NUCLEAR REGULATORY COMMISSION
DOCKET NO. 50-382A
LOUISIANA POWER & LIGHT COMPANY
NOTICE OF FINDING OF NO SIGNIFICANT ANTITRUST CHANGES
AND TIME FOR FILING REQUESTS FOR REEVALUATION

The Director of Nuclear Reactor Regulation has made an initial finding in accordance with Section 105c(2) of the Atomic Energy Act of 1954, as amended, that no significant (antitrust) changes in the licensee's activities or proposed activities have occurred subsequent to the previous construction permit review of Waterford Unit No. 3 by the Attorney General and the Commission. The finding is as follows:

"Section 105c(2) of the Atomic Energy Act of 1954, as amended, provides for an antitrust review of an application for an operating license if the Commission determines that significant changes in the licensee's activities or proposed activities have occurred subsequent to the previous construction permit review. The Commission has delegated the authority to make the "significant change finding" to the Director, Office of Nuclear Reactor Regulation. Based upon an examination of the events that have transpired since issuance of the Waterford 3 construction permit, the staffs of the Antitrust and Economic Analysis Branch, Office of Nuclear Reactor Regulation, and the Antitrust Section of the Office of the Executive Legal Director, hereafter referred to as "staff," have jointly concluded, after consultation with the Department of Justice, that the changes that have occurred since the construction permit antitrust review are not of the nature to require a second antitrust review at the operating license stage of the Application.

"In reaching this conclusion, the staff considered the structure of the electric utility industry in Louisiana, the events relevant to the Waterford construction permit review and the events that have occurred subsequent to the construcion permit review.

"The conclusion of the staff's analysis is as follows:

'At the time of the Waterford construction permit antitrust review, LP&L was furnishing wholesale power at system average cost to municipals and cooperatives having minimal or no self-generation. Those municipals having self-generation were looking forward to future economic base load generation from nuclear and other large generating units in which they planned to obtain access from LP&L or through coordination services supplied by LP&L. The license conditions negotiated by the parties and accepted by the ASLB contained provisions for access to nuclear generation, coordination services, and wholesale power services from LP&L.

'Following the construction permit review of Waterford 3, the municipals and cooperatives declined unit power purchases from

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Waterford and pursued instead interconnection and coordination arrangements with LP&L. The interconnection contracts provided for power only on a non-firm basis at LP&L's incremental cost of fossil fuel. Meanwhile the fuel situation worsened such that operation of oil fired municipal generation became uneconomical and alternatives for future generation were too distant in the future to be of immediate advantage. Therefore, many of the self-generating municipals, faced with higher fuel costs and rising labor and equipment costs required to maintain their systems, entered into agreements for immediate operation and ultimate purchase of their systems by LP&L

'The cooperative and municipals with minimal self-generation faired better. Cajun continued to receive its power requirements at LP&L's system average cost. Vidalia, Winnfield, and Jonesboro continued to receive their full requirements at LP&L's system average cost and in addition received some credit for generation which was not running. Minden received some baseload power at LP&L's system average cost.

'Recently, LP&L has 1) withdrawn the firm wholesale power from the cooperatives and from Minden, 2) ceased to provide credit to Vidalia, Winnfield and Jonesboro for their inoperable generation, and 3) requested retroactive payments from these entities dating back to 1969. The effect of these actions was to dramatically increase the operating costs of these utilities with the resulting pressures to enter into agreements with LP&L to operate their systems.

'The above factors have made the provisions of wholesale for resale power to full and partial requirement customers of importance to their survival to a degree that did not exist during the time of the Waterford construction permit review. This is evidenced by LP&L's acquisition of several municipal systems caused in part by their high production costs as compared to direct service by LP&L.

'With respect to the purchases by LP&L, staff believes that these purchases approved by the citizenry and the Securities and Exchange Commission do not provide a basis for concluding that significant changes have occurred since the construction permit review. The staff also believes that the questions dealing with firm wholesale service at average system cost can more appropriately be resolved before the Federal Energy Regulatory Commission. Similar wholesale disputes were resolved before that agency in Docket No. EL-80-5, in combined docket Nos. ER-81-547 and EL-81-13, and in combined docket Nos. ER-78-19 (Phase 1) and ER-78-81. Further, the unavailability of firm wholesale power from LP&L has been counter-balanced since the CP antitrust review by the emergence of the Cajun Electric Power Cooperative and the Louisiana Energy and Power Authority.

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These joint action agencies have the potential of increasing competition in the area of bulk power supply by expanding the opportunities available to cooperatives and municipals to work together independently of LP&L in establishing economic power supplies. For these reasons, the changes that have occurred since the construction permit antitrust review are not significant in the context of 105c of the Atomice Energy Act, as amended, and do not warrant action by the Nuclear Regulatory Commission.'

"Based on the staff's analysis, it is my initial determination that an operating license antitrust review of Waterford Unit No. 3 is not required."

Signed on October 12, 1982, by Harold R. Denton, Director of Office of Nuclear Reactor Regulation.

Any person whose interest may be affected by this finding may file with full particulars a request for reevaluation with the Director of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555 by (30 days).

FOR THE NUCLEAR REGULATORY COMMISSION

/s/ A. L. Toalston

Argil Toalston, Chief
Antitrust and Economic Analysis Branch
Division of Engineering
Office of Nuclear Reactor Regulation

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Municipal Electric Utiities In Louisiana Not Supplied by LP&L

A. Those Partially or Totally Supplied by Central Louisiana Electric Company.

Utility	Approximate Peak Load	Approximate Generation
Alexandria	123 MW	178 MW
Franklin	13 MW	25 MW
Lafayette	187 MW	289 MW
Morgan City	37 MW	42 MW

B. Those Partially or Totally Supplied by Gulf States Utilties.

Utility	Approximate Peak Load	Approximate Generation
Erath El. Dept.	3 MW	None
Gueydan Mun. Lt. & Water Dept.	3 MW	None
Rayne Mun. Pr.Plt.	14 MW	12 MW
Vinton El. Lt. Dept.	5 MW	None

C. Other (Supplier not indicated)

Utility	Approximate Peak Load	Approximate Generation
Morgan City Mun. Pwr. Plant	38 MW	42 NW
Natchitoches Lt. & Water Dept.	25 MW	55 MW
Abbevile Water and Lt. Plant.	16 MW	--
Kaplan Mun. Water & Lt. Plt.	10 MW	--
New Road Mun. Lt & Water Dept.	8 MW	--
Opelausas El. & Water Sys.	40 MW	--
St. Martinviile Mun. El. Dept.	15 MW	--
Welsh Util. Dept.	3 MW	--

Summary of Municipals Partially of Totally Served by LP&L and Type of Power Supplying Service

Municipal	Approximate Peak Load	Approximate Self-Generation	LP&L Service 1973	LP&L Service 1977	LP&L Service 1979
Monroe Util. Comm	129 MW	160 MW	(1) EAS-2	(2) IA	(3) EO
Ruston Util. Sys.,	35 MW	83 MW	(1) EAS-2	(2) IA	(2) IA
Houma Lt. & Water Plt.	30 MW	40 MW	(1) EAS-2	(1) EAS-2	(1) EAS-2
Thibodeaux Mun. Lt. & Pwr. Plt.	30 MW	20 MW	(1) EAS-2	(4) OA	(4) OA
Minden Util. Sys.	27 MW	13 MW	None	(5) LPU-7	(2) IA
Jonesboro Pwr. & Lt. Dept.	11 MW	17 MW	None	(2) IA	(2) IA
Plaquemine City Lt. & Water Dept.	10 MW	9 MW	(1) EAS-2	None	None
Vidalia El. Dept.	9 MW	1 MW	(6) LPU-7R	(6) LPU-7R	(6) LPU-7R
Lake Providence El. Dept	8 MW	0 MW	(1) EAS-2	(2) IA	(4) OA
Homer Lt. ' Water Plt.	6 MW	8 MW	(1) EAS-2	(2) IA	(4) OA
Jonesville Lt. & Pwr. Dept.	5 MW	0 MW	(6) LpU-7R	(6) LPU-7R	(6) LPU-7R
Winnifield Util. Dept.	5 MW	1 MW	(6) LPU-7R	(6) LPU-7R	(6) LPU-7R
Rayville Lt. Plt.	5 MW	10 MW	None	(2) IA	(4) OA

Notes:

(1) EAS-2 (Emergency Assistance) - See Appendix 14.
(2) IA (Interconnection Agreement) - See Appendix 16.
(3) EO (Emergency Operating Agreement) - See Appendix 24.
(4) OA (Operating Agreement) - See Appendix 23.
(5) LPU-7 (Wholesale Schedule) - See Appendix 12.
(6) LPU-7R (Wholesale Schedule with Rider) - See Appendix 13 for Rider.

LOUISIANA POWER & LIGHT COMPANY

DOCKET NO. 50-382

WATERFORD STEAM ELECTRIC STATION, UNIT 3

AMENDMENT TO CONSTRUCTION PERMIT

Construction Permit CPPR-103
Amendment No. 1

Pursuant to a Decision (ALAB-258) by the Atomic Safety and Licensing Appeal Board dated February 3, 1975, the Nuclear Regulatory Commission has amended paragraph 3.D(4) of Construction Permit CPPR-103 to read as follows:

(4). With respect to Waterford Unit No. 3 and any future nuclear generating plant or unit of the applicant, or any plant or unit in which the applicant may acquire an interest in Louisiana, any entity that expresses an interest in participation will be offered (1) for Waterford Unit No. 3 and for any future nuclear generating plant or unit of the applicant, the opportunity to have access* to a portion of the plant or unit capacity, or (2) with respect to any plant or unit in which the applicant may acquire an interest, the opportunity to have access* to a portion of the plant or unit capacity to the extent the applicant is able; in either event, upon the basis of a rate that will recover to the applicant the average fixed costs (including a reasonable return) of the

*"The opportunity to have access" shall be for a period of one year after the applicant has provided to each enquiring entity financial data, which in the opinion of the Regulatory staff of the Commission is sufficient to enable such entity to make a feasibility study as to participation. The applicant shall provide such financial data as soon as reasonably feasible after receiving an inquiry. As to any entity or some or all entities in Louisiana the applicant can start the running of the aforesaid one year period by supplying to it or them, without waiting for an inquiry, the aforesaid financial data.

plant or unit or the applicant's interest in any plant or unit.** The entity receiving such power will pay the associated energy, maintenance, and operating costs incurred for the power it receives. In connection with this access, the applicant will also offer transmission service to the geographic extent of its then existing transmission system for delivery of such power to such purchasing entity on a basis that will fully compensate the applicant for its transmission costs (including a reasonable return).

In the event that the law of Louisiana should be changed to the extent that property owned jointly is not susceptible to partition and that such joint ownership is not otherwise an impediment to financing, the Company must, in accordance with the provisions of its Commitment 4, offer joint ownership in any future nuclear generating plant or unit owned by it (or in which it may acquire an interest in Louisiana) to any entity requesting such access.

In the event that during the term of the instant license, or any extension or renewal thereof, the applicant participates in the ownership of or obtains rights to, and obligations in, a portion of the output of one or more nuclear generating units constructed, owned or operated by an affiliate or subsidiary of the Middle South Utilities System other than the applicant or by any successor in title to the Waterford Nuclear Unit, the applicant shall exert its best efforts to obtain participation in such nuclear unit by an entity(ies) in the State of Louisiana requesting such participation on terms equivalent to the terms of the applicant's participation therein. In connection with such participation, the applicant will also offer transmission service to the geographic extent of its then existing transmission system for delivery of such power to such purchasing entity on a basis that will fully compensate the applicant for its transmission cost (including a reasonable return).

**Nothing herein shall be deemed to exclude the participation of an entity through a prepaid unit power basis should such participation be economically, technically and legally feasible. Moreover, nothing herein shall be deemed to exclude participation of an entity on a joint venture basis in Waterford Unit 3 if the Company shall in its sole discretion decide to enter into such a joint venture.

For the purposes of this paragraph, any person who would otherwise qualify as an "entity" except for the lack of a physical interconnection with the applicant shall be considered an "entity" if that person is or will be interconnected with an "entity" or member of the Southwest Power Pool which is interconnected with the applicant.

This amendment is effective as of the date of its issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

Original signed by
Voss A. Moore

Voss A. Moore, Assistant Director
for Light Water Reactors, Group 2
Division of Reactor Licensing

Date of Issuance:

FEB 25 1975

Appendix 3

D. This facility is subject to the following antitrust conditions:

(1) (a) As used herein, "entity" shall mean any municipality, rural electric cooperative, public or private corporation, governmental agency such as TVA and Southwest Power Administration, or lawful association of any of the foregoing (a) which lawfully exists and owns and operates or proposes in good faith to own or operate facilities for generation of electric power and energy; (b) which, with exception of municipalities, rural electric cooperatives and governmental agencies, is or will upon commencement of operations be a public utility (or in the case of an association each member thereof, excepting municipalities, rural electric cooperatives and governmental agencies, is a public utility) under the law of Louisiana and the Federal Power Act and provides or upon commencement of operations will provide electric service under contracts or rate schedules on file with and subject to regulation of the Louisiana Public Service Commission and the FPC; and (c) with which applicant has or may feasibly have a physical interconnection within the State of Louisiana.

For the purposes of paragraphs 5 and 6 hereof, any person who would otherwise qualify as an "entity" herein above except for not meeting the requirements of 1(a) shall be considered an "entity" if that person owns or operates or proposes in good faith to own or operate facilities for generation, transmission and/or distribution of electric power and energy.

(b) "Cost" means any operating and maintenance expenses involved together with any ownership costs which are reasonably allocable to the transaction consistent with power pooling practices (where applicable). No value shall be included for loss of revenues from sale of power at wholesale or retail by one party to a customer which another party might otherwise serve. Cost shall include a reasonable return on the applicant's investment. The sale of a portion of the capacity of a generating unit shall be upon the basis of a rate that will recover to the seller the pro rata part of the fixed costs and operating and maintenance expenses of the unit, provided that, in circumstances in which the applicant and one or more entities in Louisiana take an undivided interest in a unit in fee, construction costs and operation and maintenance expenses shall be paid pro rata.

(2) (a) The applicant shall interconnect and share reserves on an equalized percentage reserve basis with any entity in Louisiana which engages in or proposes to engage in electric generation and/or bulk power purchases on terms that will provide for the applicant's costs, and allow the other participant(s) full access to the benefits of reserve sharing coordination, and in addition, shall include but not be limited to emergency service, scheduled maintenance service, and establishing reserves. Such interconnection shall be at a voltage and capacity requested by such entity whenever it is economically feasible for the parties.

(b) Emergency service and/or scheduled maintenance service to be provided by each party shall be furnished to the fullest extent available from the supplying party and desired by the party in need. The applicant and each party(ies) shall provide to the other emergency service and/or scheduled maintenance service if and when available from its own generation and from generation of others to the extent it can do so without impairing service to its customers including other electric systems to whom it has firm commitments.

(c) The applicant and the other party(ies) to a reserve sharing arrangement shall from time to time jointly establish the minimum reserves to be installed and/or provided under contractual arrangements as necessary to maintain in total a reserve margin sufficient to provide adequate reliability of power supply to the interconnected systems of the parties. If the applicant plans its reserve margin on a pooled basis with other Middle South System companies, the reserves jointly established hereunder shall be on the same basis. Unless otherwise agreed upon, minimum reserves shall be calculated as a percentage of estimated peak load responsibility. No party to the arrangement shall be required to maintain greater reserves than the percentage of its estimated peak load responsibility which results from the aforesaid calculation, provided that, if the reserve requirements of the applicant are increased over the amount the applicant would be required to maintain without such interconnection, then the other party(ies) shall be required to carry or provide for as its (their) reserves the full amount in kilowatts of such increase.

(d) The parties to such a reserve sharing arrangement shall provide such amounts of ready reserve capacity as may be adequate to avoid the imposition of unreasonable demands on the other in meeting the normal contingencies of operating its system. However, in no circumstances shall the ready reserve requirement exceed the installed reserve requirement.

(e) Interconnections will not be limited to low voltages when higher voltages are available from the applicant's installed facilities in the area where interconnection is desired, when the proposed arrangement is found to be technically and economically feasible. Control and telemetering facilities shall be provided as required for safety and prudent operation of the interconnected systems.

(f) Interconnection and coordination agreements shall not embody any restrictive provisions pertaining to intersystem coordination. Good industry practice as developed in the area from time to time (if non-restrictive) will satisfy this provision.

(3) The applicant will purchase (when needed) or sell (when available) "unit power" or "deficiency power" at mutually agreed upon delivery points on or adjacent to its transmission system from or to any entity engaging in or proposing to engage in electric generation and/or bulk power purchases at the cost (including a reasonable return) of new power supply, as distinguished from average system cost, when such transaction would serve to reduce the overall cost of new bulk power supply for itself and the other participant to the transaction.

(4) With respect to Waterford Nuclear Unit No. 3 and any future nuclear generating plant or unit of the applicant, or any plant or unit in which the applicant may acquire an interest in Louisiana, any entity that expresses an interest in participation will be offered (1) for Waterford Nuclear Unit No. 3 and for any future nuclear generating plant or unit of the applicant, the opportunity to have access* to a portion of the plant or unit capacity, or (2) with respect to any plant or unit in which the applicant may acquire an interest, the opportunity to have access* to a portion of the plant or unit capacity to the

*"The opportunity to have access" shall be for a period of one year after the applicant has provided to each enquiring entity financial data, which in the opinion of the Regulatory staff of the Commission is sufficient to enable such entity to make a feasibility study as to participation. The applicant shall provide such financial data as soon as reasonably feasible after receiving an inquiry. As to any entity or some or all entities in Louisiana the applicant can start the running of the aforesaid one year period by supplying to it or them, without waiting for an inquiry, the aforesaid financial data.

extent the applicant is able; in either event, upon the basis of a rate that will recover to the applicant the average fixed costs (including a reasonable return) of the plant or unit or the applicant's interest in any plant or unit.** The entity receiving such power will pay the associated energy, maintenance, and operating costs incurred for the power it receives. In connection with this access, the applicant will also offer transmission service to the geographic extent of its then existing transmission system for delivery of such power to such purchasing entity on a basis that will fully compensate the applicant for its transmission costs (including a reasonable return).

In the event that during the term of the instant license, or any extension or renewal thereof, the applicant participates in the ownership of or obtains rights to, and obligations in, a portion of the output of one or more nuclear generating units constructed, owned or operated by an affiliate or subsidiary of the Middle South Utilities System other than the applicant or by any successor in title to the Waterford Nuclear Unit, the applicant shall exert its best efforts to obtain participation in such nuclear unit by an entity(ies) in the State of Louisiana requesting such participation on terms equivalent to the terms of the applicant's participation therein. In connection with such participation, the applicant will also offer transmission service to the geographic extent of its then existing transmission system for delivery of such power to such purchasing entity on a basis that will fully compensate the applicant for its transmission cost (including a reasonable return).

For the purposes of this paragraph, any person who would otherwise qualify as an "entity" except for the lack of a physical interconnection with the applicant shall be considered an "entity" if that person is or will be interconnected with an "entity" or member of the Southwest Power Pool which is interconnected with the applicant.

**Nothing herein shall be deemed to exclude the participation of an entity through a prepaid unit power basis should such participation be economically, technically and legally feasible. Moreover, nothing herein shall exclude participation of an entity on a joint venture basis if the applicant shall in its sole discretion decide to enter into such a joint venture.

(5) The applicant shall transmit power and energy over its transmission facilities among entities in the State of Louisiana with which it is interconnected and has or will have a transmission schedule in effect. For each coordinating group of entities there shall be a single transmission charge. In addition, for any entity with whom applicant is interconnected, the applicant will transmit to or from that entity's then existing interconnection with the applicant, power delivered to the applicant by another entity (or from the applicant to another entity) whose transmission facilities adjoin those of the applicant, provided (1) there is or will be a transmission schedule in effect, and (2) the arrangements reasonably can be accommodated from a functional and technical standpoint. The transmission of such power and energy shall be at a rate that will fully compensate the applicant for its costs (including a reasonable return) for the use of its system. Any entity or group of entities requesting such transmission arrangements shall give reasonable advance notice of its schedule and requirements. (The foregoing applies to any entities to which the applicant may be interconnected in the future as well as those to which it is now interconnected.)

The applicant shall include in its planning and construction program sufficient transmission capacity as required for the transactions referred to in the above paragraph, and in those instances where such transactions are consummated, a transmission schedule(s) shall be placed in effect; provided that any entity in the State of Louisiana give the applicant sufficient advance notice as may be necessary to accommodate its requirements from a functional and technical standpoint and that such entity fully compensates the applicant for its cost (including a reasonable return). The applicant shall not be required to construct transmission facilities which will be of no demonstrable present or future benefit to the applicant.

For the purposes of this paragraph, (1) any person in the State of Louisiana who would otherwise qualify as an "entity" except for the lack of a physical interconnection with the applicant shall be considered an "entity" if that person is or will be interconnected with an "entity" or member of the Southwest Power Pool which is interconnected with the applicant; and (2) Arkansas Power and Light Company, Mississippi Power and Light Company, and Mississippi Power Company, or any successor thereof, shall also be considered "entities."

(6) The applicant will enter into arrangements mutually agreed upon for the sale of power and energy under its effective [rate schedule] tariffs to any entity that owns an electric distribution system and has or may feasibly have a physical interconnection within the State of Louisiana. In connection with such arrangements, the applicant shall not be required to construct facilities which will be of no demonstrable present or future benefit to the applicant.

(7) It is recognized that the foregoing conditions are to be implemented in a manner consistent with the provisions of the Federal Power Act to the extent applicable, and all rates, charges or practices in connection therewith are to be subject to the approval of regulatory agencies having jurisdiction over them.

E. This facility is subject to the following conditions for the protection of the environment:

(1) The applicant shall take the necessary mitigating action during construction of the Station and associated transmission lines to avoid unnecessary adverse environmental impacts from construction activities.

(2) An environmental surveillance program shall be established and carried out as outlined in the applicant's environmental report (Supplement 6) and in the Final Environmental Statement, as amended.

(3) Before engaging in a construction activity that may result in a significant adverse environmental impact that was not evaluated or that is significantly greater than that evaluated in the Final Environmental Statement, the applicant shall provide written notification to the Director of Licensing.

(4) If unexpected harmful effects or evidence of irreversible damage are detected during facility construction, the applicant shall provide an acceptable analysis of the problem and a plan of action to eliminate or significantly reduce the harmful effects or damage.

(5) If on the basis of the applicant's post-operational monitoring program, a thyroid dose in excess of 7.5 millirem per quarter is calculated, the applicant will take prompt action acceptable to the staff to insure that the actual thyroid dose to

LOUISIANA
POWER & LIGHT / 142 DELARONDE STREET • NEW ORLEANS, LOUISIANA 70174

E. A. RODRIGUE
President

July 7, 1975

JUL 11 1975

Mr. M. L. Burgin, General Manager
Cajun Electric Power Cooperative, Inc.
Post Office Box 578
New Roads, Louisiana 70760

Dear Mr. Burgin:

We feel sure that you have become aware of the announcement by Louisiana Power & Light Company of the cancellation of its plans to construct the nuclear-fueled Units 1 and 2 at the St. Rosalie Generating Station, that announcement having been generally made on June 25, 1975.

In view of that cancellation, it seems to us that the appropriate inquiry at this time is whether or not Cajun has an interest in purchasing unit power from Waterford Unit 3, which at the present time is scheduled for commercial operation in the first half of 1981. If we hear from you affirmatively that Cajun does wish to consider such a purchase, and if you will give us a statement of the amount of capacity that you wish to consider purchasing, we will prepare and transmit to you the financial data necessary for Cajun to conduct a feasibility study. We estimate that if we get a reply from you by August 1 we can furnish the financial data approximately three weeks thereafter.

