.07 Business Day

Business Day means a day ending at 5:00 p.m. Central Prevailing Time, other than Saturday, Sunday and any day which is a legal holiday or a day designated as a holiday by the North American Electric Reliability Council; provided, that, with respect to any payment due hereunder, a "Business Day" means a day ending at 5:00 p.m. Central Prevailing Time, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Shreveport, Louisiana are authorized by Law to close.

1.08 Capacity

Capacity means the real power output capability of generating facilities to generate electric power, expressed in kilowatts, and determined in accordance with the SPP Criteria.

1.09 Central Prevailing Time

Central Prevailing Time means the prevailing time in Shreveport, Louisiana.

1.10 Claims

Claims means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of this Agreement, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

1.11 Confidential Information

Confidential Information means such information as the Parties agree shall remain confidential. Notwithstanding the foregoing, the following shall not constitute Confidential Information:

- a) Information which was already in a Party's possession prior to its receipt from another Party and not subject to a requirement of confidentiality;
- b) Information which is obtained from a third person who, insofar as is known to the Party, is not prohibited from transmitting the information to the Party by a contractual, legal or fiduciary obligation to the Party; and
- c) Information which is or becomes publicly available through no fault of the Party.

1.12 Contract Year

Contract Year means the twelve consecutive month period beginning at hour ending 0100 on January 1 and ending at 2400 on December 31 of the same calendar year.

1.13 Defaulting Party

Defaulting Party means the Party who has caused an Event of Default.

1.14 Delivery Period

Delivery Period means the period of time during which Requirements Service is provided under this Agreement as defined in Section 2.02.

1.15 Early Termination Date

Early Termination Date is (i) the date this Agreement is canceled by either Party prior to the end of the Delivery Period in accordance with Section 3.06; (ii) the date selected by the Non-Defaulting Party to terminate this Agreement prior to the end of the Delivery Period in accordance with Section 7.02; or (iii) the date selected by the Company in accordance with Section 2.02.

1.16 Effective Date

Effective Date means the date defined in Section 2.01.

1.17 Energy

Energy means three phase, 60-cycle alternating current electric energy, expressed in kilowatt-hours.

1.18 Entergy Related Documents

Entergy Related Documents means either collectively or individually, the Entergy Open Access Transmission Tariff and any other applicable service agreements, market rules, manuals and procedures adopted by Entergy, as may be amended from time to time, and as administered by Entergy or its agent, the ICT, and applicable to the Requirements Service provided under this Agreement.

1.19 ESI

ESI means Entergy Services, Inc., as agent for Entergy Corporation System operating companies, namely, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, LLC, Entergy Texas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., and Entergy New Orleans, Inc., collectively or in any combination, including individually, or their successors, in their capacity as the regional Transmission Provider or independent system operator for the Transmission System connected to the Points of Receipt and organized and operating pursuant to the Entergy Related Documents.

1.20 Event of Default

Event of Default means those events by the Defaulting Party set forth in this Agreement which give the Non-Defaulting Party the right to terminate this Agreement or exercise other remedies available under this Agreement or at law or in equity.

1.21 FERC

FERC means the Federal Energy Regulatory Commission.

1.22 Firm Energy

Firm Energy means Energy that Company shall sell and deliver and Customer shall purchase and receive under this Agreement, unless relieved of their respective obligations without liability by Force Majeure, but only to the extent that, and for the period during which, either Party's performance is prevented by Force Majeure or temporary interruptions described in Section 8.02.

1.23 Force Majeure

Force Majeure means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the date the Agreement was agreed to, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided.

1.24 Good Utility Practice

Good Utility Practice means any of the practices, methods, techniques and standards (including the practices, methods, techniques and standards approved by a significant portion of the electric power generation industry, SPP and/or NERC) that, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made and having due regard for, among other things, contractual obligations, applicable laws and equipment manufacturer's recommendations, could have been expected to accomplish the desired result in a manner consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, technique or standard to the exclusion of all others, but rather to be a range of possible practices, methods, techniques or standards.

1.25 ICT

ICT means the Independent Coordinator of Transmission that is contracted by Entergy to act as an independent agent for, but not exclusively, in conducting transmission studies, in approving or denying transmission service request, and in reliability analysis, or its successor and assign.

1.26 Interest Rate

Interest Rate means the lesser of either (i) the applicable FERC rate calculated in accordance with 18 C.F.R. Section 35.19(a) or (ii) the maximum rate permitted by applicable law.

1.27 Letter(s) of Credit

Letter(s) of Credit means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a rating assigned to its unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of at least A- from Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or A3 from Moody's Investors Service, Inc., in a form and from a bank acceptable to the Party in whose favor the letter of credit is issued. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

1.28 NERC

NERC means the North American Electric Reliability Corporation.