Yours very truly,

E. A. Rodrigue

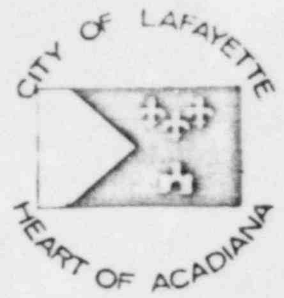
EAR/el

cc: Nuclear Regulatory Commission ✓
Washington, D. C. 20555

Mr. Raymond W. Phillips
Antitrust Division
U. S. Department of Justice
Washington, D. C. 20530

Mr. John Schwab

KENNETH F. BOWEN
MAYOR



DIRECTOR OF UTILITIES
733 JEFFERSON ST.
LAFAYETTE, LOUISIANA 70501

July 28, 1975

Mr. E. A. Rodrigue, President
Louisiana Power & Light Company
142 Delaronde Street
New Orleans, Louisiana 70174

Dear Mr. Rodrigue:

Thank you for your letter of July 8, 1975, offering unit power to the City of Lafayette from Waterford Unit 3, scheduled for commercial operation in the first half of 1981. The City of Lafayette is interested in attempting to obtain for its citizens the advantages of nuclear power if it can be done on any reasonable economic basis.

As you know, Lafayette has been negotiating with Gulf States for a joint ownership interest in the nuclear plants Gulf States intends to operate at River Bend. The success of these negotiations, and the status of the legislation which has just passed the Legislature may affect the exact amount of Waterford 3 power in which Lafayette would be interested. We believe, however, that the maximum amount in which Lafayette would be interested would be the 100 megawatts mentioned some years ago in this connection.

In view of the passage of the legislation providing for joint ownership, this will serve to inquire as well whether LP&L would be interested in a joint ownership rather than unit power arrangement on Waterford 3?

We will look forward to the financial data to which you refer.

Yours very truly,

CITY OF LAFAYETTE, LOUISIANA

S. J. Richard, P. E.
Director of Utilities

scm

LOUISIANA POWER & LIGHT / 142 DELARONDE STREET • NEW ORLEANS, LOUISIANA 70174

MIDDLE SOUTH UTILITIES SYSTEM

E. A. RODRIGUE
President

October 6, 1975

Honorable R. T. Troy
Mayor, City of Monroe
Monroe, Louisiana 71201

Dear Mayor Troy:

We have your letter dated September 19, 1975, in which you were responding to our letter of August 27, 1975, and in which letter you have requested advice as to whether participation is available in Waterford Unit 3 on a joint venture basis.

Our answer to that inquiry must necessarily be somewhat lengthy, simply to avoid any misunderstandings on this subject. Apart from the question of the efficacy of the legislation recently enacted by the Louisiana Legislature, a matter still under study by our attorneys, a brief review of the Construction Permit for Waterford Unit 3 may be appropriate. You will probably recall that Condition No. 4 of the Construction Permit as it issued on November 14, 1974, read in pertinent part as follows:

> "With respect to Waterford Nuclear Unit No. 3 and any future nuclear generating plant or unit of the applicant, or any plant or unit in which the applicant may acquire an interest in Louisiana, any entity that expresses an interest in participation will be offered (1) for Waterford Nuclear Unit No. 3 and for any future nuclear generating plant or unit of the applicant, the opportunity to have

access* to a portion of the plant or unit capacity, or (2) with respect to any plant or unit in which the applicant may acquire an interest, the opportunity to have access* to a portion of the plant or unit capacity to the extent the applicant is able; in either event, upon the basis of a rate that will recover to the applicant the average fixed costs (including a reasonable return) of the plant or unit or the applicant's interest in any plant or unit.** The entity receiving such power will pay the associated energy, maintenance, and operating costs incurred for the power it receives. In connection with this access, the applicant will also offer transmission service to the geographic extent of its then existing transmission system for delivery of such power to such purchasing entity on a basis that will fully compensate the applicant for its transmission costs (including a reasonable return).

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*"The opportunity to have access" shall be for a period of one year after the applicant has provided to each enquiring entity financial data, which in the opinion of the Regulatory staff of the Commission is sufficient to enable such entity to make a feasibility study as to participation. The applicant shall provide such financial data as soon as reasonably feasible after receiving an inquiry. As to any entity or some or all entities in Louisiana the applicant can start the running of the aforesaid one year period by supplying to it or them, without waiting for an inquiry, the aforesaid financial data.

**Nothing herein shall be deemed to exclude the participation of an entity through a prepaid unit power basis should such participation be economically, technically and legally feasible. Moreover, nothing herein shall exclude participation of an entity on a joint venture basis if the applicant shall in its sole discretion decide to enter into such a joint venture."

However, as you will probably also recall, and as your attorney has undoubtedly advised you since he has comprehensively audited the whole proceeding, the United States Department of Justice took exception to that Condition, and as a result of that legal action, Condition No. 4 was amended on February 25, 1975, the pertinent part of that amendment being as follows:

> "In the event that the law of Louisiana should be changed to the extent that property owned jointly is not susceptible to partition and that such joint ownership is not otherwise an impediment to financing, the Company must, in accordance with the provisions of its Commitment 4, offer joint ownership in any future nuclear generating plant or unit owned by it (or in which it may acquire an interest in Louisiana) to any entity requesting such access."

The second sentence to that Condition remained the same, the pertinent part of which reads:

> "Moreover, nothing herein shall be deemed to exclude participation of an entity on a joint venture basis in Waterford Unit 3 if the Company shall in its sole discretion decide to enter into such a joint venture."

As you can see from the above, this leaves LP&L in a position of having committed itself on future nuclear units to an offer of joint ownership if the Louisiana law were changed to the extent that jointly owned property is not susceptible of partition and that such joint ownership is not otherwise an impediment to financing. Of course, as you know, LP&L has no outstanding application for a future nuclear plant or unit at this time; thus the second footnote to Condition No. 4 is the pertinent part for consideration with respect to Waterford Unit 3. As you will observe from that footnote, a joint venture participation in Waterford Unit 3 is a matter for the sole discretion of LP&L. It is our considered judgment that participation in Waterford Unit 3 should be offered on a unit power purchase basis rather than joint ownership.

Repeating our request to you in our letter of August 27, 1975, we will very much appreciate your prompt response as to whether or not the City of Monroe wishes

to make a purchase of unit power and, if so, the amount you wish to purchase, all upon review of the financial data that we forwarded to you with that letter.

Yours very truly,

E. A. Rodrigue
President

EAR/el

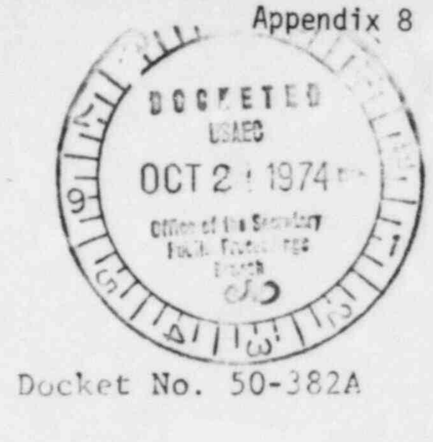
cc: Chief, Office of Antitrust & Indemnity
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Mr. Raymond W. Phillips
Antitrust Division
U. S. Department of Justice
Washington, D. C. 20530

(4) ANSWER

On August 25, 1975, by registered mail, the licensee offered to the 27 municipal electric generating entities and the one cooperative generating entity in Louisiana an opportunity to express and commit themselves to purchase unit power to be produced by Waterford 3. Cost estimating data was enclosed with the offer. "Registered Mail Receipts" were returned by all 28 entities, verifying receipt of the Company's offer. Seven municipal generating entities responded by letter and one cooperative corresponded by letter. Of those who responded, six municipal generating entities indicated interest in unit power purchases, the one cooperative indicated interest, and one municipal declined the offer by letter. All others allowed the one-year time interval to expire without response.

Communications continued with the six municipal entities and the one cooperative entity, but all ultimately discontinued any show of interest, and it is licensee's understanding that the offers were not accepted.



UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

In the Matter of	)	
	)	
LOUISIANA POWER AND LIGHT COMPANY	)	Docket No. 50-382A
	)	
(Waterford Steam Generating Station Unit No. 3)	)	
	)	

MEMORANDUM OF BOARD
WITH RESPECT TO APPROPRIATE LICENSE CONDITIONS
WHICH SHOULD BE ATTACHED TO A CONSTRUCTION PERMIT
ASSUMING ARGUENDO A SITUATION
INCONSISTENT WITH THE ANTITRUST LAWS

I. Background

The Louisiana Power and Light Company (Applicant) filed with the Atomic Energy Commission (AEC) an application for a Construction Permit for the nuclear fueled Waterford Steam Generating Station, Unit No. 3 (Waterford) on December 31, 1970. As required by Section 105(c) of the Atomic Energy Act (Act), a letter of advice was sent to the AEC from the Department of Justice (Justice) and was published in the Federal Register on August 31, 1972 (37 F.R. 17775).* In light of certain license conditions that the Applicant had agreed to accept, Justice concluded

*Following the first of the six prehearing conferences in this matter, Justice withdrew this letter. Justice is a party in these proceedings.

that antitrust hearings on this application would be unnecessary.

The Cities of Lafayette and Plaquemine, Louisiana (Cities), Cajun Electric Power Cooperative, Inc. (Cajun), formerly Louisiana Electric Cooperative, Inc. (LEC), the Louisiana Municipal Association Utilities Group (LMAUG) and the Dow Chemical Company (Dow) petitioned for a hearing and for leave to intervene. The Commission established this Atomic Safety and Licensing Board (Board) and on February 23, 1973, instructed it to report to the Commission on the need for a hearing and controverted issues (CLI-73-7, RAI-73-2-48). Pursuant to these instructions, this Board issued its Memorandum and Opinion of April 24, 1973 (LBP-73-14, RAI-73-4-312) which concluded, _inter alia_, that there was no meeting of the minds and hence no agreement among Justice and Applicant about the proposed license conditions. The Board also concluded, _inter alia_, that the license conditions would not provide the relief the other parties asserted was needed to correct the situation that

they claimed was inconsistent with the antitrust laws, and which, they maintained, would be created or maintained by the proposed licenses. After analyzing the record on this point, three Broad Issues in Controversy were set forth by the Board.

On September 28, 1973, the Commission remanded this matter to this Board for further proceedings in accord with its instructions (CLI-73-25, RAI-73-9-619). Dow withdrew from the proceedings on December 10, 1973.

Following intensive negotiations among the parties, on March 15, 1974, the Regulatory Staff of the Atomic Energy Commission (Staff) filed a Motion for Summary Disposition of these proceedings on the basis that: (1) all parties, except Cities, had agreed to proposed license conditions that would obviate the need for hearings; and (2) the proposed relief was adequate to prevent the creation or maintenance of a situation inconsistent with the antitrust laws assuming, _arguendo_, such a situation existed. By Memorandum and Order of April 12, 1974, LBP-74-23, RAI-74-4-698, this Board denied the motion on the grounds that:

1. The proposed license conditions did not have the support of all parties* and did not afford relief consistent with the Board's opinion of April 24, 1973.

2. Material facts were in dispute.

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*The Board concluded that among other disagreements, the parties disagreed about whether a set of license conditions that did not provide access to the Waterford nuclear facility would be adequate. (Waterford access was the original issue designated by the Commission for hearing even prior to the appointment of this Board.) The Cities contended that additional and different license conditions were required to correct the situation that they asserted was inconsistent with the antitrust laws. Applicant, the Department of Justice and the Regulatory Staff disagreed. Cities stated that they were prepared to show at a hearing that the proposed conditions were inadequate. Therefore the Board concluded that under these circumstances, <u>summary</u> disposition was inappropriate. The Board did not hold that any license conditions must include all (or any) of the relief requested by Intervenors. Neither did the Board hold that the "support of all parties" is an absolute precondition to summary disposition. (Compare Applicant's statements on these points in its Motion for Order Directing Certification of July 8, 1974.) The Board does consider that a dispute about the adequacy of proposed license conditions is an important factor in determining whether to grant summary disposition. See <u>Public Service of New Hampshire, et al (Seabrook Station Units 1 and 2)</u> LBP 74-36, RAI-74-5-877, 879 (May 17, 1974).

3. There was no meeting of minds with respect to the meaning of the proposed license conditions.

4. The terms of the proposed license conditions were not understood by the Board.

On May 21, 1974, Applicant filed four related motions dated May 17, 1974, before the Board:

1. Motion for Reconsideration of Staff's Motion for Summary Disposition.

2. Motion for Summary Disposition of All Issues.

3. Alternative Motion for Summary Disposition of Certain Issues.

4. Alternative Motion for Certification.

Accompanying these four motions were the license conditions which had been attached to the Staff's motion for summary disposition of March 15, 1974, and an affidavit dated May 17, 1974, and later revised on June 17, 1974, by J. M. Wyatt, Senior Vice President of Applicant.* The Wyatt affidavit interpreted and amplified certain of the proposed

*The June 17, 1974, affidavit is hereinafter referred to as "the Wyatt affidavit."

license conditions, and Applicant indicated that it would be bound by the further specificity of its commitments as set forth in the Wyatt affidavit. These motions were supported by Justice and Staff, opposed by the Cities, and Cajun's position was equivocal.

The Board denied motions one and four of Applicant's combined Motions of May 21, 1974 (Order to Show Cause of June 20, 1974, LBP-74-46, RAI-74-6-1156).

Motions two and three requesting complete or, alternatively, partial summary disposition were made subject to an Order to Show Cause why the proposed relief would not constitute an adequate remedy to the assumed situation inconsistent with the antitrust laws, LBP-74-465, RAI-74-6-1156. The Board decided to hold evidentiary hearings with respect to whether the proposed conditions would afford adequate relief. The procedures to be followed and issues to be explored at such a hearing were the subject of the Sixth Prehearing Conference held on July 1, 1974.

Evidentiary hearings commenced on August 19, 1974, and continued through August 27, 1974. At the start of the

evidentiary hearing, Cajun announced it had reached an agreement with Applicant. Cajun requested and was granted leave to withdraw from these proceedings (Tr. 778-780). Cities became the sole party opposing the granting of Applicant's motions.

Also, at the start of the evidentiary hearing, the Board considered and ruled favorably on a Joint Motion of Justice and Staff that, pursuant to agreement between Justice, Staff and Applicant, as a minimum the proposed license conditions would become a part of any construction permit, regardless of any further proceedings in this matter. In view of this commitment and to avoid confusion, the Applicant's proposed conditions will hereinafter be referred to as "the Commitments" or as "Applicant's Commitments." The Commitments are attached to this Memorandum as Schedule A.

By order of October 24, 1974, issued simultaneously with this opinion, the Board denied Applicant's motions for summary disposition because facts material to the

adequacy of the proposed relief remained in dispute.*

Although it is required as a matter of law to deny Applicant's motion for summary judgment,** the Board has concluded that as a result of the entire record including the evidentiary hearing (which focused in its entirety on the relief necessary to prevent the maintenance of a situation assumed arguendo to be inconsistent with the antitrust laws), it now is able to set forth its views with respect to an adequate set of license conditions.

*Among the facts in dispute are the feasibility of coordinated operations among municipalities and other entities in Louisiana; the necessity for access to nuclear energy in order to dissipate the effects of a monopoly in large-scale nuclear electric generating units. This is not a comprehensive list of material facts in dispute, but merely illustrative of the types of disputes which remained at the conclusion of the hearing.

**See Public Service Company of New Hampshire, et al (Seabrook Station, Units 1 and 2) LBP-74-36, RAI-74-5-877, 878-879 (May 17, 1974), Alabama Power Company (Joseph M. Farley Nuclear Plant, Units 1 and 2) ALAB-182, RAI-74-3, 210, 217 (March 7, 1974).

II. The Responsibility of the Board

If an evidentiary hearing on antitrust liability is held in this proceeding, and if a situation inconsistent with the antitrust laws is found, the Board will have to determine appropriate license conditions. The *arguendo* assumption means that the Board does not have to address liability at this time. The Board has the advantage of being able to address a set of proposed license conditions rather than having to start *de novo*. Nonetheless, the Board has the responsibility and inherent power to determine what license conditions are appropriate.

Several of Applicant's Commitments have been challenged as to adequacy by the Cities and a hearing on their adequacy has been held. In view of the record, the Board is of the opinion that it has sufficient evidence to evaluate each such Commitment individually and determine its adequacy. Moreover, where a Commitment is deemed by the Board to be inadequate there is sufficient evidence to enable the Board to fashion a substitute alternate Commitment. Therefore, the Board is unwilling to decide the matter solely as a package deal. It will accept the responsibility of

considering each Commitment individually and the need for further commitments if a deficiency in relief is demonstrated.

The Board believes that not only must the proposed conditions be examined as a whole, but the impact on competition of particular commitments requires examination in order to make a meaningful evaluation of the proposed relief. Justice and Staff have refused to discuss Commitments individually but look upon them as a package (Tr. 1233-1243). Their position at the Evidentiary Hearing was that they had taken all of the conditions under consideration as a group and, without explaining any evaluation they may have made with respect to these provisions, they would do nothing more than support acceptance of Applicant's summary judgment motions. The threshold question of how particular proposed conditions relate to or affect the public interest was unanswered by Justice and Staff despite the Board's specific requests for this type of assessment.* As a result, the Board was deprived of advice that would have

*The fact that as a part of a settlement agreement Justice and the Staff agreed not to pursue a "prosecutorial role," did not preclude Justice and Staff from explaining how the settlement provides relief for the situation alleged to be inconsistent with the antitrust laws.

been of material assistance. Because of Justice and Staff's position, the Board gives little weight to arguments that this settlement is in the public interest because Justice and Staff accepted it.

In an attempt (futile thus far) to end the proceedings, Applicant has negotiated long and hard with the other parties to reach an agreement which would obviate the need for lengthy discovery and plenary hearings. In fairness to Applicant, the Board should not content itself with denying the Motion for Summary Disposition, but should give the Applicant the benefit of its analysis of the situation and its conclusions as to conditions which it deems appropriate to allow the issuance of a construction permit in the presence of an assumption *arguendo*. To this end, the challenged Commitments will be individually considered and shortcomings therein will be discussed. Thereafter, the Board will present a set of appropriate conditions, fashioned by it, with explanations as to wherein they differ from Applicant's Commitments.

At the Sixth Prehearing Conference (Tr. p. 689-90), during a discussion of the Order to Show Cause why summary disposition should not be granted, nine deficiencies in Applicant's proposed license conditions asserted by the Cities were listed. As a result of the Evidentiary Hearing, during which the Cities addressed the nine areas of alleged inadequacies, the Board has concluded that the proposed license conditions are basically adequate except in three respects:

1. Access to Nuclear Facilities;
2. Transmission "between" and "among";
3. Reserve Sharing.

Other than the three items listed above, Cities have failed to show that further relief is required. This is not to say that the Applicant's Commitments have attempted to provide the maximum or even the optimum opportunity for competition. Nor will the conditions hereinafter fashioned by the Board provide the maximum conceivable possibilities for competition in the sale of power. Rather the Board considers that the latter conditions would provide adequate relief for the situation assumed arguendo.

In presenting their evidence, the Cities did not address themselves seriatim to the nine areas of alleged deficiency. As the hearing progressed, it became apparent that the thrust of their case revolved around several concepts that in some cases apply to one or more of the license conditions and to one or more of the nine deficiencies. Each of these concepts will be discussed in turn.

III. Definition of Entities

On page 4 of the Cities' response of June 17, 1974, to the Applicant's Motion, dissatisfaction is expressed with the fact that, in Applicant's Commitment No. 1, the privately-owned public utilities within the definition of entities are limited to those subject to regulation by both the Louisiana Public Service Commission and the Federal Power Commission. Essentially, the Cities argument centers around the Dow Chemical Company, which is not a public utility but is a private manufacturing concern having a plant in Louisiana. Dow at one time contemplated coordination activities with the Cities and Cajun (Coordination Agreement* dated

*As used herein, the term "coordination agreement" carries no implication as to whether or not such agreement is a legally enforceable contract.

August 6, 1968--Exhibit D, see Stipulation 23). Such coordination depended on the construction of a transmission facility by Cajun (Premises 0.03 and 0.04; Provision 3.01; and Facilities Schedule Section 2 of the Coordination Agreement). The transmission facility does not exist (Tr. 1959); there is no prospect of such facilities existing (Tr. 1959 line 25 to Tr. 1960 line 3). The transmission facilities of Gulf States Utilities Company (Gulf States) which might be in some measure substituted for the transmission facilities contemplated by the said coordination agreement are inadequate to carry the contemplated load (Tr. 2052-2055). The coordination agreement is inactive (Tr. 1960 line 20 to Tr. 1961 line 4). The said agreement, Provision 11.02, permits Dow, upon Notice, to withdraw if the Federal Power Commission, the Louisiana Public Service Commission or any other Federal, state or local governmental agency formally asserts jurisdiction over Dow at any time. The record does not show that Dow is now, ever has been, or ever will be, subject to either the Federal [illegible] Commission or the Louisiana Public Service Commission.

Dow was a party to this proceeding and was permitted to withdraw at its own request (Board Order dated January 7, 1974). Dow has shown little interest in interconnecting with Placquemine since 1968 (Tr. 1289 line 12 to Tr. 1290 line 10). There is no evidence of recent negotiation between Dow and Lafayette or any other entity.

There is no evidence of the existence of any privately-owned electric utility in Louisiana which is subject to one but not both the Louisiana Public Service Commission and the Federal Power Commission.

On the record, a change from "Louisiana Public Service Commission <u>and</u> the Federal Power Commission" to "Louisiana Public Service Commission <u>or</u> the Federal Power Commission" has not been shown to affect competition. The Board does not deem such a change necessary.

As used hereinafter in this Memorandum (unless the context makes such an interpretation clearly inappropriate) the term "entities" shall have the meaning set forth in Applicant's Commitment No. 1.

IV. Access to Waterford

Applicant's Commitment No. 4 grants access to future nuclear generating plants or units in Louisiana in which Applicant may acquire an interest and offers best efforts to obtain access to future nuclear generating facilities owned or operated by an affiliate or subsidiary of Applicant's parent Middle South Utilities, Inc. (Middle South) if Applicant participates therein. This commitment does NOT grant right of access to Waterford.

Waterford is now scheduled to begin operation in 1979 (Tr. 1312 lines 19-22; Tr. 2038 lines 19-21; Tr. 2125 line 13). Applicant's proposed St. Rosalie nuclear generating plant (St. Rosalie) in Louisiana is scheduled to begin operation in 1983 (Cities Exhibit No. 4, third paragraph on page 1; Tr. 2125 line 24). The River Bend nuclear generating plant (River Bend) of Gulf States situated in Louisiana is scheduled to begin operation in the late 1980's (Tr. 1317).

Applicant argues that by coordinated effort, the entities could build their own nuclear facilities. However,

such a facility could not reasonably be expected to be in operation before 1988. Even if a consortium of entities could be devised which could build a relatively economic nuclear unit, probably it would take five years to even get four cities together and establish a program ready for construction (Tr. 1665, lines 12-19). The Atomic Energy Commission has a goal of six years as a period to review and grant an application for a construction permit. If one assumes five years to work out the consortium, zero time for design of plant, six years to obtain a construction permit, three years for construction, and zero time for obtaining an operating license, fourteen years appears to be the minimum for commencement of operation of a plant to be built by a consortium of entities. If this theoretical group started now, operation cannot be expected prior to 1988.

From 1979 until some future date, not earlier than 1983, Waterford can be expected to be the only nuclear generating facility in the State of Louisiana. If no access to Waterford is permitted other entities, Applicant will

have a monopoly of nuclear power generation in Louisiana for an indefinite period, estimated to be no less than four years.

Axiomatically, in any new industry someone must be first. The mere fact of being first, standing alone, is not illegal. However, we do not have to address the question of whether the prospective situation is or is not illegal in the present proceedings. By virtue of the assumption arguendo we can postulate that there are other assumed facts which make this monopoly a situation inconsistent with the antitrust laws or the policies clearly underlying them. The question is: "Does access limited to future nuclear generating facilities constitute an adequate remedy?"

The contention of the Cities can be simply stated as: The lack of right of access to Waterford (1) gives Applicant an unfair competitive advantage due to economies (a) related to nuclear facilities and (b) related to large-scale facilities, and (2) gives Applicant an unfair competitive advantage in the ability to generate power even when plagued by shortages

of fossil fuel (Tr. 960; Tr. 969-973; Tr. 1779; Tr. 2038-2039; Post-Trial Brief for Cities September 5, 1974, pages 18-19).

From the time of the Atomic Energy Act of 1946 to the present, the Congress has been concerned lest small entities be excluded from the economies of large-scale nuclear facilities. During the hearings before the Joint Committee on Atomic Energy, Congress of the United States, Ninety-First Congress, on Prelicensing Review of Nuclear Power Plants (1969-1970) there was concern lest small entities would be at an unfair disadvantage by lack of access to nuclear power facilities due to fossil fuel shortages or to excessively high prices of fossil fuels (Joint Committee Hearings, Part 2, pages 352, 388, and 404). Thus, the Cities' position is essentially that the fears of Congress have come true, so that the remedies provided by law should be applied.