1.29 Network Integration Transmission Service

Network Integration Transmission Service or **NITS** means firm transmission service as set forth in the SPP Open Access Transmission Tariff and the Entergy Open Access Transmission Tariff that provides for delivery of capacity and energy from the designated Network Resources at the Points of Delivery to the Network Load at the Points of Receipt.

1.30 Non-Defaulting Party

Non-Defaulting Party means the Party that has not caused an Event of Default.

1.31 Normal Load Growth

Normal Load Growth means the projected load, as measured by the hourly summer peak demand, in the current Contract Year, predicted by the method below that yields the highest value:

- (a) fitting a curve to the most recent five calendar years of historical summer peak demands. Such curve shall be selected to minimize the sum of the squared error terms from the following possible curve types: (1) linear; (2) quadratic; or (3) logarithmic; or
- (b) the summer peak demand for the previous Contract Year times 1.03; or
- (c) the summer peak demand for the previous Contract Year plus three thousand (3,000) kilowatts.

1.32 Party(ies)

Party(ies) means Customer or Company or any or both of them, as the context requires.

1.33 Performance Assurance

Performance Assurance means collateral in the form of either cash, Letter(s) of Credit, or other security acceptable to the Company.

1.34 Point(s) of Delivery

Point(s) of Delivery means the point(s) at which Company's generating resources connect to either the SPP Transmission System or the Entergy Transmission System.

1.35 Point(s) of Receipt

Point(s) of Receipt means the point(s) listed on Exhibit A hereto, as the same may be amended from time-to-time, from which Customer's electric system will receive power and energy pursuant to this Agreement and deliver said power and energy for the sole and exclusive purpose of supplying the Retail Load of Customer.

1.36 Qualifying Facility

Qualifying Facility means an electric generator that meets the criteria for a Qualifying Facility as set forth in part 292, 18 CFR §§ 292.101, et. seq., of the regulations of the FERC, and is certified by the FERC or self-certified, as applicable, as a Qualifying Facility.

1.37 Regulatory Approvals

Regulatory Approvals means all approvals required under applicable federal, state, local and regulatory laws, including acceptance of this Agreement by the Federal Energy Regulatory Commission.

1.38 Related Documents

Related Documents means collectively the Entergy Related Documents, the ICT market rules or procedures, and the SPP Related Documents.

1.39 Requirements Service

Requirements Service means Capacity and Firm Energy supplied by Company to the Points of Delivery, as the same may fluctuate in real time to serve Retail Load and the associated transmission and distribution losses.

1.40 Retail Load

Retail Load means the Capacity and Energy metered at the Points of Receipt to meet the requirements of Customer's end use customers located within the service territory that Customer has a statutory or contractual obligation to serve.

1.41 SPP

SPP means Southwest Power Pool, or its successor, in its capacity as the regional Transmission Provider or independent system operator for the Company's control area organized and operating pursuant to the SPP Related Documents.

1.42 SPP Related Documents

SPP Related Documents means, either collectively or individually, the SPP Open Access Transmission Tariff, the SPP Criteria, the SPP Market Protocols and any other applicable service agreements, market rules, manuals and procedures adopted by SPP, as may be amended from time to time, and as administered by SPP and applicable to the Requirements Service provided under this Agreement.

1.43 SWPA Hydro Peaking Power

SWPA Hydro Peaking Power means that hydro peaking power which SWPA (the Southwest Power Administration) is obligated from time to time to sell to Customer and Customer is obligated to purchase from SWPA and is described in the Power Sales Contract dated June 1, 1995 and amended June 5, 2006 between Customer and the United States of America.

1.44 Term

Term is defined in Section 2.01.

1.45 Transmission Provider

Transmission Provider means any entity or entities providing, transmitting or transporting the Firm Energy and Ancillary Services and measuring the Capacity sold hereunder on behalf of Company or Customer from the Points of Delivery to the applicable Points of Receipt under this Agreement.

Certain other definitions as required appear in subsequent parts of this Agreement.

ARTICLE II TERM, SERVICE AND DELIVERY PROVISIONS

2.01 Term

The Effective Date of this Agreement ("Effective Date") shall be January 1, 2009.

The Term of this Agreement shall begin as of the Effective Date and extend through and include the end of the Delivery Period, unless either Party declares an Early Termination Date in accordance with the provisions hereof. The applicable provisions of this Agreement shall continue in effect in accordance with Section 16.11, Survival, and to the extent necessary to provide for final accounting, billing, billing adjustments, resolution of any billing disputes, realization of any collateral or other security, set-off, final payments, payments pertaining to liability and indemnification obligations arising from acts or events that occurred during the Delivery Period, or other such provisions that by their terms or operation, survive the termination of this Agreement.