Firstly, Applicant urges that there were no appropriately timely requests for right of access to Waterford and hence the matter is now foreclosed.

Certain it is that there have been few formal requests for right of access to Waterford and there has been no record of meaningful negotiation for such right of access brought to the attention of this Board. There is evidence that the Cities advised Justice of their interest in such access in 1971 (Letter dated August 19, 1971, from counsel for Cities to Justice - Appendix B of a pleading in this proceeding dated July 18, 1974, from counsel for the Cities to the Commission). Apparently, Justice never advised the Applicant of this letter (Cities Exhibit No. 4, page 1, paragraph 2; Tr. 795 line 16 to 796 line 11).

By letter dated July 12, 1972, Robert C. McDiarmid, attorney for the Cities, formally inquired as to possible access to Waterford. By letter of September 5, 1972, Mr. E. A. Rodrigue, President of Applicant, replied; "...this is to advise you that all of the capacity of Waterford Unit No. 3 is already committed" (copies attached to Cities' Petition to Intervene dated October 9, 1972, as part of Appendix C).

The Cities' Petition to Intervene, dated October 9, 1972, was held by the Commission to be a request for access to Waterford (Memorandum and Order of the Commission CLI-73-7, RAI-73-2-48).

At a meeting with entities occurring at least 24 months before August 1974, representatives of Applicant orally stated Waterford was long since committed (Tr. 1048 lines 13-17).

The record reveals why there were so few formal requests and no meaningful negotiations for right of access to Waterford. It would appear that in dealing with others the self-expression of Applicant's representatives is so firm, so resolute, and so unyielding as to cause others to despair of further fruitful discussion or negotiation. Various entities and at least one member of the Staff ? appear to have had this reaction (lines 23-30 on page 2 of the aforesaid letter of August 19, 1971, to Justice from counsel for Cities; Tr. 979 lines 9-11; Tr. 1011-1017; Tr. 1036-1041; Tr. 1054 lines 10-15; Tr. 1228 lines 1-8; Tr. 1229 lines 6-17; Tr. 1244 line 22 to 1245 line 7; Tr. 2032 lines 11-18; and Tr. 2033 lines 11-20).

The various municipalities appear to be well informed as to communications from Applicant to one or more would-be negotiators (see first reference next above; Tr. 979 lines 22-23). Under the outlined circumstances the lack of formal requests for access and absence of further negotiations is easily understandable.

Next to be considered is why the formal request of the Cities in 1972 was deemed by Applicant to be too late. Light is thrown on Applicant's reasoning by the testimony of Mr. Roy C. Lange, General Manager of the City of Monroe Utilities Commission: "If we look back at the record we had a meeting with Mr. Wyatt on the 9th of October, 1972, in which the case of availability, as Mr. Carter said-- it was filled. There just wasn't any space available, and it would take, by necessity, several years of coordinated planning to have space available in a venture such as this." (Tr. 1054 lines 11-15.) When the application for Waterford was filed in 1970, the details required for examination of the application necessitated that the size of the plant be fixed a considerable time prior to the application filing date. In other words, if we accept Applicant's view, a

formal request for access to Waterford would have had been made well in advance of a determination of the size of the plant. To state the proposition differently, the application for access to be timely would have had to be filed considerably before any of the entities had an inkling that Applicant was considering such a plant. When Applicant's position is thus clarified it becomes absurd on its face.

To understand Applicant's arguments with regard to this contention and other contentions which will be discussed hereinafter, it is necessary to point out that Applicant is one of a number of wholly-owned subsidiaries of Middle South (Stipulation No. 7). Middle South has complete control over each of its subsidiaries (Tr. 1572-1573), although the officers of each subsidiary undoubtedly have delegated authority consistent with their responsibility.

By a recent operating agreement among the subsidiaries of Middle South (Cities Exhibit No. 1--received into evidence Tr. 892 lines 18-21), all of the said subsidiaries are coordinated for operation purposes as a single Middle South Pool or System (Tr. 782 line 14 to Tr. 784 line 2). Installation of new generating facilities is decided on a system-wide basis (Tr. 800). Cities Exhibit No. 1 is often referred to

as "the Agreement Among" (Tr. 803 lines 10-15). All power is dispatched over the entire Middle South System by Middle South (Tr. 1092 line 23 to Tr. 1093 line 6). The record shows Middle South System in close coordination under Middle South control (Tr. 1092-1121; Stipulation No. 36).

Waterford was designed and its size was determined prior to the filing of the application for a Construction Permit on December 31, 1970, on the basis of the estimated generation needs, not only of Applicant but also of the entire Middle South System (Tr. 2126-2130, Stipulation 57, 58, and 63).

Applicant strongly urges that to divert any part of the power to be generated by Waterford to one or more of the entities as a result of granting right of access to Waterford as late as 1972 would have disrupted the plans of the Middle South System.

Mr. Meyer, Applicant's Vice President and Chief Engineer, testified that even the current delay of two years in expected completion date has placed Middle South in the position of needing to buy large quantities of power (Tr. 2126-27).

Applicant's second point (which is a restatement in different language of the first point) is that the power from Waterford "is all committed" (Letter from Mr. Rodrigue of September 5, 1972, loc. cit; Tr. 1048 lines 13-17). In pursuing this point, Applicant has been unyielding (see loc. cit. above). By using the term "committed," Applicant means "needed to fill the needs of Middle South" (Tr. 2127-2130). Both points reflect the concept that Waterford was designed to meet the capacity requirements of Middle South and will be needed for this purpose. Hence, there will be no spare power for others. From the standpoint of Applicant, it may make sense for it to firmly reject all requests for access to Waterford. However, it is interesting to note that the above arguments of Applicant in regard to Waterford apply with equal force to St. Rosalie with regard to which Applicant is committed to grant the right of access (Tr. 2129 line 20 to 2130 line 1).

The position of Applicant is inconsistent with the purpose of Section 105c of the Act which authorizes these proceedings. In all cases where conditions are imposed by

courts or administrative bodies to correct antitrust situations, such conditions require behavior contrary to the plans, desires and determination of the party upon whom they are imposed. If access to Waterford is a proper condition to impose in the present proceedings, the facts that Waterford was designed solely for the needs of Middle South and that Applicant and Middle South are unwilling in negotiations with others to relinquish any part thereof should not prevent or deter the imposing of a condition requiring a right of access to Waterford.

A third contention of Applicant is that Lafayette and Placquemine have already made their plans to take care of their loads through the next ten years. By this contention, Applicant means that these two cities have, in Applicant's opinion, no need for access to Waterford. Applicant assumes that Applicant has the right to determine and decide what is appropriate for the cities and other entities. This simply is not the case. If the cities and other entities desire the right of access to Waterford, and if such right to access is needed to correct a situation inconsistent with the antitrust laws, then the right of access to Waterford should be given. Then each entity can decide for itself

whether or not to avail itself of the said right. The fact that entities, up until now denied the right of access to Waterford, have made alternate plans is not material to the issue.

Applicant further argues that the right of access to River Bend satisfies the Cities' need for nuclear power without access to Waterford. There are several reasons why this argument fails.

As has been pointed out already, River Bend will not begin operation until some years after Waterford. Thus, access to River Bend will not cure the monopoly situation during the period prior to startup of River Bend.

The right of access to River Bend is limited to entities "in or within reasonable proximity of Applicant's (Gulf States Utilities Company's) service area in the State of Louisiana" (No. 8 of the Gulf States Commitments--36 F.R. 12374 et seq). While this designation includes the Cities, it does not include all entities in the service area of Applicant or all entities interconnected to Applicant. Therefore, the right of access to River Bend just does not substitute for the right of access for all entities embraced within Applicant's Commitment No. 5.

Most entities interconnected with Applicant and not interconnected with Gulf States have received as yet no right of transmission over Applicant's transmission facilities. The offer of Gulf States expired March 1, 1974, as to those who had not requested participation in River Bend by then (No. 8 of Gulf States Commitments, loc. cit). Many entities which could be entitled to right of access to Waterford have no right of access to River Bend.

Witness Hargis, Special Assistant for Utilities to the Mayor of Lafayette, testified that access to two or more nuclear facilities would provide additional reliability to the Lafayette system (Tr. 1948-1950). If one nuclear plant were inoperative or delayed, the City would still be able to obtain some nuclear energy from the other plant. Moreover, the Board believes that access to more than one plant may provide entities in Louisiana with a degree of bargaining flexibility with respect to the terms and conditions upon which such access is to be provided.

Furthermore, the commitments made by Gulf States with regard to River Bend cannot relieve the situation covered

by the assumption arguendo. The assumption arguendo must be remedied by commitments of Applicant. Applicant cannot be permitted to maintain an anticompetitive situation merely because Gulf States is offering access to River Bend. Gulf States is not a whipping boy for Applicant.

On page 4 of Applicant's Posthearing Brief, the further question of lack of nexus is raised. This is an inappropriate argument here since the presence of nexus is part of the assumption arguendo. If there were no nexus, then there could be no situation created or maintained by activities under the license.

Finally, Applicant relies on testimony of Mr. Burroughs (Tr. 1884) that the City of Lafayette does not need power, nuclear or otherwise, from Applicant in order for the City of Lafayette to compete with Applicant (Applicant's Posthearing Brief, page 14). The City of Lafayette has survived by operating without power from Applicant. The fact that in Mr. Burroughs' opinion Lafayette can continue to so survive, does not answer the question as to whether

refusal of access to Waterford would create a situation inconsistent with the antitrust laws by unduly limiting competition. Illegal activities do not become legal merely because they are directed against a successful competitor: Utah Pie Co. v. Continental Baking Co. 386 U.S. 685; 18 LEd 2d 406; 87 S. Ct. 1826.

As a general rule, where the granting of a construction permit for a nuclear facility would create or maintain a situation inconsistent with the antitrust laws or the policy clearly underlying such laws, a condition providing for the right of access to that same nuclear facility is deemed an appropriate remedy, absent cogent reasons to the contrary. In response to the show cause order, under the assumption arguendo, the Cities have demonstrated a need for right of access to Waterford, and a careful study of Applicant's reasons for denying access to Waterford fails to reveal a sound basis for departing from the general rule. Therefore, Applicant's Commitment No. 4 is deemed an inadequate condition.

V. The Form of Access

The forms of access to nuclear facilities at issue in these proceedings are (1) "unit power" or the sale of an agreed-upon block of power from a nuclear facility at cost to the seller (cost in the electrical industry includes a reasonable return on investment); and (2) "joint ownership" or equity participation in some agreed-upon ratio in the ownership of the facility with the right to take power from the facility in the same ratio. In both of these forms of access, the buyer (unit purchaser or joint owner) only gets power when the nuclear facility is in operation. During scheduled shut-down for maintenance and unscheduled shut-down for other reasons, the buyer gets no power because of access to the nuclear facility. Accordingly, the buyer must make arrangements to obtain back-up power generated by other facilities when the nuclear facility is shut down. Moreover, the cost of transmitting the power from the nuclear facility to the buyer is for the account of the buyer in both types of access.

In some instances, it can be argued that the sale of firm bulk power (wholesale power) is an adequate form of access. The price of firm bulk power reflects the average cost of power for the entire system of the seller. The cost of power from a nuclear plant owned by the seller would be included in the average. In the sale of firm bulk power, the seller must supply the power regardless of shutdowns, scheduled or unscheduled. In other words, the cost of backup power and the obligation to supply it is factored into the price. Transmission cost over seller's system is also factored into the price of firm bulk power. One situation in which the sale of firm bulk power might be considered adequate access to nuclear power would be a situation in which all or substantially all of seller's power is generated by nuclear units. This third possible type of access has been mentioned for the sake of completeness. It is not urged by any party to these proceedings and it will not be further discussed.

In Applicant's Commitment No. 4, access is offered in the form of unit power. As an excuse for not offering joint

ownership, Applicant argues certain contingencies which might arise under Louisiana law, which is alleged to be different from the law in most other states. (Tr. 849-857; Tr. 2089-2093; Tr. 2107-2108.)

The Cities and other entities seek joint ownership. Their argument is that the cost of money is less to municipalities than to privately-owned utilities and that freedom of municipalities from various forms of taxation also lower the overall cost of ownership to them versus cost of ownership to Applicant (Tr. 973 line 21 to Tr. 974 line 10; Tr. 1749-1751).

The question of the appropriate form of access was given considerable coverage during the Hearings of the Joint Committee on Atomic Energy, herein-before identified. The consensus appears to be that, while in specific cases it may be desirable to require joint ownership, in general access either in the form of unit power or of joint ownership is adequate (Joint Committee Hearings, Part 1, pages 75, 128, 134 and 147; Part 2, pages 361, 409-410, 429). The only special circumstances mentioned as probably requiring

joint ownership was in the case where there was already a joint venture which deliberately excluded some potential participants (Joint Committee Hearings, Part 1, page 134).

Turning now to the decisions of courts and administrative tribunals, this Board has found no case where the sole owner owner of a facility has been required to enter a joint venture with a competitor. Certainly, no such case has been cited to the Board.

Counsel for Cities cites United States v. Terminal Railroad Association of St. Louis, 244 U.S. 390 (1912). This case is one in which members of a joint venture had illegally refused to permit others to participate. In another proceeding, the Vermont Public Service Board ordered the members of a joint venture in a nuclear facility to permit others to invest in the corporation (Joint Committee Hearings, Part 2, page 415). In both of the instances, a joint venture already existed. Thus, neither the Hearings of the Joint Committee on Atomic Energy nor the decided cases support the Cities position that a sole owner of a facility must enter into a joint venture with competitors or any other entity.

The Cities position is now considered on its merits, without regard to precedent. It is certainly true, we believe that joint ownership will be a less expensive form of access for the Cities than unit power. The savings is merely a monetary advantage to the Cities based on tax advantage and is not a savings of resources. If unit power is the form of access employed, the Applicant and the public-owned entities have essentially equal cost; while joint ownership form of access would give the latter a cost advantage.

The purpose of injunctive relief in an antitrust situation is not to punish the party to which the injunction is directed, but is to remedy an imbalance in competition. Similarly in the present proceedings, the purpose of conditions to the proposed license is neither to punish the Applicant nor to place Applicant at a competitive disadvantage versus other entities. The purpose of conditions is to prevent activities under the license from unduly hindering competition. Access in the form of unit power is adequate to accomplish that purpose since it places on a competitive basis Applicant and entities having access to Applicant's facilities.

Based on legislative history, on legal precedent and on our independent assessment, access to nuclear power in the form of unit power is deemed adequate in the Commitment under consideration.

In view of the above conclusion, the Board has not attempted to construe the laws of Louisiana concerning joint ventures.

VI. Adequacy of Transmission Commitment

Applicant's Commitment No. 5 provides for transmission between two entities in the State of Louisiana interconnected with Applicant; with Arkansas Power and Light Company, Mississippi Power and Light Company, or Mississippi Power Company; or interconnected with an entity or member of the Southwest Power Pool which is interconnected with Applicant.

The key words dealt with in the discussion below are "between two entities." The question is whether "between" and "two" unduly limit the Commitment.

The Wyatt affidavit explaining this Commitment No. 5 makes it clear that the transmission services offered are between two (2) entities and not three or more entities (paragraph 1 on page 9). Paragraph 1 does not clearly define "between." The second paragraph on page 9 of the

Wyatt affidavit gives an example which clarifies "between" to mean "from A to B."

Applicant has negotiated with members of LMAUG a form of coordination agreement which includes, as Schedules F and F-I, the terms of transmission services offered by Applicant to these municipalities (Cities Exhibit 2--received into evidence Tr. 1707 line 14 to Tr. 1708 line 10). An agreement with the City of Thibodaux following this form has been executed (Cities Exhibit 2A--received into evidence Tr. 892 lines 18-21). These Exhibits were offered by the Cities as evidence of the alleged inadequacy of Commitment No. 5. The Exhibits are not the only coordination agreements which Applicant may execute and hence do not necessary prove either the adequacy or inadequacy of Commitment No. 5. However, a consideration of how Schedules F and F-I are construed does help to reach an understanding of the scope of "between" as used in Commitment No. 5. Moreover, the third paragraph of page 9 of the Wyatt affidavit refers to "Service Schedule F--Transmission Services" for a fuller understanding of how such transmission service is to be accomplished.

The testimony of Jack M. Wyatt coincides with the affidavit in explaining "between" as used in Transmission Schedule F. It means transmission "from A to B and only from A to B" (Tr. 864 lines 10-20). Schedule F definitely so states (Schedule F page 5 line 6). Schedule F-I also so states (Schedule F-I page 3 lines 10-11).

If two small entities wish transmission from A to B and from B to A they must execute two contracts and and pay two transmission charges (Schedule F page 5 lines 6-7; Schedule F-I, page 3 lines 11-12). This can be expressed mathematically as two permutations taken two at the time ($P\frac{2}{2}$) which is 2 X 1 = 2 transmission charges. For three entities--the expression is $P\frac{3}{2}$ -- 3 X 2 or six transmission charges. For four entities--$P\frac{4}{2}$ -- 4 X 3 or 12 transmission charges. For five entities--$P\frac{5}{2}$ -- 5 X 4 or 20 transmission charges.

Testimony at Tr. 1182 line 16 to Tr. 1183 line 9, appears to indicate that line 8-19 on page 5 of Schedule F will permit transmission "among" two entities (i.e., transmission in either direction) for a single transmission charge. However, accepting this interpretation, it does not change the definition of "between" in Commitment No. 5.

Lines 7-11 of page 1 of Schedule F call for transmission "between" entities and ties in with lines 5-8 of page 5 of Schedule F. The transmission "among" is an additional contractual provision (lines 11-20 of page 1 of Schedule F. "In addition,....) which provision ties in with lines 8-19 on page 5 of Schedule F. Accordingly, this contractual concession permitting transmission in either direction for a single transmission charge is over and above the requirement of Commitment No. 5 and can have no influence on the adequacy of Commitment No. 5. Also Commitment No. 5 and the Schedules F and F-I are limited to two entities thus foreclosing transmission among three or more entities.

The peak load demand of thirty municipals and fourteen electric cooperatives in Louisiana tabulation in Stipulation No. 2, (Stipulation received into evidence Tr. 1589 lines 10-11), shows none with a demand over 140 MW except Cajun (407.9); and none over 100 MW except Cajun, Southwest Louisiana (115.5 MW), Lafayette (120.3 MW) and Monroe (115.5 MW) for the year 1972. There can be coordination between two entities (Tr. 1715 lines 12-18; Stipulation No. 41). However, with such small entities, usually the

advantages of coordination will require the use of transmission among three to five or more (Tr. 1715, line 19 to Tr. 1716 line 1; Stipulation No. 40). Commitment No. 5 as explained by the Wyatt affidavit would require the payment of 6 to 20 or more transmission charges.

Applicant has consistently taken the position that it would not transmit "among" because such an action would make it a common carrier of electricity and "we do not believe that we could operate in this posture" (Tr. 1228 lines 1-8; Tr. 1244, line 18 to Tr. 1245 line 7).

Transmission "among" simply means transmission from any member of a coordinating group to any other member of such group. No engineering basis is found for Applicant's belief that "we could not operate in this posture." Nor is there any basis for the Applicant's position that transmission "among" would make Applicant a common carrier.

There is evidence to the contrary on the question of operability. Antitrust Commitment No. 5 of Mississippi Power and Light Company, acting for itself and as an agent for Middle South Energy, Inc., with regard to Grand

Gulf Nuclear Station No. 1 (Docket No. 50-414), Construction Permit No. CPPR-118 (38 F.R. 14877) commits licensee to transmission "between or among." (In the present context, no difference is seen between the expression "among" and "between or among.") Since this commitment will actually be carried out by Middle South as will any Commitment of Applicant, it is apparent that Middle South can and is prepared to transmit power "among" municipalities.

The Common Carrier argument also fails. Commitment No. 5 of Mississippi Power and Light Company requires transmission "between or among." If transmission "among" constitutes being a common carrier, then Middle South is now or soon will be a common carrier, and a similar commitment by Applicant will not change the situation. Moreover, if transmission "among" is needed to achieve an adequate remedy, and if transmission "among" will make Applicant a common carrier, the stated result is no reason for failing to impose said adequate remedy.

Assuming without deciding that Applicant's transmission rate is reasonable per se, the payment of 6 to 20 or more

transmission charges by a single group of entities is deemed unreasonable.

The limitation of "between two entities" in Applicant's Commitment No. 5 is not an adequate provision designed to permit coordination (both operation and development) sufficient to overcome a situation inconsistent with the antitrust laws. A change from "between" to "among" will correct this deficiency.

As a second objection to Commitment No. 5, the Cities urge that the transmission rate set forth in Cities Exhibit 2A is so high as to substantially frustrate coordination between and among entities in Louisiana. Cities have not presented adequate evidence in support of this contention. In fact, expert witnesses for the Cities were not able to so testify (Tr. 1462 line 18 to Tr. 1463 line 17).

The Board's position is two-fold. Firstly, supervision over rates is the particular province of the Federal Power Commission and the Board is neither qualified nor authorized to pass on the appropriateness of transmission rates. Hence, the Board will not rule on the appropriateness per se of the

rate in Cities Exhibit 2A. Secondly, the Board did hear and weigh evidence, including rates in said exhibit, to determine whether or not Applicant's behavior in establishing such rates indicates an attempt to substantially frustrate its commitment. On the evidence presented, the Cities have failed to prove that the establishment of the transmission rate, per se, is behavior of the Applicant designed to or effective to frustrate Commitment No. 5 (Tr. 1466 lines 3-5; Tr. 1622 line 2 to 1625 line 9). This contention of the Cities is rejected.

VII. Reserve Sharing

The question of the possibility of entities being required to pay for facilities to be owned by Applicant in the event that an existing interconnection requires modification to provide an increased load was explored at great length during the hearing (Tr. 1684-1705). The discussion revolved around interpretation of Article V of Cities Exhibit 2A. This Article is an attempt to effectuate Commitment No. 2. Counsel for Applicant indicated at Tr. 1684 his intention of tying down "something that has been confusing everybody in this case, except LP&L, for

two years now,...." This something was the interpretation of "the principles established in Gainsville v. Florida Power Corporation 40 FPC 1227, 41 FPC 4 (1969), affirmed 402 US 515 (1971)" incorporated in Commitment No. 2 (Tr. 1685 line 1). After extensive cross-examination, Applicant's counsel dropped the matter without clarification (Tr. 1705 lines 20-23).

The reference to the Gainsville principles in Commitment No. 2 is so confusing as to make the commitment uncertain. The Board has been unable to understand this terminology, and has urged the parties to use language not dependent on opinion as to principles of the Gainsville case (Tr. 638 lines 10-16; 644 lines 3-11). Counsel for Cities does not understand it (Tr. 374 line 15 to 375 line 9). No one understood it except Applicant (Tr. 1684 lines 22-25). Even counsel for Applicant does not fully understand it (Tr. 370 lines 7-14). License conditions should not be drafted in terms which invite and provoke controversy. Accordingly, in the judgment of the Board Commitment No. 2 is not adequate to accomplish the purpose for which it was intended.

VIII. Other Areas of Alleged Deficiency

The Cities have raised a number of points wherein the Applicant's Commitments are alleged to be inadequate. For example, the Cities argue that Applicant should be required to enter into coordinated development with entities but the Cities have failed to show cause why this must be so. Condition 5 (Commitment No. 5 as amended) of Schedule B will permit coordinated development among the entities and hence will adequately remedy the situation assumed arguendo with respect to coordinated development.

All of the evidence and pleadings have been considered. As to points raised by any party not discussed in detail in this memorandum, such points are deemed to be inadequately supported by the record or immaterial to the issues reviewed.

IX. Adequate License Conditions

Conditions set forth in Schedule E attached hereto would, in the judgment of the Board, be adequate to prevent activities under the proposed license from creating or maintaining a situation inconsistent with the antitrust laws or the policies clearly underlying such laws. The

conditions have not been prepared *de novo* by the Board. To the extent that Applicant's Commitments are deemed adequate the language of such Commitments has been retained intact.