2.02 Delivery Period

The Delivery Period shall commence on January 1, 2009, and extend through December 31, 2028, from hours ending 0100 through 2400 Central Prevailing Time. Notwithstanding anything to the contrary in this Agreement, during the period commencing December 31, 2012, through December 31, 2028, the Company shall have the right to terminate this Agreement upon giving Customer three years' prior written notice. By way of example, if the Company provides Customer with written

notice to terminate this Agreement on December 31, 2015, the Agreement shall terminate on December 31, 2018, at 2400 Central Prevailing Time. The date provided in any notice of termination provided by the Company pursuant to this Section 2.02 shall constitute an Early Termination Date.

2.03 Planning

The Company shall plan for and provide the Requirements Service contracted for hereunder in the same manner as the Company plans for and provides service to its retail customers. The Company's obligation to provide service to Customer, and the Customer's obligation to take service from the Company under this Agreement, shall terminate at the end of the Term provided for herein, subject to any notice of termination that the Company may be required to submit under FERC's regulations.

In order to allow Company to plan to meet the Retail Load, Customer agrees to provide the Company, by June 1 of each calendar year during the Term of this Agreement, a forecast of Customer's Retail Load expected to be served under this Agreement for the following eight (8) calendar years.

2.04 Points of Receipt

The Points of Receipt for the Requirements Service to be provided hereunder are set forth on Exhibit A. Whenever the Parties agree to any change in Points of Receipt, Exhibit A hereto shall automatically be amended to reflect such change.

ARTICLE III SALE AND PURCHASE

3.01 Requirements Service

During the Delivery Period, Company shall sell and deliver and Customer shall receive and purchase Requirements Service sufficient to serve Customer's Retail Load, in excess of the power and energy purchased by Customer from the SWPA, except as otherwise provided herein. As a provider of Requirements Service, Company is solely responsible for satisfying all requirements and paying all costs incurred or to be incurred to provide Requirements Service.

The Retail Load to be served at the Points of Receipt listed on Exhibit A shall be electronically transferred into Company's load control area on January 1, 2009, and remain in the Company's control area through the end of the Delivery Period. .

Subject to the conditions herein, the Parties shall cooperate to make the necessary transmission and control area arrangements to have the power and energy delivered from the Points of Delivery to the Points of Receipt.

Except for load in excess of Normal Load Growth removed by Customer pursuant to this Section 3.01, at no time during the Delivery Period shall Customer use either a) newly constructed or purchased generation resources, or b) new power purchase agreements, to reduce the Retail Load hereunder. Company is responsible for Requirements Service regardless of changes in Retail Load arising from daily fluctuations, increased or decreased usage, extreme weather and/or similar events. Requirements Services for Normal Load Growth shall be provided at the rates set forth herein.

To the extent that Retail Load grows at a rate in excess of Normal Load Growth, Company shall have the option to (i) provide Requirements Service at the rates set forth herein, or (ii) give Customer notice as to the new rates applicable to such load in excess of Normal Load Growth. Company and Customer shall mutually agree to the new rates applicable to the Retail Load in excess of Normal Load Growth.; provided, however, that the Company shall not charge such new cost-based rates until they have been accepted or approved by FERC under Section 205 of the Federal Power Act (FPA). If the Parties do not agree how Customer's Retail Load that exceeds Normal Load Growth can be met under this Agreement, then Customer shall have the right to remove load from this Agreement approximately equal to the Retail Load in excess of Normal Load Growth. Such load may be a discrete customer, feeder, or other separately metered portion of the Retail Load. Appropriate meter adjustments at the Points of Receipt shall be made to reflect the removal of the separately metered load from the Requirements Service provided under this Agreement.

3.02 Transmission, Ancillary and Local Facilities Service

Customer shall be responsible for making all arrangements and executing all agreements for the use of the SPP and Entergy Transmission Systems and any other third-party transmission systems, including any necessary Ancillary Services, which are necessary to transmit the Requirements Service from the Points of Delivery to the Points of Receipt in accordance with Good Utility Practice. If requested in writing by Customer, Company shall act as Customer's agent and shall arrange for Network Integration Transmission Service (NITS) for Customer's Retail Load and shall be responsible during the Delivery Period for the provision of all such service. Customer shall be responsible for paying all NITS, related SPP and Entergy charges, and any other charges for the use of third-party transmission systems for the delivery of Requirements Service. During the Term of this Agreement, Customer agrees to reimburse the Company for all NITS, related SPP or Entergy charges, and other charges for the use of third-party transmission systems that the Company incurs on the Customer's behalf, as well as for all charges for any Ancillary Services or charges related to the Interconnection and Local Delivery Service Agreement.

3.03 Control Area Transfer

Company shall make the necessary arrangements with existing control area service providers at the Points of Receipt to transfer the Points of Receipt into the Company's control area; provided, however, that nothing contained herein requires the Company to enter into an agreement with such existing area control provider that is unacceptable to the Company. Company shall provide and maintain the necessary equipment and communications facilities to provide for such control area transfer. Customer shall reimburse Company for the cost of all such equipment located at the Points of Receipt, for the costs of all communication circuits, and for any other third-party costs the Company incurs to transfer such load into Company's control area. The Parties shall cooperate with each other and use their best efforts to secure and maintain these arrangements, equipment and communication circuits during the Term of this Agreement. Upon the expiration or termination of this Agreement in accordance

with its terms, Company shall have no obligation or responsibility to maintain the Points of Receipt within its control area. Company will cooperate with Customer to transfer the Points of Receipt to another control area upon the termination of this Agreement.

3.04 Qualifying Facility Purchases

So long as Customer is receiving Requirements Service from Company, Company shall be obligated to purchase the electrical output from any duly licensed and properly operating Qualifying Facility connected to Customer, but only so long as Company has such obligation pursuant to Public Utility Regulatory Policies Act of 1978, as amended.

Company shall apply the rates for Requirements Service set forth in Article IV to the combined Energy supplied by Company as metered at the Points of Receipt and the Energy amounts delivered by the Qualifying Facility to the Customer. If Customer pays the Qualifying Facility directly for such energy, Company shall provide a credit on the Customer's bill equal to Company's avoided cost at rates that Company would have paid to the Qualifying Facility if Company had directly purchased the Qualifying Facility output.

Customer agrees that Customer will not, directly or indirectly, engage in any activity to encourage, facilitate, help, aid or assist the construction or installation of a Qualifying Facility except as otherwise required by applicable law, and shall not itself install, purchase or operate a Qualifying Facility during the Term of this Agreement.

Customer shall notify Company of the proposed connection of any Qualifying Facility to any part of Customer's system served by Company. Notification shall be in writing as soon as practical, but at least ninety (90) days prior to the connection of the Qualifying Facility.

3.05 Retail Choice

The Parties expressly recognize that retail choice may occur during the Term of this Agreement. In order to enable Customer to compete to retain existing customers, in the event retail choice is mandated in Customer's service area, by state or federal

statutes, regulations, or regulatory agencies, or in the event other power suppliers plan to make a direct connection to a customer(s) of Customer, the Parties agree as follows:

If retail choice is available to a customer or an aggregated group of customers or a potential customer of Customer, Customer may negotiate a price with Company for the retention of such customer or group of customers, or to obtain new customers; provided, however, that if Customer and Company are unable to agree upon a price that retains or acquires such customer(s), then Customer may seek to obtain an alternate source of supply, which Company shall have the right of last refusal to match within five (5) Business Days of being officially notified by Customer.

"Mandated by state or federal statutes or regulations or regulatory agencies" includes the following scenario: If state or federal statutes or regulations or regulatory agencies provide for retail choice by the Retail Load as part of a larger retail choice program (in either a pilot program or permanent program), or if Customer is exempt from such state or federal statutes or regulations, but retail customers of Customer, by vote or other legally enforceable right, require that Customer offer them the same provisions and rights contained in a statewide retail choice program.

3.06 Regulatory Change

The FERC-jurisdictional, cost-based Requirements Service to be provided by Company under this Agreement is long-term, wholesale requirements service (as opposed to wholesale opportunity service) where the Company plans for and provides such wholesale service to the Customer ("Wholesale Service") in the same manner as Company plans for and provides service to its retail native load customers. Historically, the state regulatory commissions that have jurisdiction over the Company's retail rates ("State Commissions") have determined that a just and reasonable method of determining the Company's jurisdictional costs is a method that assigns costs to the Company's various jurisdictions, including its Wholesale Service jurisdiction, based upon each jurisdiction's allocated share of average system costs.

Company and Customer, if timely notified by Company, agree to take all reasonable measures to oppose any recommendation before any of the Company's State Commissions that the Wholesale Service provided or to be provided under this

Agreement should not receive a cost of service allocation based upon the Company's average system costs. If a State Commission issues an order that allocates costs, or results in an allocation of costs, to the Requirements Service under this Agreement on a basis other than average system costs ("State Commission Order"), then the following provisions shall apply:

- a) the Parties agree to meet to decide, under the then applicable circumstances, what reasonable steps should be taken, including, but not limited to, seeking a stay or appealing such State Commission Order;
- b) the Parties agree to meet to discuss if any mutually agreeable modifications should be made to this Agreement as a result of the State Commission Order; provided, however, that the Company and Customer agree that the existence of this provision does not impose any obligation on either Party to accept any proposed modifications to this Agreement; and
- c) the Parties agree that, notwithstanding any other provision in this Agreement, the Company shall have the right to propose to FERC that the charges applicable to Customer under this Agreement be increased to include the difference between the allocated costs that result from such State Commission Order and the average system cost charges determined pursuant to the then-effective cost of service formulas in Exhibit B, but only to the extent that such difference relates to the Requirements Service provided under this Agreement.