To assist the parties in understanding new language, wherever feasible there has been employed the language used in the Commitments of Mississippi Power and Light Company (see Construction Permit CPPR-118, 38 F.R. 14877). Since the latter is a wholly-owned subsidiary of Middle South and in that sense a sister company of Applicant, both Middle South and Applicant have available the advice of Mississippi Power and Light Company as to appropriate interpretations of such language. Also, both Justice and Staff are familiar with, understand, and have agreed to such language in the Mississippi Power and Light Company proceedings.

To a limited extent new language has been employed by the Board and the purpose thereof will be explained.

In Schedule B, Condition 1a is identical with Commitment No. 1 of Schedule A.

In Schedule B, Condition 1b is copied verbatim from Commitment No. 1d. of Construction Permit CPPR-118 with

appropriate changes in designation of person and place. This provision has been added to Schedule B so as to more clearly set forth cost principles applicable to the other conditions, especially Condition 2 where reference to "Gainsville principles" has been deleted.

In Schedule B, Condition 2a is derived from Commitment No. 2 of Schedule A with the following changes:

> The deletions and insertion of line 1 of Condition 2a have been made to make it clear that the interconnection shall be appropriately forthcoming and shall not be denied because of alleged failure of the other party to make a formal request or a timely request. In other words, Applicant shall not conduct itself as the "schoolboy creeping like snail unwillingly to 'interconnection'."
>
> The deletions of the passages incorporating by reference the Gainsville principles have been made to remove from this condition vagueness and uncertainties tending to provoke much dispute. In lieu thereof, there has been inserted Condition 1b

already mentioned, and Condition 2 paragraphs 2b, 2c, 2d, 2e, and 2f, all taken verbatim from Commitment No. 2 of CPPR-118, with appropriate changes in designation of person and place.

In Schedule B, Condition 3 is identical with Commitment No. 3 of Schedule A.

In Schedule B, Condition 4 is the same as Commitment No. 4 of Schedule A except for the insertion in two places of access to Waterford, a change in the old footnote (*) and the addition of a new footnote (**).

The insertion of access to Waterford has already been adequately discussed.

The change in footnote (*) is a clarification of obvious import.

Footnote (**) has been added as a result of the evidentiary hearing. It has been made apparent that a party desiring right of access to nuclear facilities will need to make a feasibility study to determine whether or not such right should be exercised (Tr. 996-999; Tr. 1318 line 23 to 1319 line 2; Tr. 1662; Tr. 1711). This will take about six months (Tr. 1781; Tr. 1835; Tr. 2104-2105). Moreover, before

a firm commitment can be made by a municipality, an election may be required (Tr. 1049 lines 7-13 and 20-24). For the latter step, a period of six months appears realistic. The feasibility study cannot be made until sufficient financial data has been supplied by Applicant (Tr. 998 lines 10-16; Tr. 999 lines 6-11). From these facts the need for a one-year period after receipt of said financial data emerges.

In the letter from Applicant to Placquemine dated August 8, 1974, (Cities Exhibit No. 4) responsive to an inquiry as to access to St. Rosalie, Applicant omitted basic cost data which would permit a feasibility study and, in the absence of such data, required a firm commitment from Placquemine in less than five months. Applicant's conduct has convinced the Board of a need to amplify this Condition so as to provide a realistic right of access.

In Schedule B, Condition 5 is the same as Commitment No. 5 of Schedule A except that "between two entities" has been changed to "among entities." The purpose of this

change is to prevent multiple transmission charges for transmission of a contracted transmission entitlement among a coordinating group of two or more entities. To make the purpose of this change free from doubt, a clarifying sentence has been added.

In Schedule B, Conditions 6 and 7 are identical with Commitments No. 6 and No. 7 in Schedule A.

The Conditions in Schedule B were fashioned to provide an adequate remedy in the recent proceeding based on the record herein. It is of interest to note that the Conditions in Schedule B are comparable to and no more burdensome than those accepted by Applicant's sister company in Mississippi (38 F.R. 14877) and to those accepted by Applicant's competitor and alleged co-conspirator, Gulf States in Louisiana (39 F.R. 12374).*

This action of the Board is a Memorandum and not an Order. It is permissive only and requires no action by any party. Should Applicant elect to accept the Conditions

*Neither the Conditions of Schedule B nor those of 38 F.R. 14877 nor those of 39 F.R. 12374 are deemed to be ideal or even model conditions. Conditions in each case should be tailored to fit the situations of that case.

of Schedule B as a substitute for the Commitments of Schedule A, this Board would be in a position to advise the Commission that, insofar as antitrust matters are concerned, a construction permit with the Conditions of Schedule B can be issued promptly. Should Applicant advise the Board that it elects not to accept such Conditions or should Applicant take no action in the premises by December 1, 1974, the Board will call a prehearing conference to discuss the completion of discovery, and to set dates for a plenary hearing.

THE ATOMIC SAFETY AND
LICENSING BOARD

George R. Hall, Member

Douglas V. Rigler, Member

Hugh K. Clark, Chairman

Issued at Bethesda, Maryland
this 24th day of October, 1974

Appendix 8

SCHEDULE A

LOUISIANA POWER & LIGHT COMPANY

WATERFORD NUCLEAR UNIT NO. 3

AEC DOCKET NO. 50-382A

1. As used herein, "entity" shall mean any municipality, rural electric cooperative, public or private corporation, governmental agency such as TVA and Southwest Power Administration, or lawful association of any of the foregoing (a) which lawfully exists and owns and operates or proposes in good faith to own or operate facilities for generation of electric power and energy; (b) which, with exception of municipalities, rural electric cooperatives and governmental agencies, is or will upon commencement of operations be a public utility (or in the case of an association each member thereof, excepting municipalities, rural electric cooperatives and governmental agencies, is a public utility) under the law of Louisiana and the Federal Power Act and provides or upon commencement of operations will provide electric service under contracts or rate schedules on file with and subject to regulation of the Louisiana Public Service Commission and the FPC; and (c) with which Company has or may feasibly have a physical interconnection within the state of Louisiana.

For the purposes of paragraphs 5 and 6 hereof, any person who would otherwise qualify as an "entity" herein above except for not meeting the requirements of 1(a) shall be considered an "entity" if that person owns or operates or proposes in good faith to own or operate facilities for generation, transmission and/or distribution of electric power and energy.

Appendix 8

2. If requested to do so, the Company will interconnect and share reserves on an equalized percentage reserve basis in accordance with the principles established in Gainesville v. Florida Power Corporation, 40 FPC 1227, 41 FPC 4 (1969), affirmed 402 U.S. 515 (1971) with any entity in Louisiana which engages in or proposes to engage in electric generation and or bulk power purchases on terms that will provide for the Company's costs, under Gainesville principles and allow the other participant(s) full access to the benefits of reserve sharing coordination, and in addition, shall include but not be limited to emergency service, scheduled maintenance service, and establishing reserves. Such interconnection shall be at a voltage and capacity requested by such entity whenever it is economically feasible for the parties.

3. The Company will purchase (when needed) or sell (when available) "unit power" or "deficiency power" at mutually agreed upon delivery points on or adjacent to its transmission system from or to any entity engaging in or proposing to engage in electric generation and or bulk power purchases at the cost (including a reasonable return) of new power supply, as distinguished from average system cost, when such transaction would serve to reduce the overall cost of new bulk power supply for itself and the other participant to the transaction.

4. With respect to any future nuclear generating plant or unit of the Company, or any plant or unit in which the Company may acquire an interest in Louisiana, any entity that expresses an interest in participation will be offered (1) for any future nuclear generating plant or unit of the Company, the opportunity to have access to a portion of the plant or unit capacity, or (2) with respect to any plant or unit in which the Company may acquire an interest, the opportunity to have access to a portion of the plant or unit capacity to the extent the Company is able; in either event, upon the basis of a rate that will recover to the Company the average fixed costs (including a reasonable return) of the plant or unit or the Company's interest in any plant or unit.* The entity receiving such power will pay the associated energy, maintenance, and operating costs incurred for the power it receives. In connection with this access, the Company will also offer transmission service to the geographic extent of its then existing transmission system for delivery of such power to such purchasing entity on a basis that will fully compensate the Company for its transmission costs (including a reasonable return).

In the event that during the term of the instant license, or any extension or renewal thereof, the Company participates in the ownership of or obtains rights to, and obligations in, a portion of the output of one or more nuclear generating units constructed, owned or operated by any affiliate or subsidiary of the Middle South Utilities System other than the Company or by any successor in title to the Waterford Nuclear Unit, the Company shall exert its best efforts to obtain participation in such nuclear unit by any entity(ies)

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*Nothing herein shall be deemed to exclude the participation of an entity through a prepaid unit power basis should such participation be economically, technically and legally feasible.

in the State of Louisiana requesting such participation on terms equivalent to the terms of the Company's participation therein. In connection with such participation, the Company will also offer transmission service to the geographic extent of its then existing transmission system for delivery of such power to such purchasing entity on a basis that will fully compensate the Company for its transmission costs (including a reasonable return).

For the purposes of this paragraph, any person who would otherwise qualify as an "entity" except for the lack of a physical interconnection with the Company shall be considered an "entity" if that person is or will be interconnected with an "entity" or member of the Southwest Power Pool which is interconnected with the Company.

5. The Company shall transmit power and energy over its transmission facilities between two entities in the State of Louisiana with which it is interconnected and has or will have a transmission schedule in effect. In addition, for any entity with whom Company is interconnected, the Company will transmit to or from that entity's then existing interconnection with the Company, power delivered to the Company by another entity (or from the Company to another entity) whose transmission facilities adjoin those of the Company, provided (1) there is or will be a transmission schedule in effect, and (2) the arrangements reasonably can be accommodated from a functional and technical standpoint. The transmission of such power and energy shall be at a rate that will fully compensate the Company for its costs (including a reasonable return) for the use of its system. Any entity requesting such transmission arrangements shall give reasonable advance notice of its schedule and requirements. (The foregoing applies to any entities to which the Company may be interconnected in the future as well as those to which it is now interconnected.)

The Company shall include in its planning and construction program sufficient transmission capacity as required for the transactions referred to in the above paragraph, and in those instances where such transactions are consummated, a transmission schedule(s) shall be placed in effect; provided that any entity in the State of Louisiana give the Company sufficient advance notice as may be necessary to accommodate its requirements from a functional and technical standpoint and that such entity fully

compensates the Company for its cost (including a reasonable return). The Company shall not be required to construct transmission facilities which will be of no demonstrable present or future benefit to the Company.

For the purposes of this paragraph, (1) any person in the State of Louisiana who would otherwise qualify as an "entity" except for the lack of a physical interconnection with the Company shall be considered an "entity" if that person is or will be interconnected with an "entity" or member of the Southwest Power Pool which is interconnected with the Company; and (2) Arkansas Power and Light Company, Mississippi Power and Light Company, and Mississippi Power Company, or any successor thereof, shall also be considered "entities."

6. The Company will enter into arrangements mutually agreed upon for the sale of power and energy under its effective [rate schedule] tariffs to any entity that owns an electric distribution system and has or may feasibly have a physical interconnection within the State of Louisiana. In connection with such arrangements, the Company shall not be required to construct facilities which will be of no demonstrable present or future benefit to the Company.

7. It is recognized that the foregoing conditions are to be implemented in a manner consistent with the provisions of the Federal Power Act to the extent applicable, and all rates, charges or practices in connection therewith are to be subject to the approval of regulatory agencies having jurisdiction over them.

SCHEDULE B

LOUISIANA POWER & LIGHT COMPANY

WATERFORD NUCLEAR UNIT NO. 3

AEC DOCKET NO. 50-382A

1.a. As used herein, "entity" shall mean any municipality, rural electric cooperative, public or private corporation, governmental agency such as TVA and Southwest Power Administration, or lawful association of any of the foregoing (a) which lawfully exists and owns and operates or proposes in good faith to own or operate facilities for generation of electric power and energy; (b) which, with exception of municipalities, rural electric cooperatives and governmental agencies, is or will upon commencement of operations be a public utility (or in the case of an association each member thereof, excepting municipalities, rural electric cooperatives and governmental agencies, is a public utility) under the law of Louisiana and the Federal Power Act and provides or upon commencement of operations will provide electric service under contracts or rate schedules on file with and subject to regulation of the Louisiana Public Service Commission and the FPC; and (c) with which Company has or may feasibly have a physical interconnection within the state of Louisiana.

For the purposes of paragraphs 5 and 6 hereof, any person. who would otherwise qualify as an "entity" herein above

except for not meeting the requirements of 1(a) shall be considered an "entity" if that person owns or operates or proposes in good faith to own or operate facilities for generation, transmission and/or distribution of electric power and energy.

b. "Cost" means any operating and maintenance expenses involved together with any ownership costs which are reasonably allocable to the transaction consistent with power pooling practices (where applicable). No value shall be included for loss of revenues from sale of power at wholesale or retail by one party to a customer which another party might otherwise serve. Cost shall include a reasonable return on the Company investment. The sale of a portion of the capacity of a generating unit shall be upon the basis of a rate that will recover to the seller the pro rata part of the fixed costs and operating and maintenance expenses of the unit, provided that, in circumstances in which the Company and one or more entities in Louisiana take an undivided interest in a unit in fee, construction costs and operation and maintenance expenses shall be paid pro rata.

2.a. ~~If-requested-to-do-so,-the~~ The Company ~~will~~ shall interconnect and share reserves on an equalized percentage reserve basis ~~in-accordance-with-the-principles-established in-Gainesville-v.-Florida-Power-Corporation,-40-FPC-1227, 41-FPC-4-(1969),-affirmed-402-U.S.-515-(1971)~~ with any entity in Louisiana which engages in or proposes to engage in electric generation and or bulk power purchases on terms that will provide for the Company's costs, ~~under Gainesville-principles~~ and allow the other participant(s) full access to the benefits of reserve sharing coordination, and in addition, shall include but not be limited to emergency service, scheduled maintenance service, and establishing reserves. Such interconnection shall be at a voltage and capacity requested by such entity whenever it is economically feasible for the parties.

b. Emergency service and/or scheduled maintenance service to be provided by each party shall be furnished to the fullest extent available from the supplying party and desired by the party in need. The Company and each party(ies) shall provide to the other emergency service and/or scheduled maintenance service if and when available from its own generation and from generation of others to the extent it can do so without impairing service to its customers including other electric systems to whom it has firm commitments.

c. The Company and the other party(ies) to a reserve sharing arrangement shall from time to time jointly establish the minimum reserves to be installed and/or provided under contractual arrangements as necessary to maintain in total a reserve margin sufficient to provide adequate reliability of power supply to the interconnected systems of the parties. If the Company plan their reserve margin on a pooled basis with other Middle South System companies, the reserves jointly established hereunder shall be on the same basis. Unless otherwise agreed upon, minimum reserves shall be calculated as a percentage of estimated peak load responsibility. No party to the arrangement shall be required to maintain greater reserves than the percentage of its estimated peak load responsibility which results from the aforesaid calculation, provided that, if the reserve requirements of the Company are increased over the amount the Company would be required to maintain without such interconnection, then the other party(ies) shall be required to carry or provide for as its (their) reserves the full amount in kilowatts of such increase.

d. The parties to such a reserve sharing arrangement shall provide such amounts of ready reserve capacity as may be adequate to avoid the imposition of unreasonable demands on the other in meeting the normal contingencies of

operating its system. However, in no circumstances shall the ready reserve requirement exceed the installed reserve requirement.

e. Interconnections will not be limited to low voltages when higher voltages are available from the Company's installed facilities in the area where interconnection is desired, when the proposed arrangement is found to be technically and economically feasible. Control and telemetering facilities shall be provided as required for safety and prudent operation of the interconnected systems.

f. Interconnection and coordination agreements shall not embody any restrictive provisions pertaining to intersystem coordination. Good industry practice as developed in the area from time to time (if non-restrictive) will satisfy this provision.

3. The Company will purchase (when needed) or sell (when available) "unit power" or "deficiency power" at mutually agreed upon delivery points on or adjacent to its transmission system from or to any entity engaging in or proposing to engage in electric generation and or bulk power purchases at the cost (including a reasonable return) of new power supply, as distinguished from average system cost, when such transaction would serve to reduce the overall cost of new bulk power supply for itself and the other participant to the transaction.

4. With respect to Waterford Nuclear Unit No. 3 and any future nuclear generating plant or unit of the Company, or any plant or unit in which the Company may acquire an interest in Louisiana, any entity that expresses an interest in participation will be offered (1) for Waterford Nuclear Unit No. 3 and for ~~(1) for~~ any future nuclear generating plant or unit of the Company, the opportunity to have access** to a portion of the plant or unit capacity, or (2) with respect to any plant or unit in which the Company may acquire an interest, the opportunity to have access** to a portion of the plant or unit capacity to the extent the Company is able; in either event, upon the basis of a rate that will recover to the Company the average fixed costs (including a reasonable return) of the plant or unit or the Company's interest in any plant or unit.* The entity receiving such

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** "The opportunity to have access" shall be for a period of one year after the Company has provided to each enquiring entity financial data, which is in the opinion of the Regulatory Staff of the Commission is sufficient to enable such entity to make a feasibility study as to participation. The Company shall provide such financial data as soon as reasonably feasible after receiving an inquiry. As to any entity or some or all entities in Louisiana the Company can start the running of the aforesaid one year period by supplying to it or them, without waiting for an inquiry, the aforesaid financial data.

* Nothing herein shall be deemed to exclude the participation of an entity through a prepaid unit power basis should such participation be economically, technically and legally feasible. Moreover, nothing herein shall exclude participation of an entity on a joint venture basis if the Company shall in its sole discretion decide to enter into such a joint venture.

power will pay the associated energy, maintenance, and operating costs incurred for the power it receives. In connection with this access, the Company will also offer transmission service to the geographic extent of its then existing transmission system for delivery of such power to such purchasing entity on a basis that will fully compensate the Company for its transmission costs (including a reasonable return).

In the event that during the term of the instant license, or any extension or renewal thereof, the Company participates in the owne[illegible] of or obtains rights to, and obligations in, a port[illegible] of the output of one or more nuclear generating units constructed, owned or operated by an affiliate or subsidiary of the Middle South Utilities System other than the Company or by any successor in title to the Waterford Nuclear Unit, the Company shall exert its best efforts to obtain participation in such nuclear unit by an entity(ies) in the State of Louisiana requesting such participation on terms equivalent to the terms of the Company's participation therein. In connection with such participation, the Company will also offer transmission service to the geographic extent of its then existing transmission system for delivery of such power to such purchasing entity on a basis that will fully compensate the Company for its transmission cost (including a reasonable return).

For the purposes of this paragraph, any person who would otherwise qualify as an "entity" except for the lack of a physical interconnection with the Company shall be considered an "entity" if that person if or will be interconnected with an "entity" or member of the Southwest Power Pool which is interconnected with the Company.

5. The Company shall transmit power and energy over its transmission facilities among entities in the State of Louisiana with which it is interconnected and has or will have a transmission schedule in effect. For each coordinating group of entities there shall be a single transmission charge. In addition, for any entity with whom Company is interconnected, the Company will transmit to or from that entity's then existing interconnection with the Company, power delivered to the Company by another entity (or from the Company to another entity) whose transmission facilities adjoin those of the Company, provided (1) there is or will be a transmission schedule in effect, and (2) the arrangements reasonably can be accommodated from a functional and technical standpoint. The transmission of such power and energy shall be at a rate that will fully compensate the Company for its costs (including a reasonable return) for the use of its system. Any entity or group of entities requesting such transmission arrangements shall give reasonable advance notice of its schedule and requirements. (The foregoing applies to any entities to which the Company may be interconnected in the future as well as those to which it is now interconnected.)

The Company shall include in its planning and construction program sufficient transmission capacity as required for the transactions referred to in the above paragraph, and in those instances where such transactions are consummated, a transmission schedule(s) shall be placed in effect; provided that any entity in the State of Louisiana give the Company sufficient advance notice as may be necessary to accommodate its requirements from a functional and technical standpoint and that such entity fully compensates the Company for its cost (including a reasonable return). The Company shall not be required to construct transmission facilities which will be of no demonstrable present or future benefit to the Company.

For the purposes of this paragraph, (1) any person in the State of Louisiana who would otherwise qualify as an "entity" except for the lack of a physical interconnection with the Company shall be considered an "entity" if that person is or will be interconnected with an "entity" or member of the Southwest Power Pool which is interconnected with the Company; and (2) Arkansas Power and Light Company, Mississippi Power and Light Company, and Mississippi Power Company, or any successor thereof, shall also be considered "entities."

6. The Company will enter into arrangements mutually agreed upon for the sale of power and energy under its effective [rate schedule] tariffs to any entity that owns an electric distribution system and has or may feasibly have a physical interconnection within the State of Louisiana. In connection with such arrangements, the Company shall not be required to construct facilities which will be of no demonstrable present or future benefit to the Company.

7. It is recognized that the foregoing conditions are to be implemented in a manner consistent with the provisions of the Federal Power Act to the extent applicable, and all rates, charges or practices in connection therewith are to be subject to the approval of regulatory agencies having jurisdication over them.

LOUISIANA POWER & LIGHT COMPANY

AGREEMENT FOR ELECTRIC SERVICE

This Agreement made and entered into this [illegible] day of [illegible] 19[illegible], by and between Louisiana Power & Light Company, a Florida corporation (hereinafter called Company) and Louisiana Electric Cooperative, Inc., a cooperative association, organized under the laws of Louisiana (hereinafter called Customer).

WITNESSETH:

0.01 WHEREAS, Customer desires to purchase electric power and energy for redistribution and resale solely to Rural Electric Cooperatives in the State of Louisiana, and

0.02 WHEREAS, Company is able to supply such power and energy upon the terms and conditions hereinafter set forth.

NOW therefore, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto hereby covenant and agree as follows:

ARTICLE I

1.01 Company will supply and Customer will take and pay for all electric power and energy required by Customer during the term of this Agreement for its Member Cooperatives' distribution systems served from the points of delivery set forth in Exhibits I through VI attached hereto and made a part hereof, up to the initial kw set forth thereunder for each point of delivery in accordance with the terms and conditions of Company's Rate Schedule [illegible] attached hereto and made a part hereof. The terms and conditions of the Agreement and the Rate Schedule are subject to approval or acceptance for filing by any governmental regulatory authority having jurisdiction hereof and to amendment or alteration as a result of and in accordance with a valid applicable order of any such governmental regulatory authority. In the event that the rate contained herein is increased pursuant to approval by any governmental regulatory authority having jurisdiction hereof, Customer shall have the right to terminate the Agreement as of any date from the effective date of the adjusted rate up to thirty-six months after such effective date by at least six months prior written notice given to the Company, if Customer, in its sole judgment, is not satisfied that it remains economically feasible for it to continue to take service herein provided at the adjusted rate.

1.02 Company will supply the present power requirements of Customer's Member Cooperatives as defined in the exhibits attached. Upon reasonable advance written notice from Customer, Company will provide additional capacity at the Points of Delivery specified as Member Cooperatives Normal Load Growth warrants such additions. Normal Load Growth shall

WHOLESALE SERVICE TO RURAL COOPERATIVES
RATE SCHEDULE REA-8A Code #36

AVAILABILITY

For electric service delivered from existing facilities of the Company in all territory served (except the Fifteenth Ward of the City of New Orleans) where there is adequate capacity and suitable voltage for the service desired, subject to the Company's Service Regulations.

APPLICATION

To electric service required by a Rural Cooperative Association organized under the laws of the State of Louisiana, which (1) has executed a Loan Contract Agreement with and is financed by the Rural Electrification Administration, an agency of the United States Government, (2) takes all its requirements at each point of delivery from the Company hereunder, and (3) enters into a new ten year agreement with Company for its power supply or extend its present contract for a full ten year period.

Service under this Rate Schedule is not applicable to standby or supplementary service or for service in conjunction with the generating facilities of other electric systems or of cooperatives or to parallel operation with any source of supply.

Should Customer desire service at more than one point of delivery, this schedule shall apply to service at each point of delivery separately.

TYPE OF SERVICE

Single or three phase, 60 cycles, alternating current at a primary distribution voltage of 13,800, 24,000 or 34,500 volts as may be available at the point of delivery.

NET MONTHLY BILL

$2.25 per kw for the first 5,000 kw of Demand
1.95 per kw for all additional kw of Demand

$0.25 per rkva of Reactive Demand in excess of
0.5 rkva for each kw of demand billed

6.25 mills per kwh for all kwh

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this schedule, which is assessed or levied against the Company or directly affects the Company's cost of operation and which the Company is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second - Plus or minus .001 cent per kwh used during the month for each .001 cent by which the average cost per kwh of fossil fuel during the second preceding calendar month is more or less than .361 cent, times an adjustment factor to properly allow for losses associated with wholesale sales for resale.

Third - When service is metered at a lower or higher voltage than the delivery voltage all meter readings shall be adjusted for transformation losses by adding or subtracting 2.0%.

DETERMINATION OF DEMAND

The Demand shall be the average kw supplied during the 15-minute period of maximum use during the month but shall not be less than the highest of the following:

1. 70% of the highest average kw similarly established during the preceding 11 months.

2. The minimum kw specified in the contract.

3. 60 kw.

The Rkva Demand shall be the rkva supplied during the time of the maximum kw demand.

PAYMENT

The Net Monthly Bill is due and payable each month. If not paid within twenty days from the date of billing, the Gross Monthly Bill, which is the Net Monthly Bill plus 2%, becomes due after the Gross Due Date shown on the bill.

CONTRACT PERIOD

The contract shall be for a minimum period of ten years and may be longer where necessary to justify investment in generation and transmission facilities as provided in the Electric Service Agreement.

CONDITIONS OF SERVICE

Electric power and energy will be supplied under this schedule only in connection with a written Agreement for such service, which shall contain all of the Company's usual provisions for service and such additional provisions as may, in the judgment of the Company, be necessary to cover the particular arrangements and to carry out the purpose of this Rate Schedule.

Service hereunder is subject to the orders of regulatory bodies having jurisdiction and either the Company or Customer may request lawful change in rate or contract in accordance with such jurisdiction.

ELECTRIC SYSTEM INTERCONNECTION AGREEMENT BETWEEN CAJUN ELECTRIC POWER COOPERATIVE, INC. AND LOUISIANA POWER & LIGHT COMPANY

THIS AGREEMENT (hereinafter referred to as "Agreement") made this 25 day of May, 1976, by and between CAJUN ELECTRIC POWER COOPERATIVE, INC., (hereinafter referred to as "Cajun") and LOUISIANA POWER & LIGHT COMPANY (hereinafter referred to as "Company").

WITNESSETH THAT

WHEREAS, the Company and Cajun each own and operate an electric system, and

WHEREAS, the public interest requires that each party shall make all provisions necessary to reasonably assure the continuous availability of electric service in sufficient amounts to supply all of its normal requirements, and

WHEREAS, this Agreement contemplates the construction by Cajun of generating stations, and

WHEREAS, this Agreement contemplates that the Company will provide transmission service to deliver power for Cajun, and

WHEREAS, benefits will accrue to both the Company and Cajun by the interconnection of the two systems,

NOW, THEREFORE, in consideration of these premises and the benefits accruing to each party hereto, the Company and Cajun agree as follows:

ARTICLE I

The Company and Cajun agree to electrically interconnect facilities whereby sources of electrical power and energy can be made available to each other subject to the terms and conditions of this Agreement.

The connection of facilities may take the form of interconnection points or delivery points. An interconnection point is any connection of facilities where power may flow either to the Company or to Cajun. A delivery point is any connection where power can only flow to Cajun for its member cooperatives or to other entities (as "entities" is defined in Schedule "TS-1").

It is contemplated under this Agreement that Cajun may deliver or receive power over the facilities of other utilities which are connected to the Company. This condition shall be operative only if Cajun has in effect a transmission contract with those connected utilities, and the Company determines that Cajun's connection with said utility(ies) meets the criteria of the "Availability" paragraph of Schedule "TS-1."

The Company and Cajun agree that the location and specifications of interconnection points and delivery points under this Agreement shall be specified and set forth in Appendix A, "Points of Interconnection" and Appendix B, "Delivery Points," attached hereto and properly executed by both parties. Capacity and associated energy will be available to Cajun from the Company and to the Company from Cajun in accordance with the conditions herein contained and the certain applicable Service Schedules designated as Service Schedule "EA-1," Service Schedule "SUP-1," Service Schedule "SUR-1," Service Schedule "EE-1," and Service Schedule "TS-1" attached hereto, when properly executed by both parties.

When service is being taken by either party under any one or a combination of the above Service Schedules at any one or more points, it is agreed by both parties that the maximum capacity of the interconnection points as specified in Appendix A shall not be exceeded. In order to protect the integrity of the Company's transmission system and the Company's and Cajun's tie facilities, connecting ties may be opened when such excess occurs.

ARTICLE II

The Company and Cajun mutually agree that the implementation of this Agreement shall at all times comply with the then existing (or amended) Operating Manuals of the North American Power Systems Interconnection Committee (NAPSIC) and the Southwest Power Pool (SWPP), including but not limited to the Operating Guides, Minimum Criteria for Operating Reliability and Control Performance Criteria of NAPSIC and the Operating Recommendations of the SWPP.

ARTICLE III

To the extent its then existing transmission facilities are capable of accommodating the contemplated power flows, the facilities that are necessary for Company to construct (as distinguished from facilities that Cajun may have to construct) to effect each initial interconnection specified in Appendix A shall

be provided by, owned, operated and maintained by the Company from its power source to the point of interconnection. Cajun will pay to the Company the cost of all facilities required to be added by Company in order to meet Cajun's request for any increase in the capacity of an interconnection, unless some other mutually agreed upon proportioning of such costs is reached by the parties, or unless a regulatory body of competent jurisdiction otherwise determines. These added facilities shall also be owned, operated and maintained by Company.

Cajun recognizes that the Company operates as part of the Middle South Utilities System and that its operating companies' generation and transmission facilities are operated as one system to achieve economic dispatching. All accounting for generation and transmission costs are kept on a Middle South Utilities System basis and the incremental generation and transmission costs of the Company for the purposes of this Agreement are the incremental generation and transmission costs of the Middle South Utilities System.

Cajun shall own, operate and maintain, at its sole expense (or otherwise have the use of), the facilities on its side of the points of interconnection specified in Appendix A.

Cajun shall be responsible, either directly or through its members or other entities, for owning, operating and maintaining the facilities on its side of the points of delivery specified in Appendix B.

In order to protect the integrity of its system operations, the Company reserves the right to approve all proposed protective equipment and relaying to be owned or used by Cajun to effect each interconnection and delivery point. Company reserves the right to operate and maintain any protective and control equipment of Cajun (including its member cooperatives), or other entities whenever such equipment may affect the integrity of Company's system, for Cajun's account.

ARTICLE IV

Service schedules as indicated above will set forth the type of service to be supplied, the terms and conditions of such supply and the charges to be paid therefor, all in accordance with the conditions outlined in such service schedule when signed and accepted by authorized officials of the parties hereto. Each service schedule so authorized shall become a part of this Agreement for the term hereof or for such shorter term as may be provided in the service schedule.

Service Schedules hereunder are as follows:

SERVICE SCHEDULE "EA-1" -- This schedule sets forth the conditions under which emergency power and energy, as described threin, may be supplied to either Cajun or the Company.

SERVICE SCHEDULE "SUP-1" -- This schedule sets forth the terms and conditions under which supplemental power and energy, as described therein, may be supplied to either Cajun or the Company.

SERVICE SCHEDULE "SUR-1" -- This schedule sets forth the terms and conditions under which surplus power and energy, as described therein, may be supplied to either Cajun or the Company.

SERVICE SCHEDULE "EE-1" -- This schedule sets forth the terms and conditions under which economy energy, as described therein, may be supplied to either Cajun or the Company.

SERVICE SCHEDULE "TS-1" -- This schedule sets forth the terms and conditions under which transmission service may be available for the transmission of power and energy over the transmission facilities of the Company.

ARTICLE V

Each party shall take all reasonable measures and exercise due diligence to insure the continuity of service through its respective portion of its facilities.

Each party shall, insofar as practicable, protect, operate and maintain its system and facilities in such a manner as to avoid or minimize the likelihood of disturbances originating in its system causing impairment of service in the system of the other.

Each party shall arrange to operate as separate control areas according to the guides and recommendations spelled out in Article II and shall plan to constantly provide sufficient capacity to carry the load in its control area at 60 hertz with provision for adequate reserve and regulating margin.

Each party agrees to operate its system (control area) in accordance with the NAPSIC Operating Manual supplement titled "Control Performance Criteria." Operation in accordance with this supplement shall be known as Control Area Responsibility.

Each party shall endeavor to operate at all times in such a manner as not to impose its regulating burden on the interconnected systems.

Each party shall balance continuously its generation against its load, with allowance for losses as provided for in Schedule "TS-1" so that the net loading on its tie lines agrees with the scheduled net interconnection, plus or minus its frequency bias obligation.

ARTICLE VI

Since the systems of the Company and Cajun will be operated in parallel, Cajun hereby recognizes that, under such parallel operations, the electric systems of each party are so connected that any electric power and energy (both real and reactive) that flows through the interconnection is under control of Cajun with respect to rate of flow. Cajun accordingly agrees that it will install load control devices capable of controlling its generation at all times.

The control devices shall be of sufficient accuracy to assure proper operation under this Agreement.

It is the intent that each party shall provide for the supply of its reactive requirements, including appropriate reserve, and its share of the reactive requirements and control on interconnecting transmission circuits.

Each party shall coordinate the utilization of voltage control equipment to maintain transmission voltages and reactive flows at optimum levels for system stability.

ARTICLE VII

The Company and Cajun agree that it is the intent and requirement of this Agreement that each party provide its own system load requirements and

adequate reserves by the installation of generating capacity, by purchase of reserves, and/or purchase of supplemental power, sufficient at all times to carry its own load.

Neither party assumes any responsibility for the supply of any electric power and/or energy to the other party, except as specifically provided for in an applicable service schedule properly executed and attached hereto.

Each party agrees that if either party is unable to meet its control area responsibility and is unable to purchase power from others directly or indirectly, it is obligated to initiate load relief measures until its control area load responsibility is satisfied.

In order to provide rapid load relief in the event of an emergency covering an extended area, each party agrees to install and keep active underfrequency relays capable of shedding load in increments as specified in the SWPP manual. Restoration of service after load relief measures have been initiated by said underfrequency relays shall be in accordance with procedures outlined in the manuals referred to in Article II.

It is further agreed that adequate reserves as required herein shall be the percentage (or other measure) as may be in effect by operating groups of which the Company is a part, or that percentage (or other measure) prescribed by SWPP of NAPSIC, whichever is greater.

To insure ready availability, the Company and Cajun agree that each will hold capacity of not less than six (6) per cent of its annual projected peak demand as "Ready Reserves," or as hereafter prescribed by the SWPP of NAPSIC. When either party is furnishing power to the other party, said other party shall maintain Ready Reserves of not less than six (6) per cent or as hereafter prescribed by the SWPP of NAPSIC in order to maintain the interchange schedule.

ARTICLE VIII

All measurement of electrical power and energy delivered by one party to the other under the appropriate service schedule shall be made by suitable kilowatt, kilovar, and kilowatt-hour meters. Periodic testing of metering equipment as agreed upon from time to time shall be made jointly by representatives of the Company and Cajun.

In the event of malfunction of the meter or meters, the amount of power and energy delivered during the period of such malfunction shall be estimated by and agreed upon by both parties hereto from the best available data.

ARTICLE IX

As outlined in Article II, the systems of both parties are to be operated in accordance with the Operating Manuals of NAPSIC and the Southwest Power Pool of NAPSIC, copies of which are available at the Southwest Power Pool office at 210 Mart Building, Little Rock, Arkansas, 72205.

In order to administer this Agreement, the Company and Cajun will each appoint one representative and one alternate to serve in the absence of the representative, to act for it in matters pertaining to the detailed operating arrangements of this Agreement.

Any deviations allowed one party from the obligations referred to above will be at the sole discretion of the other party and such deviations may continue for only so long as the other party, in its sole judgment, feels that such deviations do not impair the other party's ability to meet its obligations with other interconnected systems.

ARTICLE X

The Company and Cajun agree that should either the Company or Cajun fail or refuse to perform any act or obligation created by this Agreement or

any service schedule attached hereto and made a part hereof, then specific performance may be demanded of the defaulting party, and if such demand is not satisfied, the aggrieved party may demand relief in court, reserving its rights to damages, if any be suffered by reason of such default. However, failure to perform as the result of an Act of God, war, civil disturbance, order of a governmental regulatory body, or like occurrence beyond the control of the parties hereto, shall not constitute a default.

ARTICLE XI

Each party assumes all responsibility on its side of the points of interconnection and points of delivery for the power and energy delivered, as well as the electrical installations and appurtenances used in connection therewith, and shall save the other party harmless from and against all claims for injury or damage to persons or property on its side of the points of interconnection and points of delivery.

ARTICLE XII

Any waiver by either party of its rights with respect to a default under this Agreement, or with respect to any other matter arising out of or in connection with this Agreement, shall not be deemed a waiver with respect to any other matter arising in connection with this Agreement, nor shall it be deemed a waiver with respect to any subsequent default or matter under this Agreement.

ARTICLE XIII

Any notice, demand or request provided for in this Agreement or given in connection with this Agreement shall be deemed to be properly given when sent by registered mail, postage prepaid, to Louisiana Power & Light Company, 142 Delaronde Street, New Orleans, Louisiana 70174, for the Company or to Cajun Electric Power Cooperative, Inc., P. O. Box 578, New Roads, Louisiana, 70760, for Cajun.

ARTICLE XIV

This Agreement shall bind the Company and Cajun from May 29, 1980, or the date upon which the interconnection is first made available, whichever is earlier, through May 28, 2015, and thereafter for 5-year periods unless terminated by written notice given by one party to the other not more than forty-eight (48) months nor less than thirty-six (36) months prior to the expiration of the original term or any extension thereof. At any time, the parties may extend the original term or renewal period of this Agreement.

ARTICLE XV

This Agreement is subject to the approval of regulatory bodies having jurisdiction, and either the Company or Cajun may request lawful change in

service schedules or contract in accordance with such jurisdiction. However, nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Power Commission for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

ARTICLE XVI

Neither party to this Agreement shall assign or otherwise dispose of its rights or interest in this Agreement in whole or in part, other than the Company to a successor organization, or Cajun, in the event of default, to the Administrator of the Rural Electrification Administration of the United States of America, without the written consent of the other party.

ARTICLE XVII

This Agreement, including any amendments and/or supplements, shall not be binding upon the parties hereto until approved by the Administrator of the Rural Electrification Administration of the United States of America.

IN WITNESS WHEREOF, the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Secretary of Cajun and the Secretary of the Company as of the day, month, and year first above written.

ATTEST:

Secretary

CAJUN ELECTRIC POWER COOPERATIVE, INC.

By Alfred A. Robinson

ATTEST:

Secretary

LOUISIANA POWER & LIGHT COMPANY

By G. D. McLendon

SERVICE SCHEDULE "EA-1"

EMERGENCY ASSISTANCE

This Service Schedule is made and entered into this 25 day of May 1976, as a supplement to the Electric System Interconnection Agreement entered into on May 25, 1976, by and between Cajun Electric Power Cooperative, Inc. and Louisiana Power & Light Company.

AVAILABILITY

Service under this Schedule is available where interconnecting facilities of adequate capacity and suitable phase and voltage are proximate to the points of interconnection or have been mutually arranged, and service is to be delivered by one party to the other according to the provisions of a mutual agreement. Service under this schedule is available for a maximum period of seventy-two (72) consecutive hours for each particular emergency.

APPLICATION

This Schedule is applicable to mutual emergency assistance electric service to and from an electric system which supplies its own power and energy requirements.

Service is to be delivered by each party to the other at the points of interconnection specified in Appendix A and measured by suitable kilowatt, kilovar, and kilowatt-hour meters. Service is deliverable hereunder only when the supplier has been given notice as detailed herein as to the requirements, and supplier can provide the requested amount of capacity. Supplier is obligated to make deliveries only to the extent it can, in its sole judgment, do so without jeopardizing service to its own customers.

Service supplied hereunder is for emergency assistance only, in case of an emergency or breakdown affecting the system responsibilities of the purchaser. Deficiencies in power supply occasioned by lack of dependable generating capacity to meet load requirements, including adequate reserves, shall not be considered an emergency condition under this Agreement.

TYPE OF SERVICE

Alternating current, 60 hertz, three phase and at a standard transmission voltage of 115,000 volts or higher as available.

NET MONTHLY BILL

Rate: 1. The Seller will furnish the scheduled emergency power and energy from its system, and the rate shall be the greater of the following:

(a) 17.5 mills for each kwh of emergency power and energy scheduled by either party to the other during the month, or

1. (con't)

(b) the incremental cost per kwh including start-up and other incremental operation and maintenance costs, if any, of fossil fuel plus 5 mills per kwh -- to be agreed upon at the time of request.

2. If, however, conditions on the Seller's system are such that Seller determines it is unable to supply the emergency service requested from its own system, then if requested by the Buyer, Seller will attempt to purchase such emergency service from other systems interconnected with Seller and deliver same to Buyer. In the event such a purchase is made as requested by Buyer, such emergency service shall be billed by Seller and paid for by Buyer at the Seller's cost for such purchased energy including start-up costs, if any, plus 10%.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or Cajun or directly affects the Company's or Cajun's cost of operation and which the Company or Cajun is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted,

purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second - If energy is supplied from a nuclear plant, revision may be made in this Schedule to compensate for investment and cost of fuel in nuclear generation as compared to fossil generation, as approved by the appropriate regulatory body.

CONFIRMATION OF EMERGENCY REQUIREMENTS

Immediately after an emergency has occurred on either party's system, and the affected party does not have resources to supply its control area responsibility, the affected party may notify the other party of the amount of capacity it requires along with details of the trouble it is experiencing and its best estimate of the time required to get its system back to normal. The party receiving such a request shall then agree to what amount of capacity, if any, it can supply to the affected party for that particular emergency and the anticipated cost of such energy. When emergency energy is being taken, each morning the dispatchers of the parties will agree on the amount to be billed for energy taken the previous day. The details of each transaction outlining the capacity agreed to, the trouble experienced, and the time involved will be confirmed in writing by the affected party within forty-eight (48) hours after each such emergency.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other.

CONTRACT PERIOD

The term of this Schedule shall be from May 29, 1980 through May 28, 2015, and thereafter for 5-year periods unless terminated by written notice given by one party to the other not more than forty-eight (48) nor less than thirty-six (36) months prior to the expiration of the original term or any extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or Cajun may request lawful change in this Service Schedule in accordance with such jurisdiction. However, nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Power Commission for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

IN WITNESS WHEREOF the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Secretary of Cajun and the Secretary of the Company as of the day, month and year first above written.

ATTEST:

[signature]
Secretary

CAJUN ELECTRIC POWER COOPERATIVE, INC

By [signature]
Alfred A. Robinson

ATTEST:

[signature]
Secretary

LOUISIANA POWER & LIGHT COMPANY

By [signature]
G. D. McLendon

SERVICE SCHEDULE "SUP-1"

SUPPLEMENTAL POWER

This Service Schedule is made and entered into this 25 day of May, 1976, as a supplement to the Electric System Interconnection Agreement entered into on May 25, 1976, by and between Cajun Electric Power Cooperative, Inc. and Louisiana Power & Light Company.

AVAILABILITY

Service under this Schedule is available where interconnecting facilities of adequate capacity and suitable phase and voltage are proximate to the points of interconnection or have been mutually arranged, and service is to be delivered by one party to the other according to the provisions of a mutual Agreement. Supplemental power is only available for a period of not less than twelve (12) consecutive months.

APPLICATION

This Service Schedule is applicable to either party desiring to purchase Supplemental Power and Energy from the other when the supplying party has such Power and Energy available, which contracts for such Power and Energy shall be in accordance with the terms herein set forth and the terms of the Interconnection Agreement to which this Service Schedule "SUP-1," when properly executed by both parties, shall be attached and made a part thereof.

Supplemental power, as contemplated by this Schedule, may be utilized by either party to fulfill its power supply requirements. Supplemental power, including associated reserves, is power from the supplier's resources which is in excess of its projected peak demand plus required reserves necessary to meet the purchasing party's peak demand.

SUPPLEMENTAL POWER SCHEDULING

Supplemental Power requirements will be the capacity agreed to by representatives of both parties, and set forth on the basis of the maximum annual amounts of capacity required for each of the years specified. Such annual Supplemental Power requirements shall be reduced to writing, accepted by both parties, and attached hereto and made a part of this Service Schedule "SUP-1."

Associated energy shall be available with Supplemental Power capacity purchases in accordance with mutually agreed to schedules submitted twenty-four (24) hours in advance or as mutually agreed to by the parties. At the time of scheduling such energy, an estimate of the incremental cost shall be furnished by the supplying party. If the cost changes appreciably from the estimate, the purchasing party will be notified and allowed to amend the amount of energy scheduled if such amendment does not adversely affect the supplying party.

SUPPLEMENTAL POWER RESERVES

It is hereby agreed by both parties that Supplemental Power and Energy purchased by either party from the other under this Service Schedule "SUP-1" shall be delivered to the purchasing party on a firm basis, backed up with the minimum reserve requirements of the supplying party.

TYPE OF SERVICE

Alternating current, 60 hertz, three phase and at one standard transmission voltage of 115,000 volts or higher as available at the interconnection points as specified in Appendix A.

NET MONTHLY BILL

Rate: Supplemental Power

$1.75 per kilowatt per month for the maximum kw demand contracted for during any 60-minute interval.

Energy: The rate for energy shall be the incremental cost per kwh of fossil fuel plus 5 mills per kwh.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or Cajun or directly affects the Company's or Cajun's cost of operation and which the Company or Cajun is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold or on any other basis where direct allocation is possible.

Second - If energy is supplied from a nuclear plant, revision may be made in this Schedule to compensate for investment and cost of fuel in nuclear generation as compared to fossil generation, as approved by the appropriate regulatory body.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other

CONTRACT PERIOD

The term of this Schedule shall be from May 29, 1980 through May 28, 2015, and thereafter for 5-year periods unless terminated by written notice given by one party to the other not more than forty-eight (48) nor less than thirty-six (36) months prior to the expiration of the original term or extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or Cajun may request lawful change in this Service Schedule in accordance with such jurisdiction. However, nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Power Commission for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section

205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

IN WITNESS WHEREOF the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Secretary of Cajun and the Secretary of the Company as of the day, month and year first above written.

ATTEST:

______________ Secretary

CAJUN ELECTRIC POWER COOPERATIVE, INC.

By ______________
Alfred A. Robinson

ATTEST:

______________ Secretary

LOUISIANA POWER & LIGHT COMPANY

By ______________
G. D. McLendon

SERVICE SCHEDULE "SUR-1"

SURPLUS POWER

This Service Schedule is made and entered into this 25 day of May 1976, as a supplement to the Electric System Interconnection Agreement entered into on May 25, 1976 by and between Cajun Electric Power Cooperative, Inc. and Louisiana Power & Light Company.

AVAILABILITY

Service under this Schedule is available where interconnecting facilities of adequate capacity and suitable phase and voltage are proximate to the point of interconnection or have been mutually arranged, and service is to be delivered by one party to the other according to the provisions of a mutual Agreement.

APPLICATION

This Service Schedule is applicable to either party desiring to purchase Surplus Power and Energy from the other upon request by the Purchasing Party, and when the Supplying Party, in its sole judgment, has determined that it has such power and energy available and can supply such quantities as agreed upon, and the Purchasing Party contracts for such Surplus Power and Energy in accordance with the terms herein set forth in this Schedule "SUR-1" and the terms of the Interconnection Agreement to which this Service Schedule "SUR-1,"

when properly executed by both parties, shall be attached to and made a part.

Surplus Power for the purpose of this application shall mean that capacity available over and above the Supplying Party's total system requirements, including reserves, and in no sense implies the installation of capacity for the account of the Purchasing Party.

SURPLUS POWER SCHEDULING

When either party desires to purchase and schedule deliveries of Surplus Power and Energy from the other, the Purchasing Party must notify the Supplying Party, in writing, stating the amount of capacity required, the interval of time during which such capacity will be required and an estimate of the energy requirements to accompany the capacity sale. The Supplying Party shall, in its sole judgment, then determine whether all or any part of such Surplus Power and Energy can be supplied and, if so, shall determine and notify the Purchasing Party of the amount and schedule of such Surplus Power and the amount and price of accompanying energy which can be supplied or deemed to have been supplied by the Supplying Party.