Consistent with the foregoing subsection (c), upon the issuance of a State Commission Order, the Company may propose to FERC, in a Section 205 filing, that any such difference in costs be reflected in charges to the Customer for Requirements Service (1) in future estimated rates, (2) through any future redetermination of rates under Article IV, and (3) through an adjustment to all previously redetermined rates to reflect the inclusion of all such costs incurred during the period for which those rates were designed to recover the cost of providing service to Customer. Any such costs that are accepted or approved by FERC ("Additional Costs") shall be determined promptly for each of the past calendar years that were previously redetermined in

accordance with Section 4.13. Any Additional Costs charged for such past calendar years shall be billed to and paid by Customer in twelve (12) equal monthly installments, or if such Additional Costs include more than one (1) past calendar year, the number of months for which such differences were incurred, up to a maximum of thirty-six (36) monthly installments, unless otherwise agreed to by the Parties. The amount of any such under-collection will include a carrying charge based on the rate of interest per annum that is published from time to time under "Money Rates" by the Wall Street Journal for large U.S. Money Center commercial banks for the then effective one year "LIBOR" rate.

Except during any time that the effectiveness of the State Commission Order is stayed by the State Commission or a court, Additional Costs shall be reflected in charges billed to and paid by Customer, as described above, until a reversal or modification of the State Commission Order, either by that State Commission or by a court, becomes a final non-appealable order. If the State Commission Order is ultimately reversed or modified by a final, non-appealable order of that State Commission or a court, then the Company shall refund to Customer, over a twelve month period, the amount of any Additional Costs that the Company collected from the Customer, including a carrying charge based upon the Interest Rate. If the State Commission Order is ultimately affirmed by a final, non-appealable court order, and the effectiveness of the State Commission Order was stayed for any period of time, then the Customer shall pay to Company, over a twelve month period, the amount of any Additional Costs that are owed to Company by Customer, including a carrying charge based upon the Interest Rate.

Company shall promptly notify Customer, in writing, of any State Commission Order. Customer shall have twelve (12) months, from the last date for filing the initial appeal of such State Commission Order, to notify the Company, in writing, of Customer's election to cancel this Agreement. The effective date of such cancellation shall be no earlier than six (6) months from the date of receipt of the written cancellation notice; provided however, that the notice of cancellation will not waive the Customer's responsibility to pay for all Additional Costs through the effective date of Customer's cancellation. Once the Company has provided Customer with written notification of

such State Commission Order, the Company may notify the Customer, in writing, of Company's election to cancel this Agreement. The effective date of such cancellation shall be no earlier than thirty-six (36) months from the date of the written cancellation notice. The notice of cancellation will not waive the Customer's responsibility for all Additional Costs through the effective date of the Company's cancellation.

The provisions of this Section 3.06 shall expire, and cease to operate, on the first day of the first month after the last of the following conditions precedent have occurred:

- 1) Each State Commission that has jurisdiction over the Company's retail rates has issued an order or orders that addresses the assignment or allocation of all costs, including fuel costs, to the Company's various jurisdictions, including its Wholesale Service jurisdiction, based upon information from a period of time that includes at least twelve months during which the Company provided Customer with cost-based Requirements Service under this Agreement;

- 2) Final, non-appealable orders, which result in the assignment costs to the Company's various jurisdictions, including its Wholesale Service jurisdiction, based upon each jurisdiction's allocated share of average system costs, have been issued for each State Commission order that meets the criteria described in item 1) above, either by the State Commission or a court.

3.07 Renewable Portfolio Standards

During the Term of this Agreement, if the Company is required, as a result of federal or state laws, rules or regulations, to meet the requirements of any renewable portfolio standards, the Company agrees to meet those requirements with regard to Customer's Retail Load. In no event shall the Company be obligated to meet any renewable portfolio standards imposed upon and/or adopted by Customer that are more stringent than those standards that the Company is required to meet in serving its own retail load in the State of Louisiana.

3.08 SWPA Hydro Peaking Power

Customer shall designate Company as its agent for the scheduling of the SWPA Hydro Peaking Power. Such SWPA Hydro Peaking Power shall be integrated into

Company's load control area and dispatched by Company operators to meet Company's system requirements, including the Retail Load of Customer, in accordance with Good Utility Practice and in accordance with the terms of the Power Sales Contract for such SWPA Hydro Peaking Power. Customer shall not modify, amend, or terminate the Power Sales Contract for SWPA Hydro Peaking Power without prior written consent from Company. Customer shall be responsible for replacement cost of any capacity or firm energy that SWPA fails to deliver under the terms and conditions for the SWPA Hydro Peaking Power on the Effective Date of this Agreement.