Neither party shall be obligated to purchase or to supply Surplus Power and Energy, unless and until both parties have agreed to do so, in accordance with this Service Schedule "SUR-1," in a written agreement executed by an authorized officer of each party.

TYPE OF SERVICE

Alternating current, 60 hertz, three phase and at one standard transmission voltage of 115,000 volts or higher as available at the interconnection points specified in Appendix A.

ADJUSTMENT FOR NON-AVAILABILITY

In the event of an interruption or a curtailment of service for a period of more than thirty (30) consecutive minutes in any scheduled hour, the capacity charge for the current billing month for service under this Schedule SUR-1 shall be reduced to reflect such interruption. The amount of the reduction for a total interruption shall be on the basis of a ratio, the numerator of which shall be the duration of such total interruption and the denominator of which shall be the actual number of scheduled hours of delivery during the billing month in which the interruption or curtailment occurred.

When only a portion of capacity is interrupted, appropriate proration shall be made giving due weight to the capacity actually delivered.

NET MONTHLY BILLING

Rate: Surplus Capacity

$1.25 per kw per month for the maximum kw demand contracted for during any 60-minute period.

Energy:

The energy charge per month shall be the incremental cost per kwh of fossil fuel plus three mills per kwh.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or Cajun or directly affects the Company's or Cajun's cost of operation and which the Company or Cajun is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second - If energy is supplied from a nuclear plant, revision may be made in this Schedule to compensate for investment and cost of fuel in nuclear generation as compared to fossil generation, as approved by the appropriate regulatory body.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other.

CONTRACT PERIOD

The term of this Schedule shall be from May 29, 1980 through May 28, 2015, and thereafter for 5-year periods, unless terminated by written notice given by one party to the other not more than forty-eight (48) nor less than thirty-six

(36) months prior to the expiration of the original term or any extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or Cajun may request lawful change in this Service Schedule in accordance with sur jurisdiction. However, nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Power Commission for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

IN WITNESS WHEREOF, the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Secretary of Cajun and the Secretary of the Company as of the day, month and year first above written.

ATTEST:

[signature]
Secretary

CAJUN ELECTRIC POWER COOPERATIVE, INC.

By [signature]
Alfred A. Robinson

ATTEST:

[signature]
Secretary

LOUISIANA POWER & LIGHT COMPANY

By [signature]
C. D. McLendon

SERVICE SCHEDULE "EE-1"

ECONOMY ENERGY

This Service Schedule is made and entered into this 25 day of May 1976, as a supplement to the Electric System Interconnection Agreement entered into on May 25, 1976, by and between Cajun Electric Power Cooperative, Inc. and Louisiana Power & Light Company.

AVAILABILITY

Service under this Schedule is available where interconnecting facilities of adequate capacity and suitable phase and voltage are proximate to the point of interconnection or have been mutually arranged, and service is to be delivered by one party to the other according to the provisions of a mutual Agreement.

Either party is entitled to receive economy energy hereunder only to the extent that such party has alternative dependable capacity, including adequate reserves, concurrently available that would otherwise be used. Economy energy is immediately recallable by the supplying party or cancellable at any time by the purchaser.

APPLICATION

This Service Schedule is applicable to either party desiring to purchase Economy Energy from the other upon request by the Purchasing Party, and when the Supplying Party, in its sole judgment, has determined it has such Economy Energy available and desires to make such Economy Energy available to the Purchasing Party under the terms and conditions herein set forth in this Service Schedule "EE-1" and the terms of the Interconnection Agreement to which this Service Schedule "EE-1," when properly executed by both parties, shall be attached and made a part thereof.

TYPE OF SERVICE

Alternating current, 60 hertz, three phase and at one standard transmission voltage of 115,000 volts or higher as available.

ECONOMY ENERGY SCHEDULING

When either party desires to purchase Economy Energy, it will notify the Supplying Party, indicating the amount and time interval of such desired purchases of Economy Energy.

If the Supplying Party, in its sole judgment, determines it has such Economy Energy available and wishes to sell such Economy Energy to the Purchasing Party in accordance with this Service Schedule "EE-1," it shall promptly notify the Purchasing Party.

Nothing herein shall be construed as obligating either party to reserve Economy Energy for the other. Each party shall have the right, at all times, to dispose of or make such other use of its Economy Energy as it may see fit.

ECONOMY ENERGY RATE

The rate for Economy Energy scheduled under this Service Schedule "EE-1" shall be on a "sharing of savings" basis calculated at the time of agreement between the parties for any specific amount of Economy Energy.

Rate per kwh = $\frac{A+B}{2}$, when

A = calculated incremental fossil fuel cost of energy involved, plus applicable adjustments, if supplied from resources of the Purchasing Party.

B = calculated incremental fossil fuel cost of energy involved, plus applicable adjustments, if supplied from resources of the Supplying Party.

Incremental fossil fuel cost for calculations of "A" and "B" above shall be costs as calculated at the time the mutual agreement between the parties for the Economy Energy transaction became effective.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or Cajun or directly affects the Company's or Cajun's cost of operation and which the Company or Cajun is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other.

CONTRACT PERIOD

The term of this Schedule shall be from May 29, 1980 through May 28, 2015, and thereafter for 5-year periods, unless terminated by written notice given by one party to the other not more than forty-eight (48) nor less than thirty-six (36) months prior to the expiration of the original term or any extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or Cajun may request lawful change in this Service Schedule in accordance with such jurisdiction. However, nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Power Commission for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

IN WITNESS WHEREOF the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Secretary of Cajun and the Secretary of the Company as of the day, month and year first above written.

ATTEST:

[signature]
Secretary

CAJUN ELECTRIC POWER COOPERATIVE, INC.

By [signature]
Alfred A. Robinson

ATTEST:

[signature]
Secretary

LOUISIANA POWER & LIGHT COMPANY

By [signature]
G. D. McLendon

SERVICE SCHEDULE "TS-1"

TRANSMISSION SERVICE

This Service Schedule is made and entered into this 25 day of May 1976 as a supplement to the Electric System Interconnection Agreement entered into on May 25, 1976 by and between Cajun Electric Power Cooperative, Inc., and Louisiana Power & Light Company.

APPLICATION

Transmission service under this Schedule is applicable to the transmission of power and energy by the Company over its facilities from the point or points of interconnection, as outlined in Appendix "A" attached hereto, to the delivery points listed in Appendix "B" attached hereto, or as subsequently amended, provided that Service Schedules "EA-1" and "SUP-1" and this Transmission Service Schedule "TS-1" are in effect. Power and energy available from Cajun's resources over and above Cajun's requirements (including reserves) may, after execution of a transmission service schedule and suitable contractual arrangements executed by an officer of each party, be transmitted under this Service Schedule "TS-1" to other entities which are interconnected with the Company within the State of Louisiana. As used herein, "entity" shall mean any municipality, rural electric cooperative, public or private corporation, governmental agency such as TVA and Southwest Power Administration, or lawful association of any of the foregoing (a) which lawfully exists and owns and operates or proposes in good faith to own or operate facilities for generation of electric power

and energy; (b) which, with exception of municipalities, rural electric cooperatives and governmental agencies, is or will upon commencement of operations be a public utility (or in the case of an association each member thereof, excepting municipalities, rural electric cooperatives and governmental agencies, is a public utility) under the law of Louisiana and the Federal Power Act and provides or upon commencement of operations will provide electric service under contracts or rate schedules on file with and subject to regulation of the Louisiana Public Service Commission and the FPC.

TYPE OF SERVICE

A. Transmission Service shall be three phase, 60 hertz, alternating current at a transmission voltage of 115,000 volts or higher, as may be available adjacent to the point of delivery for a minimum contract demand of 10,000 kw or at a lower contract demand as may be agreed to by the Company in accordance with good engineering principles.

B. Transmission service may also be three phase, 60 hertz, alternating current at a primary distribution voltage of 13,800, 24,000 or 34,500 volts as may be available at a point of delivery adjacent to an existing Company distribution substation or at a point distant from a Company distribution substation as may be agreed to by the Company.

AVAILABILITY

A. Company will furnish scheduled transmission service for existing Cajun loads (including historic load growth) in accordance with this Service Schedule and Agreement to the extent it has existing transmission capacity available to provide such service under sound engineering practice and subject to the following standards:

a) Such service shall not require the Company to construct or install any new facilities;

b) Such service will neither impair the ability of the Company to render adequate service to its customers nor impair or reduce the reliability of electric service by Company to its own customers during the term of the scheduled service:

c) Such service will not endanger, impair, or create unsafe conditions on the system or any of the facilities of the Company or its customers or parties with which it is interconnected. The Company shall have the right to approve designs of equipment owned, operated, or controlled by Cajun at points of interconnection and points of delivery.

d) Such service, and the purchase and sale associated therewith, shall not violate or be inconsistent with and shall not cause the Company to violate, directly or indirectly, or become a party to violation of any applicable statute, order, ordinance, governmental or agency rule, regulation, or other applicable federal, state or local law, and without limiting the scope of the foregoing, the sale, purchase and delivery of the power and energy by and between the Company and Cajun must in all events be lawful, duly authorized, and approved or accepted for filing by all regulatory agencies, if any, which then have jurisdiction over such sale, purchase or delivery, and the transmission service shall not cause Company to be discriminatory or preferential in any service, rate or charge to any customers of the Company within the meaning of any applicable law.

e) In the event Cajun is unable for any reason to supply power or energy for transmission, the Company shall have no responsibility to deliver power or energy except as provided for in the appropriate executed schedules attached to the agreement.

f) The determination of the availability of existing capacity of the Company during the proposed scheduled period shall be made on the basis of the existing load of Cajun, future projected new loads of Cajun (furnished by Cajun), other previously scheduled transmission commitments, and the load and normal load growth of the Company, all as estimated by the Company on the basis of sound engineering practice, which upon request will be made available to Cajun.

B. In addition to the conditions outlined in Section "A" above, Company will, if economically justifiable and all of the following conditions and the other standards described in this Schedule are met, include in its planning and will construct sufficient capacity to accommodate proposed transmission service under this Schedule:

a) Cajun gives Company sufficient advance written notice of the functional and technical requirements to allow the Company to design the necessary facilities and include them in its construction program.

b) Cajun compensates Company for a portion of the cost of such facilities beyond the cost Company would otherwise

b) con't -

incur for its own use if the facilities are to be installed with less than 20 years remaining in the term of the initial agreement. Such portion shall be computed by multiplying the full cost over and above what Company would incur for its own use by a fraction whose numerator shall be 20 minus the number of years remaining and whose denominator shall be 20. The Company shall reimburse Cajun a portion of this contribution each year after the then existing term would have expired so that if the contract is still in effect at the end of 20 years, the full contribution shall have been refunded. As an alternative to such payments, the term of the agreement may be altered by mutual consent to insure that twenty years remain in the agreement. Such mutual consent shall not be withheld arbitrarily or unreasonably.

c) In the event Cajun requests transmission service under this Section B at a specific location at which the Company cannot economically justify the installation under this Section B, the Company will propose an alternate location(s) where such requested transmission service is available to meet Cajun's needs. If Cajun accepts a location proposed above and all of the conditions of this Section B are met by Cajun, Company will furnish scheduled transmission service to such alternate location in accordance with and pursuant to the conditions of this Section B.

C. Transmission service to other entities as defined herein shall also be available in accordance with Sections A and B above, but shall be limited to a single point of delivery for each entity.

D. Transmission service delivery points shall be connected together through Cajun's or its members' systems or the systems of other entities only upon determination by the Company that such connection will not adversely affect the Company's transmission system and the conditions of Sections A and B above are fulfilled.

TRANSMISSION SERVICE SCHEDULING

Transmission service requirements shall be determined on a calendar year basis and set forth in writing as Appendix "B" on the basis of the contract demand required. Company will provide the transmission capacity therein schedul or the use of Cajun solely for the transmission of wholesale power and energy to its member cooperatives and to other entities, as contemplated by "Application" herein above.

Capacity, specified by the Company as being available, is available only when the transmission and generation system is in its normal operating mode. Emergency conditions or required maintenance can cause the system capability to be modified as conditions of the moment dictate. Should the maximum demand on a delivery point jeopardize the Company's facilities or service to Company's customers by exceeding the Contract Demand specified in Appendix "B" or other

similar Appendices covering delivery to other entities, Company reserves the right to open the switches controlling the delivery point without notification in order to protect the integrity of the Company's system.

TRANSMISSION SERVICE SPECIFICATIONS

All power and energy to be transmitted by the Company must be received and will be delivered at the Company's nominal voltage.

Cajun and Company shall supply their individual reactive loads under all normal conditions. Recognizing that it is impractical to transmit reactive power from the Cajun interconnection points to the delivery points, it shall be the responsibility of Cajun to supply its required reactive power at each delivery point.

It is recognized that the input and withdrawal of power and energy is under the control of Cajun. It shall be the responsibility of Cajun to supply the amount of power and energy, plus losses, which Cajun's member cooperatives and other entities are taking from the Company's transmission system at all times.

Cajun shall supply at all times 103 per cent of all power and energy being taken by Cajun's member cooperatives and other entities to compensate for losses.

It shall be the responsibility of Cajun to install the necessary control equipment to accomplish the foregoing. If Cajun's area control error accumulation exceeds 2% of its control area load, in any hourly period of operation, and Cajun is unable or unwilling to correct its performance, then it is understood and agreed that the Company has the right to open the interconnections and/or delivery points as listed in this Agreement.

MEASUREMENT

The measurement of all power and energy transmitted from Cajun to Cajun's member cooperatives and other entities shall be by suitable kilowatt, kilovar and kilowatt-hour meters capable of measuring demands on a 60-minute interval.

Cajun shall own and bear the installation, operating and maintenance costs of a telemetering system (including instrument transformers) to be installed, operated, and maintained by Company in transmitting and totalizing the demands of the member cooperatives' delivery points and delivery points to any other entities to the Cajun Operating Center and to Company's Control Center. If instrument transformers are already installed as of the date this Agreement becomes effective at existing delivery points to be telemetered and their utilization for telemetering is compatible with Company's existing metering, said transformers may be utilized in lieu of Cajun installing additional transformers. The cost of any replacement of said transformers for any reason shall be borne by Cajun.

If two transmission delivery points are connected together through Cajun's or another entity's system as provided in the paragraph of this Schedule entitled "Availability," the power and energy for the two delivery points shall be the arithmetic sum of the two metered quantities.

The meters at the interconnection points listed in Appendix "A" and at Cajun's

member cooperative delivery points listed in Appendix "B" and at delivery points to any other entities, shall be owned, operated, and maintained by the Company and these meter readings shall be used in accounting for the power and energy transmitted by the Company.

NET MONTHLY BILL

All billing for service hereunder shall be billed to and paid for by Cajun.

Rate: All transmission service under this Service Schedule "TS-1" shall be as follows:

1) $7.80 per kw per year, payable at the rate of $0.65 per month, for all kw of Billing Demand, and adjusted as new kw Billing Demands are established during the current calendar year.

2) $1.80 per RKVA per year, payable at the rate of $0.15 per month, for all lagging RKVA of Billing Demand, and adjusted as new RKVA Billing Demands are established during the current calendar year.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against

the Company or entities or directly affects the Company's or entities' cost of operation and which the Company or entities are legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second - When service is delivered at a nominal voltage of less than 115,000 volts and Company owns and maintains the distribution facilities, $4.20 per kw per year, payable at the rate of $0.35 per month, for all kw of Contract Demand at each such delivery point shall be added to the above rate. This adjustment shall apply on an individual delivery point basis and the previous months' billings under this adjustment during the current calendar year shall be adjusted as new maximum demands are established at each such delivery point.

CONTRACT DEMAND

The Contract Demand shall be the maximum kw capacity contracted for at each delivery point listed in Appendix "B" and other similar Appendices covering delivery to other entities, but shall never be less than the maximum kw and Rkva demands delivered to each delivery point during the clock-hour period of maximum use at each delivery point during the term of the currently effective Appendix "B" of this Agreement.

BILLING DEMAND

The Billing Demand shall be the sum of the Contract Demands for each delivery point as determined above.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation.

CONTRACT PERIOD

The term of this Schedule shall be from May 29, 1980 through May 28, 2015, and thereafter for 5-year periods, unless terminated by written notice given by one party to the other not more than forty-eight (48) nor less than thirty-six (36) months prior to the expiration of the original term or any extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or Cajun may request lawful change in the Service Schedule in accordance with such jurisdiction. However, nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Power Commission for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

BOSSIER RURAL ELECTRIC MEMBERSHIP CORPORATION

POST OFFICE BOX 5756

1701 OLD MINDEN ROAD • BOSSIER CITY, LA. 71111 • AREA CODE 318, 746-6601

December 20, 1978

Mr. John O'Leary, Deputy Secretary,
Department of Energy
Washington, D. C. 20420

Dear Secretary O'Leary:

In accord with your suggestion during our conversation at the White House on December 1st, I am making a formal request for a delegation representing the Electric Cooperatives in Louisiana to meet with you at your convenience to discuss grave inequities to the Rural Electrics and municipally-owned systems resulting from the recent legislation relative to natural gas usage by electric utilities.

As you are well aware, past FPC regulatory actions curtailed or abrogated contracts of utilities in this state, playing special havoc with several city-owned systems, five having already sold out to Louisiana Power & Light Co., a wholly-owned subsidiary of Middle South Utilities of New York, which also owns New Orleans Public Service Co., which now receives much of its wholesale power from LP&L.

As a result of LP&L's refusal to serve the Electric Co-ops with wholesale power after 1980, and because of DOE rulings curtailing usage of natural gas as boiler fuel, our 13 Electric Co-ops had no alternative but to launch construction of two coal-fired generating units at a cost of $640 million. We will have to use low-sulphur Western coal, although the plant sits squarely on top of one of the largest gas reserves in the nation.

These two units will go on line in late 1979, immediately doubling our wholesale power costs. As in the case of Louisiana's municipally-owned systems, we will be placed in a non-competitive position with LP&L, which has intra-state gas contracts ranging from 23 to 30 cents until 1990--Strangely, the exact phase-out date for usage of natural gas in the recent legislation approved by the Congress.

We hear much about sanctity of intra-state gas contracts and little, if anything, about simple justice. We have reasons to believe that Middle South Utilities

and LP&L are taking advantage of the energy situation to feather financial nests and to take-over competition, our state being one of the few without certified service areas. For instance, when DOE curtailed the interstate gas contract of New Orleans Public Service Co. with United Gas, reports revealed LP&L is now supplying as much as 60% of NOPSI's wholesale power. NOPSI's consumes paid a staggering $22.00 per 1,000 KWH for fuel adjustments--while across the street consumers of LP&L were paying as low as $1.50 per 1,000 KWH.

We are faced with a similar problem in areas where we are competitive with LP&L. This company at present charges us more for wholesale power than it does its own retail customers. As noted, it has already swallowed up five municipal systems, and is presently negotiating to take over others. When we convert to coal in 1979 it appears we, also, will be fair game. In fact, insidious propaganda has already been launched by LP&L in some areas of our state where we are in competition.

The questions in my mind are:
Did DOE and the Congress intend for our laws, rules and regulations to kill off competition, particularly by forbidding us to use gas while upholding the sanctity of LP&L's intra-state gas contracts until the very last year of their duration--1990?

Is the four-state Middle South Utilities system, with its tie-ins with SPA, TVA and other utilities, etc., using cheap dump power to further monopoly ambitions in Louisiana?

Why are LP&L's fuel adjustments to its own consumer as low as $1.50 per 1,000 KWH, while running as high as $22.00 per 1,000 KWH in New Orleans, Mississippi, Arkansas and Missouri? Why the monstrous disparity of fuel costs to New Orleans' consumers while LP&L is charging less than $2.00 some months to consumers across the street and while supplying most of NOPSI's power with 23-cent intra-state gas?

The questions are numerous. They are worthy of study and investigation, if justice and fair play are to be served.

As late as 1970, LP&L testified before committees of the Congress that our initial REA loan to build generation was unnecessary, inasmuch as LP&L had sufficient power to supply our needs until the mid 1990s. Yet in 1974, we were formally notified LP&L could not, and would not, supply us with wholesale power after 1979. As noted, we had no alternative but to convert to coal because of this notification and FPC rulings prohibiting usage of gas for boiler fuel.

I, for one, just can't believe that the intent of DOE, FERC, the Congress and our present Administration is, or was to put the member-owned Rural Electrics and municipal systems out of business, or to hand them over to a vast holding company that fought the very concept of rural electrification for many years.

Thanks for your consideration. We will meet with you any time at your convenience.

Sincerely,

D.L. Knight

Dalton L. Knight
Vice President

NATIONAL RURAL ELECTRIC COOPERATIVE
ASSOCIATION

DLK:me

RESALE SERVICE TO LARGE PUBLIC UTILITIES

RATE SCHEDULE LPU-7 Code #39

AVAILABILITY

At all points throughout the territory served by the Company (except the Fifteenth Ward of the City of New Orleans) where facilities of adequate capacity and suitable phase and voltage are adjacent to the area to be served, and service is taken according to the Service Standards and Service Regulations of the Company.

APPLICATION

To electric service for use and resale by a public utility (including publicly owned electric systems) to serve ultimate consumers connected to its own distribution system within the area or areas defined in the Electric Service Agreement, when Customer contracts with Company for its entire purchased power and energy requirements. Service hereunder is subject to any of the Company's rider schedules that may be applicable. Should Customer desire service at more than one point of delivery, this rate schedule will apply to service at each point of delivery separately.

TYPE OF SERVICE

Alternating current, 60 cycles, single or three phase at one standard voltage as described in Company's Service Standards.

NET MONTHLY BILL

Rate:

$2,500.00 for the first 1,500 kw or less of Demand
1.35 per kw for all additional kw of Demand
0.70¢ per kwh for the first 1,500,000 kwh
0.55¢ per kwh for all additional kwh

Minimum:

The Demand charge for the current month, but not less than $1.50 per kw of the highest Demand established during the 12 months ending with the current month.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this schedule, which is assessed or levied against the Company or directly affects the Company's cost of operation and which the Company is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second - Plus or minus .001 cent per kwh used during the month for each .001 cent by which the average fuel cost per kwh as delivered to Company's customers during the second preceding calendar month is more or less than .230 cent.

DEMAND

The maximum kw registered during the current month by a demand meter suitable for measuring demand used during a 15-minute interval, but not less than the highest of the following:

1. 70% of the highest kw so established during the preceding eleven months.
2. The minimum kw specified in Customer's Electric Service Agreement.
3. 1,500 kw.

Demand measurement may also be made by reactive kva demand meter, in which case Low Power Factor Installations Rider Schedule will apply.

PAYMENT

The Net Monthly Bill is due and payable within ten days from the date thereof.

CONTRACT PERIOD

Not less than five years.

PRIMARY VOLTAGE DELIVERY AND METERING
RIDER SCHEDULE G

AVAILABILITY

At all points throughout the territory served by the Company where facilities of adequate capacity and suitable phase and voltage are adjacent to the premises to be served, and service is taken according to the Service Standards and Service Regulations of the Company.

APPLICATION

To any Customer served under the available General Electric Service rate schedule when service is delivered or metered at the voltage of Company's most suitable primary line available at the point of delivery and when:

1—the primary line voltage is 13,800 volts or Higher,

2—the Customer is receiving all service through one kilowatt-hour meter under the regularly applicable rate and rider schedules, and

3—it is permissible from the standpoint of efficient operations for Company to deliver or meter service at such primary line voltage

All provisions of the rate schedule with which this rider schedule is used will apply except as modified herein.

DISCOUNT

Amounts computed under the regularly applicable rate and rider schedules, excluding Adjustments, will be discounted as follows:

Primary Voltage Delivery and Metering

5% when all service is delivered and metered at primary line voltage and Customer owns and maintains all of the service transformers and substation, except metering equipment.

Primary Voltage Metering and Secondary Voltage Delivery

2% when all service is metered at primary line voltage and Company owns any part of the service transformers or substation, except metering equipment.

Primary Voltage Delivery and Secondary Voltage Metering

When all service is delivered at primary line voltage and Customer owns and maintains all of the service transformers and substation, except metering equipment, and the Company elects to meter at secondary voltage, bills computed on the basis of secondary metering will be adjusted to primary metering by dividing by 0.98 before application of the 5% discount for Primary Delivery and Metering.

CONTRACT PERIOD

As specified in Customer's Electric Service Agreement.