3.09 Minden Generation

Customer shall make the generation capacity owned and operated by Customer and its associated energy (the "Minden Generation") available to Company pursuant to the terms and conditions in Exhibit C. Company shall provide Customer a capacity credit and reimburse Customer for generator fuel pursuant to the terms and conditions in Exhibit C.

3.10 SPP Integrated Marketplace

Customer and Company agree that the provisions of Exhibit D shall take effect when SPP begins operating and administering its Energy and Operating Reserves Markets and Transmission Congestion Rights Market known as the SPP Integrated Marketplace.

ARTICLE IV RATES AND BILLING

4.01 Compensation

Customer shall pay Company a demand and energy charge for the Requirements Service provided each Billing Period throughout the Delivery Period. The demand charge and the energy charge shall be determined pursuant to the cost of service formulas set forth in Exhibit B hereto. These charges shall be calculated in accordance with the terms of this Article and subject to all other terms and conditions contained in this Agreement.

4.02 Capacity Credit

The capacity credit for SWPA Hydro Peaking Power for each month shall be the lessor of a) 2,400 kilowatts; or b) the number of kilowatts of firm hydro peaking power Customer is entitled to receive from SWPA under similar terms and conditions as described in the Power Sales Contract dated June 1, 1995 and amended June 5, 2006 between Customer and the United States of America.

4.03 Energy Credit

For the purposes of determining the energy charges during any Billing Period, the energy credit shall be equal to the total energy scheduled for delivery to the Transmission System during a given Billing Period as SWPA Hydro Peaking Power, less adjustments for losses incurred in delivery to the Transmission System.

4.04 Demand and Energy Charges

Except as otherwise expressly provided herein, prior to January 31 of each Contract Year, estimated monthly charges for electric service for such Contract Year shall be determined pursuant to the cost of service formulas set forth in Exhibit B hereto. Such estimates of monthly charges shall be made available to Customer no later than January 31 of each such Contract Year.

The Company's estimated monthly charges, or any revised estimated monthly charges determined after discussions between the Parties with respect to Company's original estimates, shall be made effective April 1 of the Contract Year to which such estimates relate. The billing statement sent to Customer for April of each Contract Year shall show an adjustment equal to the difference between the sums charged Customer in the months of January, February and March under the estimated monthly charges for the prior Contract Year and the amount which would have been due in such months under the estimated monthly charges for the current Contract Year made effective on April 1.

Each Contract Year, Company shall redetermine Customer's load share responsibility for such Contract Year based upon actual system peak demands for each

summer month (June, July, August, and September) during such Contract Year and Customer's contributions to such peak demands. New estimated monthly charges for such Contract Year shall be determined based on such redetermination of Customer's load share responsibility. Such new estimated monthly charges shall be made effective with the October 1 billing cycle of such Contract Year and shall continue in effect until March 31 of the succeeding Contract Year, subject to adjustment with respect to the first three months of such succeeding Contract Year as provided in the preceding paragraph.

Energy charges shall be determined monthly pursuant to the cost of service formulas set forth in Exhibit B hereto. Customer shall be billed each month an energy charge based upon estimated energy costs for the preceding Billing Period. As soon as practicable, the energy charge will be redetermined based upon the actual energy costs incurred in such Billing Period. Any difference between the energy charges so estimated and the energy charges based on actual energy costs shall be billed or credited to Customer on the first bill rendered after such actual energy costs for such preceding Billing Period has been determined. Company shall use reasonable diligence when estimating the monthly energy charges so as to avoid any significant difference between estimated and actual monthly energy charges to Customer.

4.05 Return on Common Equity (ROE)

The Parties agree that an ROE of 11.1% shall be used in Exhibit B. The Parties expressly agree that either Party shall have the right unilaterally to submit to FERC a rate filing that proposes that the 11.1% ROE be revised, and any such filing(s) shall be reviewed by FERC under the "just and reasonable" standard of Sections 205 and/or 206 of the FPA.

4.06 Construction Work in Progress (CWIP)

For purposes of calculating the Company's rate base used in Exhibit B, the Parties agree that the Company will include one hundred percent (100%) of its expenditures for Pollution Control Facilities and Fuel Conversion Facilities (as defined in Section 32.25 of the FERC's regulations) recorded on the Company's books and

records as Construction-Work-In-Progress (CWIP), and fifty percent (50%) of its expenditures for all other CWIP. The Parties expressly agree that either Party shall have the right unilaterally to submit to FERC a rate filing that proposes that the CWIP percentages be revised, and any such filing(s) shall be reviewed by FERC under the "just and reasonable" standard of Sections 205 and/or 206 of the FPA.

The Company shall file annually with FERC the Company's projected CWIP expenditures with supporting workpapers (which also will be supplied to Customer) that list projected CWIP expenditures on a project-specific basis. The projected CWIP expenditures will be used to derive projected cost-of-service formula rates beginning each April 1 of the then-current Calendar Year. In connection with the annual adjustment made in accordance with Section 4.13 herein, the Company will use the actual CWIP expenditures for such Calendar Year and, in conjunction with such annual adjustment, the Company shall file annually with FERC the Company's actual CWIP expenditures with supporting workpapers (which also will be supplied to Customers) that list actual CWIP expenditures on a project-specific basis. The Company will revise its CWIP costs subject to further recalculation if subsequently required by FERC.

In its annual adjustment, the Company will adjust its production invested capital to recognize that under this Agreement, certain percentages of CWIP have been included in rate base formulas. The effect of this adjustment will be to recognize the fact that the formulas shall not include any allowance for funds used during construction ("AFUDC") on the amounts included in rate base as CWIP. A workpaper detailing the calculation supporting the adjustment will be included in the information submitted to Customer with annual adjustment information.

**4.07 Post-Employment Benefits Other than Pensions (PBOP)
and Post Employment Benefits (PEB)**

For purposes of calculating the Company's rate base used in Exhibit B, the Parties agree that the Company will include expenses for PBOP and PEB in accordance with then-applicable FERC rules and financial accounting standards. The Company shall file annually with FERC the Company's projected PBOP and PEB expenditures with supporting workpapers, including actuarial information, (which also will be supplied to Customer). The projected PBOP and PEB expenditures will be used

to derive projected cost-of-service formula rates beginning each April 1 of the then-current Calendar Year. In connection with the annual adjustment made in accordance with Section 4.13 herein, the Company will use the actual PBOP and PEB expenditures for such Calendar Year and, in conjunction with such annual adjustment, the Company shall file annually with FERC the Company's actual PBOP and PEB expenditures with supporting workpapers (which also will be supplied to Customers). The Company will revise its PBOP and PEB costs subject to further recalculation if subsequently required by FERC.

4.08 Off System Sales Margins (OSS Margins)

Any margins realized in a calendar year from the Company's off-system sales (OSS Margins) above \$10,500,000 shall be shared fifty percent (50%) by Customer and fifty percent (50%) by the Company, with the Customer's share reducing the Company's total production cost as shown on Exhibit B. The Company shall not be entitled to share in OSS Margins in any calendar year when such OSS Margins do not exceed \$10,500,000. The Company shall provide Customer with supporting workpapers each year supporting the projected and actual calculation of the Company's OSS Margins and the amounts, if any, to be shared by Customer and the Company in accordance with this Section 4.08. The Parties may propose changes to this Section 4.08 only by mutual agreement.

4.09 Determination of Monthly Bill

Company shall maintain an accurate record of the electric power and energy received, sold and delivered under this Agreement and on or before the 5th Business Day of each month shall prepare and submit to Customer a billing statement setting forth:

- a) The amount of power and energy delivered to the Points of Delivery during the preceding Billing Period.
- b) The demand and energy charges for Requirements Service provided during the preceding Billing Period.

- c) The amount of Minden Generation Capacity Credit, the Energy Delivery Requirement, the Gas Index Price, and the reimbursement amount for generator fuel pursuant to Exhibit C.
- d) The amounts due either Party from the other for services or reimbursements not included in any of the other charges, including, but not limited to, applicable taxes, fees and assessments.

4.10 Payment Date

Customer shall pay Company any amounts due and payable hereunder on or before the later of the fifteenth (15th) day of each month, or the tenth (10th) day after receipt of invoice or, if such day is not a Business Day, then on the next Business Day. All invoices shall be paid by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the Company. If all or any part of any amount due and payable pursuant to this Agreement shall remain unpaid thereafter, interest shall thereafter accrue and be payable to Company on such unpaid amount at a rate per annum equal to the Interest Rate.

4.11 Payment Netting

Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date pursuant to this Agreement through netting, in which case all amounts owed by each Party to the other Party under this Agreement, interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it. All amounts netted pursuant to this Article IV shall not take into account or include any Performance Assurance or guaranty, which may be in effect to secure Customer's performance under this Agreement. If no mutual debts or payment obligations exist and only one Party owes a debt or obligation to the other during the monthly Billing Period, that Party shall pay such sum in full when due.

4.12 Billing Disputes

If a Party, in good faith, disputes an invoice, the disputing Party shall immediately notify the other Party of the basis for the dispute and pay the undisputed portion of such invoice no later than the due date. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with any accrued interest from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned by the receiving Party or deducted by the receiving Party from subsequent payments at the option of the overpaying Party with interest accrued at the Interest Rate until the date paid or deducted from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment.