DELIVERY OF SERVICE

The point of delivery of service, the location of meter initially agreed upon and the location of Company's equipment on Customer's property are shown by the sketch attached hereto. Any subsequent change shall be shown thereon, or shown by the supplementary sketch, and be initialled by both parties to the Agreement.

LOW POWER FACTOR INSTALLATIONS
RIDER SCHEDULE H-2

AVAILABILITY

At all points throughout the territory served by the Company where facilities of adequate capacity and suitable phase and voltage are adjacent to the premises to be served, and service is taken according to the Service Regulations and Service Standards of the Company.

APPLICATION

To any Customer contracting under any rate schedule for 25 kw or more of maximum capacity. Company may at any time install such meters as necessary to determine the rkva.

All provisions of the rate schedule with which this rider schedule is used will apply except as modified herein.

BILLING

Add to the Net Monthly Rate $0.25 for each rkva of maximum reactive demand registered during the current month in excess of 0.5 rkva for each kw of demand billed.

REACTIVE DEMAND

The maximum kilovolt-amperes of reactive demand (rkva) registered during a 15 minute interval in the current month by a demand meter suitable for measuring the reactive demand.

CONTRACT PERIOD

As specified in Customer's Electric Service Agreement.

EMERGENCY PLANT OPERATIONS

RIDER SCHEDULE 1 TO RATE SCHEDULE LPU-7

APPLICATION

Applicable to Rate Schedule LPU-7 when Customer owns and maintains in operating condition generating equipment that can be operated at any time.

All provisions of the Rate Schedule LPU-7 will apply except as modified herein.

OPERATION OF CUSTOMER'S PLANT

Customer will, at his own expense, maintain his generating equipment in operating condition, and whenever such plant is operated Customer shall pay all costs in connection therewith.

During times of emergency affecting either Company's or Customer's system, Customer will operate his plant in order that service to his customers may be maintained so far as possible.

At other times Customer's plant may be operated only with the consent of Company, but it will be operated by Customer at request of Company, in either case only to the extent and for the periods stipulated by Company.

BILLING

1. For months during which Customer's generating plant is not operated or is operated only during times o emergency:

On each bill rendered there will be a credit of $1.00 per kw of Demand for the first 500 kw and $0.75 per kw fo the next 500 kw up to the usable capacity of Customer's Plant, but for not more than a total credit of 1,000 kw "Usable capacity" shall be determined from time to time at request of Company as the highest 15-minute ne output in kw of the generating equipment involved, measured at the end of a sustained trial run of sufficien duration to determine capability, but it will at no time exceed the lower of the two following kw values:

(a) 67% of the continuous horsepower rating of the serviceable prime movers installed.

(b) 80% of the continuous kva rating of the serviceable generators installed.

The initial derivation of usable capacity for purposes of this rider is shown on the reverse side hereof.

2. For months during which Customer's generating plant is operated with Company's consent or at Company request, during other than times of emergency:

On each bill rendered there will be a credit of $1.00 per kw of Demand for the first 500 kw and $0.75 per k for additional kw up to a total of 1,000 kw as provided under condition 1 above, except that for this purpo usable capacity shall be reduced by the average kw supplied by Customer's plant during the 15 minute peri of maximum net output of such plant during the month, as measured by demand meter installed and mai tained by Company at Customer's expense.

Customer will so control the operation of his generating equipment as to at all times impose as uniform a lo on Company's system as possible, within the limits stipulated by Company. In the event that the amount power supplied Customer when Customer's plant is being operated in the manner requested by Company is le than the minimum amount for which the Customer would otherwise be obligated to pay, such minimu amount shall be considered reduced to the amount actually so supplied until modified by a further reque from Company.

3. For months during which both conditions 1 and 2 above occur, the Demand for the periods during whi each condition obtained will be determined separately, and both billing and credits will be computed on a pr rated basis in accordance with the number of days during which each condition obtained assuming the load facto based on the two billing demands to be the same if actual kilowatt-hour meter readings are not available.

4. If Customer's plant is operated at time of maximum load on Customer's system, either by consent or request of Company, and the maximum 15 minute load on Customer's system exceeds the currently effective "usab capacity" of his plant, as defined under condition 1 above, the number of kw by which said maximum 15 minu load of Customer's system exceeds said currently effective "usable capacity" shall thereafter be billed for twel consecutive months with no credit on a corresponding portion of the currently effective Demand, notwithstandi provisions under conditions 1 and 2 above.

ACCEPTANCE

This rider and the computations of initial usable capacity shown below are hereby approved and accepted as part of Rate Schedule LPU-7 attached to and made a part of the Agreement dated July 10, 1973 by and between the Customer and the Company.

TOWN OF VIDALIA

By [signature]
For the Customer
S. A. Murray, Jr.

Louisiana Power & Light Company

By [signature]
For the Company
Senior VICE PRESIDENT

EMERGENCY ASSISTANCE SERVICE
MUNICIPAL ELECTRIC GENERATION PLANTS Appendix 14
RATE SCHEDULE EAS-2 Code #52

AVAILABILITY

At all points throughout the territory served by the Company (except the Fifteenth Ward of the City of New Orleans) where interconnecting facilities of adequate capacity and suitable phase and voltage have been mutually arranged under a definitive Agreement, and service is to be delivered by one party to the other according to the provisions of the definitive Agreement.

APPLICATION

To mutual emergency assistance electric service to and from a municipally owned and operated electric system which supplies the entire power and energy requirements of its own customers from its own electric generating plant and which maintains a generating capacity equal to its annual system maximum kilowatt demand plus a reserve generating capacity equal to one-half of the kilowatt capability of the largest generating unit in its plant.

Service is to be delivered by each party to the other at one point of delivery and measured by suitable kilowatt and kilowatt-hour meters, and is deliverable hereunder only to the extent that the supplier has emergency reserve capacity available after it meets its own customer requirements.

Service supplied hereunder is for emergency assistance only, in case of an emergency or breakdown affecting the system of the purchaser, or upon suitable prior arrangements with the Company for the municipal system to shut down generating units for scheduled maintenance. Should power and energy be desired for any other purpose, it may be purchased by one party from the other, subject to additional agreements. Firm supplementary power so purchased and paid for shall be considered as an addition to the existing generating capacity of the purchaser.

TYPE OF SERVICE

Alternating current, 60 cycles, three phase and at one standard voltage as described in Company's Service Standards.

NET MONTHLY BILL

Rate:

8.5 mills for each kwh of emergency power and energy delivered by either party to the other during the month.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this schedule, which is assessed or levied against the Company or directly affects the Company's cost of operation and which the Company is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

(Continued on reverse side)

Second - Plus or minus .001 cent per kwh used during the month for each .001 cent by which the average fuel cost per kwh as delivered to Company's customers during the second preceding calendar month is more or less than .230 cent.

DEMAND

The maximum kw registered during the current month by a demand meter suitable for measuring the demand used during a 15-minute interval. Demand taken by one party from the other shall not exceed the maximum kw specified in the definitive Agreement.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other.

CONTRACT PERIOD

Not less than three years, and thereafter for similar periods unless terminated by written notice given by one party to the other not less than eighteen months prior to the expiration of the original term or extension thereof.

SERVICE REGULATIONS

Service hereunder is subject to the orders of regulatory bodies having jurisdiction, and to Company's Service Regulations currently on file in Company's office.

NOTICE FOR ADDITIONAL RESERVE GENERATING CAPACITY

If during any month the municipality fails to maintain a generating capacity (except during time of emergency failure or breakdown) equal to its annual system maximum kilowatt demand plus a reserve generating capacity equal to one-half of the kilowatt capability of its largest generating unit, or the Company fails to maintain a kilowatt reserve equal to the capacity contracted for, then either party shall pay to the other party $18.00 per kilowatt per year for the kilowatt deficiency, until such time as additional firm power is contracted for or additional generating capacity is placed in operation.

Appendix 14

Dist. Bienville
Acct. 2-11-71-01-0010-1
Revenue Class T

ELECTRIC SERVICE AGREEMENT

LOUISIANA POWER & LIGHT COMPANY

Appendix 15

THIS AGREEMENT, made this 24th day of March 1975, between CITY OF MINDEN, hereinafter called the "Customer", and LOUISIANA POWER & LIGHT COMPANY, a corporation, hereinafter called the "Company";

WITNESSETH:

Subject to the mutual covenants contained herein it is agreed:

1. The Company will make available to the Customer (not later than June 1, 1975), electric power and energy of a maximum capacity of 15,000 Kilowatts, at approximately 115,000 Volts, 3 Wire, 3 Phase and a nominal Frequency of 60 cycles per second for the operation of the Customer's electric distribution system located at Minden, Louisiana

2. The point of delivery of service hereunder shall be where Company's 115 KV lines connect with the City's 115 KV lines on the dead-end transmission structure inside city limits as indicated on Drawing No. AN-1406 attached hereto.

3. Any power and energy in excess of that herein agreed upon shall become the subject of a supplementary service agreement providing for such additional power and energy, or a new agreement providing for the power and energy herein agreed upon and such additional power and energy as may be desired by the Customer.

4. The Customer will receive, use and pay for service hereunder in accordance with Rate Schedule LPU-7 and Riders G (5%) and H-2, a copy of which is attached hereto and made a part hereof, but no monthly bill for service will be based on less than ~~KW per KW of such demand~~ the billing for the current month's demand and five hundred forty (NO) ~~KW~~ ~~xxxxxxxx~~ Twenty four thousand three hundred twenty five & 100 Dollars ($*24,325.00) ~~xxxxx~~ or for less than during the term of this Agreement or any extension hereof. (A higher minimum may be established by Customer's use under the rate schedule minimum.) The terms and conditions of this Agreement and the Rate Schedule are subject to amendment or alteration as a result of and in accordance with a valid applicable order of any governmental regulatory authority having jurisdiction hereof.

5. All bills for service hereunder will be rendered monthly and are due and payable within ten (10) days from the date thereof at the Company's office at Gibsland, Louisiana.

6. This Agreement shall bind the Company and the Customer from June 1, 1975, or the date upon which service is first made available, whichever is earlier, to June 1, 1980, and thereafter for similar periods unless terminated by written notice given by one party to the other not more than twenty-four (24) months nor less than eighteen (18) months prior to the expiration of the original term or any extension thereof.

7. The foregoing, together with the terms and conditions on the reverse side hereof, constitutes the entire agreement between the parties hereto with reference to the Subject Matter hereof and no change or modification as to any of the provisions hereof shall be binding on either party unless reduced to writing and approved by the authorized officer or agent of the Customer and the President or Vice President of the Company. The Electric Service Agreement dated —, 19..., with None for service at the above delivery point is hereby cancelled and superseded by this Agreement.

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed in the presence of competent witnesses on the day and year first above written.

* Does not include adjustments.

WITNESSES:

[signatures]

CITY OF MINDEN
Customer

By [signature] Mayor

LOUISIANA POWER & LIGHT COMPANY

Recommended: [signature]

Approved By: [signature]

A. Customer is solely responsible for the use, abuse, disposition or presence of electricity on the Customer's side of the point of delivery.

B. The Customer shall be responsible to the Company for any loss or damage to Company's property resulting from: (1) abuse of service or damage to equipment by Customer and (2) creation of demands in excess of those contracted and provided for.

C. Company agrees to install, operate and maintain all metering devices required to measure the service furnished as specified herein. An accessible, protected and satisfactory location on the Customer's premises shall be provided by and at the Customer's expense to be approved by the Company for installation of Company's metering devices unless Company elects to install meters on poles or other locations accorded by it. Customer grants to Company at all reasonable times the right of free ingress and egress to Customer's premises for the purpose of installing, testing, reading, inspecting, repairing, operating, altering or removing any of Company's property located on Customer's premises or for other purposes necessary to enable it to render service or determine Customer's compliance with this Agreement.

D. Title to all meters, metering devices, regulator equipment, appliances, and any other equipment placed on Customer's premises by Company and not sold to Customer shall remain in Company, with right in Company to remove same within a reasonable time after the termination of this Agreement. Customer shall use reasonable effort to protect such property on Customer's premises from injury or damage and will not tamper with or remove such property nor permit the same to be tampered with or removed without consent of Company.

E. (a) Meter measurements shall be binding on both parties, except where meter is defective or fails to register, in either of which cases, Company shall repair or replace the meter, and the power and energy delivered while the meter was out of order or failed to register, shall be determined by correcting the error if the percentage of error is ascertainable by calibration test or mathematical calculation, or if not so ascertainable, then by estimating the quantity on the basis of deliveries by the new or repaired meter, proved to accuracy, during a succeeding period under similar conditions. No meter shall be considered in error unless the error shall exceed two (2) per cent.

(b) Company agrees to calibrate meters delivering power and energy to Customer as often as is necessary to comply with good operating practice.

F. All connections to the lines, wires or apparatus of the Company will be made by the Company without regard to whether the cost thereof shall be required to be made at the expense of the Customer.

G. Whenever, by municipal or other governmental regulation any inspection certificate or permit approving the Customer's installation is required, such permit or certificate shall be obtained by and at the expense of the Customer before service is made available. The Company may refuse or discontinue service to any Customer's installation it deems unsafe but the Company shall not be responsible for any loss or damage resulting from any such defective installation and the fact that the Company has established service shall not imply its approval of any such installation.

H. All wires, wiring, control or utilization devices of the Customer, whether owned, leased or otherwise possessed and used or maintained ready for use shall be installed and maintained in accordance with the rules of the National Board of Fire Underwriters as prescribed in the "National Electrical Code" in effect at the time, or with the rules or practices required by any other agency having jurisdiction. The Company does not, however, assume the duty of determining the compliance of the Customer with such rules and assumes no responsibility of any kind or in any manner for any failure of such installation to comply therewith.

I. Where Customer uses electric service for the operation of hoists, welding machines, X-ray machines, electric furnaces, or other equipment with an intermittent and rapidly fluctuating load characteristic, and the operation of such equipment adversely affects voltage regulations or impairs Company's service to Customer, and other users of electric service supplied from the same distribution system, such service to Customer will be connected or continued, as the case may be, only after Customer provides, installs, and maintains, at its own expense, such special transformers, reactors, series or multiple capacitors, or other corrective equipment as Company may recommend to remedy the condition. Company reserves the right to measure the demand over a shorter interval than 15 minutes, or to use the instantaneous kva rating of Customer's total installed load where the fluctuating load imposed by Customer's equipment will not properly register on a demand meter.

J. Demands of fire or flood protection pumps during the times of fire, flood, or test will be eliminated from billing demands provided: (a) that the demands of such pumps shall not exceed 50% of the average of Customer's maximum demands each month (excluding fire pump demand) for the twelve months period ending with the current month, (b) that such demands are limited to Company's off peak periods, as stipulated by Company, so far as emergencies will permit, (c) that the operation of pumps for testing purposes shall be conducted only after arrangement with Company, and (d) that Customer notifies the Company immediately and confirms in writing within five days after any use of such pumps during a fire, flood, or test, of the time, duration, and magnitude of such demands.

K. Inability on the part of the Customer or Company to meet its contractual obligations hereunder, when such inability is due to compliance with an order, regulation, allocation or formal request of a governmental agency, shall not constitute default, and this Agreement shall remain in full force and effect except as necessarily modified during the effective period of such order, regulation, allocation or formal request and Customer or Company shall not be liable for any injury or loss caused by compliance therewith.

L. The Company shall use reasonable diligence to provide safe, adequate and continuous service, but shall not be responsible for loss or damage caused by the failure or other defects of service when such failure is unavoidable or due to unforeseen difficulties or causes beyond its control.

M. Service may be suspended after due notice (a) upon failure of the Customer to pay amounts due for service rendered, (b) on account of or to prevent fraud or abuse, (c) for Customer's default of contractual obligations, or (d) because meter on Customer's premises has been damaged or tampered with.

N. Service may be suspended without notice (a) for repairs or changes in Company's service facilities, or (b) on the discovery of conditions dangerous to life or property.

O. Service suspended for any of the above causes in paragraph M or N will not be restored until the cause of suspension has been removed or remedied. Any suspension of service hereunder shall not impair any of Company's rights or remedies available to it and shall be without prejudice to the life of this Agreement or to any other right of action to which the Company is entitled. Failure to exercise any right shall not constitute a waiver of that right.

P. In the event of cancellation of this Agreement by the Company for any breach or default on the part of Customer, in addition to the amount then due for service hereunder there shall immediately become due and payable to the Company as liquidated damages and not by way of penalty, a further sum equal to the minimum amounts guaranteed for the unexpired term thereof.

Q. Customer agrees to furnish to Company without cost, all necessary rights-of-way over and across lands owned or controlled by Customer and of its affiliated interest for the construction and operation of necessary lines, substations, and other equipment to render service under this Agreement and shall at all reasonable times give the Company, or its agents, free access to such lines, substations, and equipment.

R. This Agreement shall not be assigned by the Customer without approval in writing by the Company.

ELECTRIC SYSTEM INTERCONNECTION AGREEMENT
BETWEEN THE
CITY OF RUSTON
AND
LOUISIANA POWER & LIGHT COMPANY

THIS AGREEMENT (hereinafter referred to as "Agreement") made this 15th day of September, 1975, by and between the City of Ruston, Lincoln Parish, Louisiana, (hereinafter referred to as "City") and LOUISIANA POWER & LIGHT COMPANY (hereinafter referred to as "Company").

WITNESSETH THAT

WHEREAS, the Company and the City each own and operate an electric system supplying electric service to customers, and

WHEREAS, the public interest requires that each party shall make all provisions necessary to reasonably assure the continuous availability of electric service in sufficient amounts to supply all normal requirements of its customers, and

WHEREAS, substantial benefits will accrue to both the Company and the City by the interconnection of the two systems,

NOW, THEREFORE, in consideration of these premises and the benefits accruing to each party hereto, the Company and the City agree as follows:

ARTICLE I

The Company and the City agree to make an interconnection of facilities whereby a source of electrical power and energy can be made available to each

other subject to the terms and conditions of this Agreement.

ARTICLE II

The Company and the City agree that the maximum capacity of the interconnection shall be 45,000 KVA, at 115,000 volts, three phase, three wire, and a normal frequency of 60 hertz. Such capacity and associated energy will be available to the City from the Company and to the Company from the City in accordance with the conditions herein contained and the certain applicable service schedules designated as Service Schedule A, Service Schedule B, Service Schedule C, Service Schedule D, Service Schedule E, Service Schedule F, and Service Schedule F-I, attached hereto, when properly executed by both parties.

When service is being taken by either party under any one or a combination of the above service schedules, it is agreed by both parties that the maximum capacity of 45,000 KVA specified herein shall not be exceeded.

In order to protect the integrity of the Company's transmission system and both the Company's and the City's tie facilities, the automatic switches controlling the tie will be opened when such excess occurs.

ARTICLE III

The point of interconnection of the systems under this Agreement shall be where the City's 115 KV lines connect with Company's 115 KV lines by aerial jumpers adjacent to Company's transmission structure No. 12 at City's Frazier Road 115/69 KV substation site located on the north side of City, more specifically indicated on Drawing No. AN-1154 attached hereto.

ARTICLE IV

Service Schedules as indicated above will set forth the type of service to be supplied, the terms and conditions of such supply and the charges to be paid therefor, all in accordance with the conditions outlined in such Service Schedule when signed and accepted by authorized officials of the parties hereto. Each Service Schedule so authorized shall become a part of this Agreement for the term hereof or for such shorter term as may be provided in the Service Schedule.

In addition to the rates and adjustments provided in the Service Schedules effective hereunder, each party shall pay or shall reimburse the other for the applicable proportionate part of any new tax, or increase in existing taxes due to audit changes imposed by tax collector, or governmental imposition or charge (including those which may be lawfully imposed by the City upon the Company) levied or assessed against such other party's electric business after the effective date of this Agreement not included in such rates and adjustments provided herein and which affect the service under this contract, except as the power and energy may be exempt under law from the effects of any such tax or taxes. In no event shall the City be entitled to any payment or reimbursement hereunder from Company for any new tax, levy, assessment, imposition, or other charge by the City or payment in lieu of tax to the City, or any increase in any such existing charge imposed by such City upon its electric business.

Service Schedules hereunder are as follows:

SERVICE SCHEDULE "A" -- This schedule sets forth the conditions under which emergency power and energy, as described therein, may be supplied to either the City or the Company.

SERVICE SCHEDULE "B" -- This schedule sets forth the terms and conditions under which reserve capacity and energy, as described therein, may be supplied to either the City or the Company.

SERVICE SCHEDULE "C" -- This schedule sets forth the terms and conditions under which supplemental power and energy, as described therein, may be supplied to either the City or the Company.

SERVICE SCHEDULE "D" -- This schedule sets forth the terms and conditions under which surplus power and energy, as described therein, may be supplied to either the City or the Company.

SERVICE SCHEDULE "E" -- This schedule sets forth the terms and conditions under which economy energy, as described therein, may be supplied to either the City or the Company.

SERVICE SCHEDULE "F" -- This schedule sets forth the terms and conditions under which transmission service may be available to a Supplying City for the transmission of power and energy to a Receiving City over the transmission facilities of the Company.

SERVICE SCHEDULE "F-I" -- This schedule sets forth the terms and conditions under which interruptible transmission service may be available to a Supplying City for the transmission of power and energy to a Receiving City over the transmission facilities of the Company.

ARTICLE V

The facilities necessary to effect the initial interconnection shall be provided by, owned, operated and maintained by the Company from its power source to the point of interconnection with the City. The City will pay to the Company the cost of all facilities required to be added by Company in order to effect any increase in the capacity of the interconnection, which is requested by a City unless a mutually agreed upon proportioning of such cost is reached by the parties, or unless a regulatory body of competent jurisdiction otherwise determines. These added facilities shall also be owned, operated and maintained by Company.

The City shall own, operate and maintain, at its sole expense, the facilities from its system to the point of interconnection with the Company.

ARTICLE VI

Each party shall take all reasonable measures and exercise due diligence to insure the continuity of service through its respective portion of said facilities. Each party shall, insofar as practicable, protect, operate and maintain its system and facilities in such a manner as to avoid or minimize the likelihood of disturbances originating in its system causing impairment of service in the system of the other.

ARTICLE VII

All measurement of electrical power and energy delivered by one party to the other under the appropriate service schedule shall be made by suitable kilowatt, kilovar, and kilowatt-hour meters. Metering equipment shall be considered accurate unless the error exceeds two (2) percent. Periodic testing ...ment as agreed upon from time to time shall be made jointly

by representatives of the Company and City.

In the event of malfunction of the meter or meters, the amount of power and energy delivered during the period of such malfunction shall be estimated by and agreed upon by both parties hereto from the best available data.

ARTICLE VIII

In order to obtain the maximum value and convenience from the interconnection, the City shall have the right, at its option, to operate the tie under continuous parallel conditions.

The City hereby recognizes that under parallel operations the electric systems of each party are so connected that any electric power and energy that may flow through the delivery point is under control of the City with respect to direction and rate of flow. The City accordingly agrees that it will install load control devices capable of controlling the rate and direction of flow at all times.

The control devices shall be of sufficient accuracy to assure that the amount of power and energy flowing from the Company to the City, or from the City to the Company, is held at zero interchange, never to exceed ___six hundred seventy-five (675)___ kilowatt-hours per hour at any time except when City or Company is actually taking power and energy under one or more of the service schedules.

The City shall supply its reactive load under all normal conditions. When scheduling power flow into its system, the City shall supply added reactive power, to the extent necessary, to make practicable the transfer of the amount of power scheduled.

The control of the City's reactive power flow shall be such that under

normal conditions the transmission voltage at the point of attachment to Company's transmission system shall not be changed by more than one (1) percent from what it is under normal transmission conditions without the power exchange. It shall be the responsibility of both the Company and the City to provide whatever additional voltage regulation is required by their individual radial load obligations.

Any power and energy under six hundred seventy-five (675) kilowatt-hours per hour mentioned above that may be allowed to flow through the delivery point from the Company to the City or from the City to the Company, except during scheduled interchanges under one or more of the Service Schedules, shall be considered "unintentional interchange." Power and energy so transferred as "unintentional interchange" shall be returned to the supplying party within the next hour at substantially the same rate of flow and under the same conditions as received, such return to be the responsibility of the City.

Recognizing that the City has sole control and determination of the amount and direction of power and energy flowing through the interconnection at any given time, it is understood and agreed that any unintentional flow of power and energy in excess of six hundred seventy-five (675) kilowatt-hours per hour in either direction may be cause for parallel operations to be discontinued by either party until such time as equipment and controls have been restored to an operating condition satisfactory to both parties.