4.13 Annual Adjustment

Prior to the 31st day of May of each calendar year, the Company shall provide Customer with information detailing how the demand and energy charges billed to Customer by the Company for Requirements Service in the preceding calendar year shall be redetermined pursuant to the cost of service formulas set forth in Exhibit B, based upon the actual costs incurred by the Company for that calendar year, and the CWIP expenses, PBOP and PEB expenses and OSS Margin provision provided in Sections 4.06, 4.07, and 4.08, respectively; provided, however, that no changes to the ROE, CWIP percentages, OSS Margins provision, depreciation rates, or amortizations set out in this Agreement or in the cost of service formulas may be implemented prior to FERC acceptance or approval under FPA Sections 205 and/or 206. Company shall provide such information to Customer via email and shall include a fully-functioning spreadsheet file containing the cost of service formulas in Exhibit B. Any difference between the sums due Company for Requirements Service in the preceding calendar year and the sums paid by Customer in the preceding calendar year for such services shall be billed to Customer or credited to Customer, as appropriate, in three (3) equal amounts during the months of July, August and September, unless otherwise agreed to by the Parties. The amount of any such over-collection or under-collection will include a

carrying charge based on the Interest Rate. The Parties may mutually agree to prepay any amount owed to Company or credit, in advance, any amounts due Customer in order to minimize the annual adjustment for a given calendar year and any such prepayment or advance credit shall be reflected in the carrying charge calculations hereunder. Each annual adjustment of the cost of service formula rates in Exhibit B shall be based on the Company's FERC Form 1 data for the applicable calendar year, to the extent possible and shall consist of the following:

- a.) Calculation of the adjusted cost of service formula rates in Exhibit B.
- b.) Comparison of the adjusted demand and energy charges with the amounts actually paid by Customer for Requirements Service.
- c.) Workpapers showing the source of all data utilized and other supporting documentation included in the formula rates.

The formulas attached hereto as Exhibit B make reference to certain page and line numbers found in FERC Form 1: Annual Report of Major Electric Utilities, Licensees and Others (Form 1) used for reporting calendar year 2008 data. Should FERC make changes in the format of Form 1 that render inaccurate any references to Form 1 included in Exhibit B, the Company shall submit a limited Section 205 filing that revises Exhibit B to reflect such format changes; provided that any such filing shall be made at the time that the Company submits the informational true-up filings provided for in Section 4.06 and 4.07. There is no deadline for either Customer or the Company to notify each other of any mistake in any FERC Form 1 data or specific data applied in the formulas, and corrections of any such mistakes may be made without a Section 205 or 206 filing with FERC. Data required under the cost of service rate formula that is not reported in the Company's FERC Form 1 for the applicable calendar year shall be supported with appropriate documentation which shall be included in the workpapers accompanying such annual adjustment.

The adjustments to the cost of service formula rates provided for in this Section 4.13 shall be subject to refund or surcharge until the latest of (1) the end of a review period extending one hundred twenty (120) days after all relevant data is provided to Customer, if at such time there is no outstanding, unresolved complaint pursuant to

Article XV; (2) the final resolution of any complaint filed pursuant to Article XV; or (3) any required corrections have been made. Any errors in data or application of the formulas in Exhibit B that are detected by the Customer during the review period provided in Section 4.14 shall be corrected by Company as soon as possible after the end of such review period. Any corrected adjustment to the cost of service formula rates shall be provided to the Customer and Company shall make any required refund or surcharge to Customer on the next normal monthly billing.

Notwithstanding the foregoing paragraph, nothing herein shall be construed to limit Customer's right to challenge any of the inputs to the cost of service formulas. The Company acknowledges that if Customer challenges any such inputs and the Parties are unable to resolve any dispute in accordance with the provisions of Sections 15.01 and 15.02 hereof, Company shall bear the burden of demonstrating the justness and reasonableness of any input that may be the subject of a complaint proceeding in which FERC determines that Customer met its burden to establish the facts needed to support its claim(s).

4.14 Review of Formula Rate Data

Within sixty (60) days after the Company provides Customer with the adjusted rates and supporting information in accordance with Section 4.13, Customer may submit to the Company information requests, including requests for copies of source documents and inputs to the cost of service formulas, which are reasonably necessary for Customer to determine if the Company properly calculated the annual adjustment. Such information requests shall not seek information related to the annual adjustments for prior years except as reasonably necessary to (i) determine whether a prior year's approach on a given matter was the same or different from the current year's approach, or (ii) review corrections to any errors in data or application of the formulas in Exhibit B hereto. The Company shall make reasonable efforts to respond to such information requests within thirty (30) business days of receiving Customer's information request. Any disputes concerning the reasonableness of Customer's information requests or the