ARTICLE IX

The Company and the City agree that it is the intent and requirement

of this Agreement that each party provide its own system load requirements and adequate reserves by the installation of generating capacity, by purchase of reserves, and/or purchase of supplemental power, sufficient at all times to carry its own load.

Neither party assumes any responsibility for the supply of any electric power and/or energy to the other party, except as specifically provided for in an applicable service schedule properly executed and attached hereto.

It is further agreed that adequate reserves as required herein shall be not less than sixteen (16) percent of the annual projected peak demand, or such different percentage as may hereafter be prescribed by operating groups of which the Company is a part, but in no event less than that prescribed by the Southwest Power Pool of North American Power Systems Interconnection Committee (SWPP of NAPSIC).

To insure ready availability, the Company and the City agree that each will hold capacity of not less than six (6) percent of its annual projected peak demand as "Ready Reserves," as prescribed by the SWPP of NAPSIC. When either party is furnishing Reserve or Supplemental Power, the other party shall maintain Ready Reserves of not less than six (6) percent in order to maintain the interchange schedule.

If at any time the Company or City fails to maintain adequate reserves as required herein (except during times of emergency failure or breakdown), then the party deficient in reserves shall pay to the other party the

rate as provided in Service Schedule "B", "Reserve Capacity," for the kilowatt deficiency until such time as additional supplemental power or reserve capacity is contracted for or additional generating capacity is put into operation.

ARTICLE X

This interconnection is to be operated in accordance with the Operating Guides and Recommendations of NAPSIC and the Operating Manual of the Southwest Power Pool of NAPSIC, copies of which are available at the Southwest Power Pool office at 210 Mart Building, Little Rock, Arkansas, 72205.

In order to administer and effectively operate the tie, the Company and the City will each appoint one representative and one alternate to serve in the absence of the representative, to act for it in matters pertaining to the detailed operating arrangements of the interconnection herein agreed to.

Any deviations allowed the City from the obligations referred to above will be at the sole discretion of the Company and such deviations may continue for only so long as the Company, in its sole judgment, feels that such deviations do not impair the Company's ability to meet its obligations with other interconnected systems.

ARTICLE XI

The Company and the City agree that should either the Company or the City fail or refuse to perform any act or obligation created by this Agreement

or any Service Schedule attached hereto and made a part hereof, then specific performance may be demanded of the defaulting party, and if such demand is not satisfied, the aggrieved party may terminate the contract on thirty (30) days' written notice, reserving its rights to damages, if any be suffered by reason of such default. However, failure to perform as the result of an Act of God, war, civil disturbance, order of a governmental regulatory body, or like occurrence beyond the control of the parties hereto, shall not constitute a default.

ARTICLE XII

Each party assumes all responsibility on its side of the point of interconnection for the power and energy delivered, as well as the electrical installations and appurtenances used in connection therewith, and shall save the other party harmless from and against all claims for injury or damage to persons or property on its side of the point of interconnection.

ARTICLE XIII

Any waiver by either party of its rights with respect to a default under this Agreement, or with respect to any other matter arising out of or in connection with this Agreement, shall not be deemed a waiver with respect to any other matter arising in connection with this Agreement, nor shall it be deemed a waiver with respect to any subsequent default or matter under this Agreement.

ARTICLE XIV

Any notice, demand or request provided for in this Agreement or given

in connection with this Agreement shall be deemed to be properly given when sent by registered mail, postage prepaid, to Louisiana Power & Light Company, 142 Delaronde Street, New Orleans, Louisiana, 70174, for the Company or to The Honorable Mayor, City of Ruston, --, Ruston, Louisiana, 71270, for the City.

ARTICLE XV

This Agreement shall bind the Company and the City from -- October 1, 1975, or the date upon which the interconnection is first made available, whichever is earlier, to October 1, 1985, and thereafter for similar periods unless terminated by written notice given by one party to the other not more than twenty-four (24) months nor less than eighteen (18) months prior to the expiration of the original term or any extension thereof.

ARTICLE XVI

This Agreement is subject to the approval of regulatory bodies having jurisdiction, and either the Company or the City may request lawful change in service schedules or contract in accordance with such jurisdiction.

ARTICLE XVII

Neither party to this Agreement shall assign or otherwise dispose of its rights or interest in this Agreement, in whole or in part, without the written consent of the other party.

IN WITNESS WHEREOF, the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Clerk of the City and the Secretary of the Company as of the day, month, and year first above written.

CITY OF RUSTON

By _______________ Mayor

ATTEST:

_______________ Clerk

LOUISIANA POWER & LIGHT COMPANY

By _______________

VICE-PRESIDENT

ATTEST:

_______________ Secretary

SERVICE SCHEDULE "A"

EMERGENCY ASSISTANCE

This Service Schedule is made and entered into this 15th day of September, 1975, as a supplement to the Electric System Interconnection Agreement entered into on September 15, 1975, by and between City of Ruston and Louisiana Power & Light Company.

AVAILABILITY

Service under this Schedule is available where interconnecting facilities of adequate capacity and suitable phase and voltage are proximate to the point of interconnection or have been mutually arranged, and service is to be delivered by one party to the other according to the provisions of a mutual Agreement.

APPLICATION

This Schedule is applicable to mutual emergency assistance electric service to and from a municipally owned and operated electric system which supplies the power and energy requirements of its own customers.

Service is to be delivered by each party to the other at one point of delivery and measured by suitable kilowatt, kilovar, and kilowatt-hour meters. Service is deliverable hereunder only when the supplier has been given notice as detailed herein as to the requirements, and supplier can provide the requested amount of capacity. Supplier is obligated to make deliveries only to the extent it can do so without jeopardizing service to its own customers.

of an emergency or breakdown affecting the system of the Purchaser, or upon suitable prior arrangements in writing by either party to shut down generating units for scheduled maintenance. Deficiencies in power supply occasioned by lack of dependable generating capacity to meet load requirements, including adequate reserves, shall not be considered an emergency condition under this Agreement.

TYPE OF SERVICE

Alternating current, 60 hertz, three phase and at one standard voltage as available.

NET MONTHLY BILL

Rate: 1. The Seller will furnish the emergency power and energy from its own system, and the rate shall be the greater of the following:

(a) 12.5 mills for each kwh of emergency power and energy delivered by either party to the other during the month, or

(b) (the incremental cost per kwh of fossil fuel plus 4 mills per kwh) times 1.06.

2. If, however, conditions on the Seller's system are such that Seller determines it is unable to supply the emergency service requested from its own system, then if requested by the Buyer, Seller will attempt to purchase such emergency service from other systems interconnected with Seller and deliver same to Buyer. In the event such a purchase is made as requested by

Buyer, such emergency service shall be billed by Seller and paid for by Buyer at the Seller's cost for such purchased energy including start-up costs, if any, plus fifteen (15) percent.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or the City or directly affects the Company's or the City's cost of operation and which the Company or the City is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second (Applicable to Rate (1-a) only) - Plus or minus .001 cent per kwh used during the month for each .001 cent by which the average cost of fossil fuel per kwh as delivered to Company's or City's customers during the second preceding calendar month is more or less than .230 cent.

Third - If energy is supplied from a nuclear plant, revision may be made in this Schedule to compensate for investment and cost of fuel in nuclear generation as compared to fossil generation, as approved by the appropriate regulatory body.

DEMAND

The maximum KVA determined during the current month by meters suitable for measuring the demand used during a 60-minute interval. Demand taken by

one party from the other shall not exceed the maximum kVA specified in the "Confirmation of Emergency Requirements" for emergency assistance required by one party from the other.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other.

CONTRACT PERIOD

The term of this Schedule shall be from October 1, 1975, to October 1, 1985, and thereafter for similar periods unless terminated by written notice given by one party to the other not less than eighteen (18) months prior to the expiration of the original term or any extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or the City may request lawful change in this Service Schedule in accordance with such jurisdiction.

RESERVE GENERATING CAPACITY

Company and City hereby agree to accept and conform to the pre-determined annual Reserve requirements as set forth in the Interconnection Agreement. Company and City may conform by either installing generating capacity or purchasing reserves and/or supplemental power from the other party or others.

CONFIRMATION OF EMERGENCY REQUIREMENTS

Immediately, but not later than thirty (30) minutes after an emergency has occurred on either party's system and emergency service is being taken by the affected party, the Receiving Party shall notify the Supplying Party of the magnitude of capacity required as well as that being taken, details of the equipment in trouble, and a best estimate of the duration of time required to get facilities back to normal operation. The Supplying Party shall then confirm the amount of capacity that can be taken from its system by the Receiving Party for the particular emergency. If the emergency exceeds one (1) hour, a detailed written report must be filed with the Supplying Party within forty-eight (48) hours from the beginning of the emergency, setting forth the above required information in its most accurate available details.

IN WITNESS WHEREOF the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Clerk of the City and the Secretary of the Company as of the day, month and year first above written.

ATTEST:

[signature] Clerk

CITY OF RUSTON

By [signature] Mayor

ATTEST:

[signature] Secretary

LOUISIANA POWER & LIGHT COMPANY

By [signature] VICE PRESIDENT

Appendix 16

SERVICE SCHEDULE "B"

RESERVE CAPACITY

This Service Schedule is made and entered into this 15th day of September, 1975, as a supplement to the Electric System Interconnection Agreement entered into on September 15, 1975, by and between City of Ruston and Louisiana Power & Light Company.

AVAILABILITY

Service under this Schedule is available where interconnecting facilities of adequate capacity and suitable phase and voltage are proximate to the point of interconnection or have been mutually arranged, and service is to be delivered by one party to the other according to the provisions of a mutual Agreement.

APPLICATION

This Schedule is applicable to either party desiring to purchase reserve capacity from the other when the Supplying Party has such capacity above its own requirements and when the Purchasing Party has "sustained run" generating capability available to carry its load responsibility and Spinning Reserve for which this reserve is required. Reserves as required herein shall be in accordance with the pre-determined annual reserve requirements as set forth in the Interconnection Agreement.

For the purpose of calculating annual reserve requirements to be purcha

under this Service Schedule "B," the annual projected system peak demand responsibility or ninety-four (94) percent of the "sustained run" generating capability, whichever is the lesser, shall be multiplied by the percent reserve requirement of the Interconnection Agreement to determine the required "System Reserve Responsibility" for the load to be carried by the Purchasing Party's generation. The annual reserve requirements to be purchased will then be the difference between the "System Reserve Responsibility," as established above, and the amount of reserve which can be supplied by the Purchasing Party from its own generation. In no event will the Supplying Party be required to furnish reserves in excess of the capacity required for Purchasing Party to fulfill its reserve requirements. It is hereby agreed by both parties that when the projected peak demand is greater than ninety-four (94) percent of the "sustained run" generating capability of the Purchaser, the difference, if supplied by the Company, shall be supplied as supplemental power and contracted for in accordance with Schedule "C" made a part hereof. If such reserves and/or supplemental power is purchased from another supplier, the City shall notify, and keep notified, the Company of the details of such purchases to the extent that Company can satisfy itself as to the availability of such reserves and/or supplemental power to the City. If City fails to provide the reserves and/or supplemental power required hereinabove, then such deficits shall be supplied by the Company and paid for by the City in accordance with the appropriate Service Schedule.

The reserve will be determined annually, during the month of October, by the appointed representatives of both parties and will be set forth in writing

in amounts to the nearest 100 kilowatts, billing thereon to commence with the month of January of the ensuing year.

RESERVE SCHEDULING

After the annual determination of reserve requirements is set forth by the representatives, the Purchasing Party may have the use of such reserves up to the maximum amount specified at any time during the ensuing calendar year.

Scheduling will be at times mutually agreed upon by the Purchaser and Seller, and Seller will be obligated to hold the maximum specified amounts available.

Associated energy will be available with reserve purchases in accordance with Purchaser's reserve requirement schedule.

Reserve purchases hereunder are to be delivered by the Supplying Party to the other at one point of delivery and measured by suitable kilowatt, kilovar, and kilowatt-hour meters and is deliverable only to the extent determined annually and contracted for herewith.

Reserve requirements in excess of those determined and specified annually shall be paid for at the same rate and under the same conditions in minimum integrals of 100 kilowatts, as if they had been specified herein, and shall be paid for retroactively from the preceding January.

TYPE OF SERVICE

Alternating current, 60 hertz, three phase and at one standard voltage as available.

NET MONTHLY BILL

Rate: Reserve Capacity

$18 per kilowatt per calendar year in accordance with total reserve requirements as set forth above, billed at the rate of $1.50 per kilowatt per month whether scheduled for delivery or not.

Energy: The rate of energy shall be the greater of the following:

(a) 12.5 mills per kilowatt-hour per month for all energy delivered, or

(b) (the incremental cost per kwh of fossil fuel plus 4 mills per kwh) times 1.06.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or the City or directly affects the Company's or the City's cost of operation and which the Company or the City is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second (Applicable to Rate (a) only) - Plus or minus .001 cent per kwh used during the month for each .001 cent by which the average cost of fossil fuel per kwh as delivered to Company's or City's customers during the second preceding calendar month is more or less than .230 cent.

Third - If energy is supplied from a nuclear plant, revision may be made

in this Schedule to compensate for investment and cost of fuel in nuclear generation as compared to fossil generation, as approved by the appropriate regulatory body.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other.

CONTRACT PERIOD

The term of this Schedule shall be from October 1, 1975, to October 1, 1985, and thereafter for similar periods unless terminated by written notice given by one party to the other not less than eighteen (18) months prior to the expiration of the original term or any extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or the City may request lawful change in this Service Schedule in accordance with such jurisdiction.

SUSTAINED RUN CAPABILITY

It is hereby agreed that the "sustained run" generating capability is the sum of the generating capability of all generating units capable of operating simultaneously. Unit capability must be maintained for four (4) consecutive hours adjusted for the same conditions that exist at the time of the annual system peak. "Sustained run" capability of each unit may be re-determined by test, upon request, but not more often than once a year; provided, however,

that in the event of suspected significant change in generation output of a unit such a test may be requested at any time.

NOTICE OF RESERVE SCHEDULING

In order to coordinate transmission line and substation loading, it will be necessary that the Purchaser of reserves hereunder notify the Supplier of any major change in the schedule of receipts of reserve capacity herein contracted for and the duration of such change.

IN WITNESS WHEREOF the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Clerk of the City and the Secretary of the Company as of the day, month, and year first above written.

ATTEST: CITY OF RUSTON

[signature] Clerk By [signature] Mayor

ATTEST: LOUISIANA POWER & LIGHT COMPANY

[signature] Secretary By [signature] VICE-PRESIDENT

SERVICE SCHEDULE "C"

SUPPLEMENTAL POWER

This Service Schedule is made and entered into this 15th day of September, 1975, as a supplement to the Electric System Interconnection Agreement entered into on September 15, 1975, by and between City of Ruston and Louisiana Power & Light Company.

AVAILABILITY

Service under this Schedule is available where interconnecting facilities of adequate capacity and suitable phase and voltage are proximate to the point of interconnection or have been mutually arranged, and service is to be delivered by one party to the other according to the provisions of a mutual Agreement.

APPLICATION

This Service Schedule is applicable to either party desiring to purchase Supplemental Power and Energy from the other when the Supplying Party has such Power and Energy available, which contracts for such Power and Energy shall be in accordance with the terms herein set forth and the terms of the Interconnection Agreement to which this Service Schedule "C," when properly executed by both parties, shall be attached and made a part thereof.

Supplemental Power requirements as herein determined shall be that capacity which is in excess of ninety-four (94) percent of the Purchasing Party

"sustained run" generation capability and/or purchased firm capacity that is required to meet the Purchasing Party's peak demand.

S[illegible]lemental Power demand during the current month shall be measured by a demand meter suitable for measuring demand used during a 60-minute interval.

SUPPLEMENTAL POWER SCHEDULING

Supplemental Power requirements will be scheduled from the best available information, by representatives of both parties, and set forth on the basis of the maximum annual amounts of capacity required for each of the years specified. Such annual Supplemental Power requirements shall be reduced to writing, accepted by both parties, and attached hereto and made a part of this Service Schedule "C."

Associated energy shall be available with Supplemental Power capacity purchases in accordance with Purchaser's Supplemental Power capacity requirements schedule.

SUPPLEMENTAL POWER RESERVES

It is hereby agreed by both parties that Supplemental Power and Energy purchased by either party from the other under this Service Schedule "C" shall be delivered to the Purchasing Party on a firm basis, backed up with the minimum reserve requirements of the Supplying Party including Spinning Reserves as specified in the Interconnection Agreement of which this Service Schedule "C" is made a part.

TYPE OF SERVICE

Alternating current, 60 hertz, three phase and at one standard voltage as available.

NET MONTHLY BILL

Rate: Supplemental Power

$1.75 per kilowatt per month for the maximum kw demand established during the current month, or the maximum kw scheduled, whichever is the larger, but not less than $1.75 per kw per month of the highest demand billed during the previous eleven months or the term contained in the "Supplemental Power Scheduling," whichever is greater.

Energy: The rate for energy shall be the greater of the following:

(a) 6.0 mills per kilowatt-hour per month for all energy delivered, or

(b) (the incremental cost per kwh of fossil fuel plus 4 mills per kwh) times 1.06.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or the City or directly affects the Company's or the City's cost of operation and which the Company or the City is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted,

purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second (Applicable to Rate (a) only) - Plus or minus .001 cent per kwh used during the month for each .001 cent by which the average cost of fossil fuel per kwh as delivered to Company's or City's customers during the second preceding calendar month is more or less than .230 cent.

Third - If energy is supplied from a nuclear plant, revision may be made in this Schedule to compensate for investment and cost of fuel in nuclear generation as compared to fossil generation, as approved by the appropriate regulatory body.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other.

CONTRACT PERIOD

The term of this Schedule shall be from October 1, 1975, to October 1, 1985, and thereafter for similar periods unless terminated by written notice given by one party to the other not less than eighteen (18) months prior to the expiration of the original term or extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or the City may request lawful

change in this Service Schedule in accordance ...

SUSTAINED RUN CAPABILITY

It is hereby agreed that the "sustained run" generating capability is the sum of the generating capability of all generating units capable of operating simultaneously. Unit capability must be maintained for four (4) consecutive hours adjusted for the same conditions that exist at the time of the annual system peak. "Sustained run" capability of each unit may be re-determined by test, upon request, but not more often than once a year; provided, however, that in the event of suspected significant change in generation output of a unit, such a test may be requested at any time.

IN WITNESS WHEREOF the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Clerk of the City and the Secretary of the Company as of the day, month and year first above written.

ATTEST:

John H. Trigg
Clerk

CITY OF RUSTON

By John W. Perritt
Mayor

ATTEST:

N. H. Tint
Secretary

LOUISIANA POWER & LIGHT COMPANY

By G. D. McLendon
VICE-PRESIDENT.

SERVICE SCHEDULE "D"

SURPLUS POWER

This Service Schedule is made and entered into this 15th day of September, 1975, as a supplement to the Electric System Interconnection Agreement entered into on September 15, 1975 by and between City of Ruston and Louisiana Power & Light Company.

AVAILABILITY

Service under this Schedule is available where interconnecting facilities of adequate capacity and suitable phase and voltage are proximate to the point of interconnection or have been mutually arranged, and service is to be delivered by one party to the other according to the provisions of a mutual Agreement.

APPLICATION

This Service Schedule is applicable to either party desiring to purchase Surplus Power and Energy from the other upon request by the Purchasing Party, and when the Supplying Party, in its sole judgment, has determined that it has such Power and Energy available and can supply such quantities as agreed upon, and the Purchasing Party contracts for such Surplus Power and Energy in accordance with the terms herein set forth in this Schedule "D" and the terms of the Interconnection Agreement to which this Service Schedule "D," when properly executed by both parties, shall be attached to and made a part.

Surplus Power for the purpose of this application shall mean that capacity available over and above the Supplying Party's total system requirements, including reserves, and in no sense implies the installation of capacity for the account of the Purchasing Party.

SURPLUS POWER SCHEDULING

When either party desires to purchase and schedule deliveries of Surplus Power and Energy from the other, the Purchasing Party must notify the Supplying Party, in writing, stating the amount of capacity required, the interval of time during which such capacity will be required and an estimate of the energy requirements to accompany the capacity sale. The Supplying Party shall, in its sole judgment, then determine whether all or any part of such Surplus Power and Energy can be supplied and, if so, shall determine and notify the Purchasing Party of the amount and schedule of such Surplus Power and the amount of accompanying energy which can be supplied or deemed to have been supplied by the Supplying Party.

Neither party shall be obligated to purchase or to supply Surplus Powe and Energy, unless and until both parties have agreed to do so, in accordance with this Service Schedule "D," in a written agreement executed by an authori officer of each party.

TYPE OF SERVICE

Alternating current, 60 hertz, three phase and at one standard voltag as available.

METERING AND MEASUREMENT OF DEMAND

Surplus Power demand during the current month shall be measured by a demand meter suitable for measuring demand during a 60-minute interval.

In the event of an interruption or a curtailment of service for a period of more than thirty (30) consecutive minutes in any scheduled hour, the capacity charge for the current billing month for service under this Schedule "D" shall be reduced to reflect such interruption. The amount of the reduction for a total interruption shall be on the basis of a ratio, the numerator of which shall be the duration of such total interruption and the denominator of which shall be the actual number of scheduled hours of delivery during the billing month in which the interruption or curtailment occurred.

When only a porti n of capacity is interrupted, appropriate proration shall be made giving due weight to the capacity actually delivered.

NET MONTHLY BILLING

Rate: Surplus Capacity

$1.25 per kw per month for the maximum kw demand established during the current month or the maximum kw scheduled, whichever is greater.

Energy:

The energy charge per month shall be (the incremental cost per kwh of fossil fuel plus two (2) mills per kwh) times 1.06.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental

authority after the effective date of this Schedule, which is assessed or levied against the Company or the City or directly affects the Company's or the City's cost of operation and which the Company or the City is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second - If energy is supplied from a nuclear plant, revision may be made in this Schedule to compensate for investment and cost of fuel in nuclear generation as compared to fossil generation, as approved by the appropriate regulatory body.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other.

CONTRACT PERIOD

The term of this Schedule shall be from October 1, 1975 to October 1, 1985, and thereafter for similar periods, unl[illegible] terminated by written notice given by one party to the other not less than eigh[illegible] (18) months prior to the expiration of the original term or any extension therc[illegible]

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies

having jurisdiction, and either the Company or the City may request lawful change in this Service Schedule in accordance with such jurisdiction.

IN WITNESS WHEREOF the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Clerk of the City and the Secretary of the Company as of the day, month and year first above written.

CITY OF RUSTON

ATTEST:

John H. Trigg
Clerk

By John W. Pruitt
Mayor

LOUISIANA POWER & LIGHT COMPANY

ATTEST:

[illegible]
Secretary

By G. D. McLendon
VICE-PRESIDENT

SERVICE SCHEDULE "E"

ECONOMY ENERGY

This Service Schedule is made and entered into this 15th day of September, 1975, as a supplement to the Electric System Interconnection Agreement entered into on September 15, 1975, by and between City of Ruston and Louisiana Power & Light Company.

AVAILABILITY

Service under this Schedule is available where interconnecting facilities of adequate capacity and suitable phase and voltage are proximate to the point of interconnection or have been mutually arranged, and service is to be delivered by one party to the other according to the provisions of a mutual Agreement.

APPLICATION

This Service Schedule is applicable to either party desiring to purchase Economy Energy from the other upon request by the Purchasing Party, and when the Supplying Party, in its sole judgment, has determined it has such Economy Energy available and desires to make such Economy Energy available to the Purchasing Party under the terms and conditions herein set forth in this Service Schedule "E" and the terms of the Interconnection Agreement to which this Service Schedule "E," when properly executed by both parties, shall be attached and made a part thereof.

ECONOMY ENERGY SCHEDULING

When either party desires to purchase Economy Energy, it will notify the Supplying Party, indicating the amount and time interval of such desired purchases of Economy Energy.

If the Supplying Party, in its sole judgment, determines it has such Economy Energy available and wishes to sell such Economy Energy to the Purchasing Party in accordance with this Service Schedule "E," it shall promptly notify the Purchasing Party.

Nothing herein shall be construed as obligating either party to reserve Economy Energy for the other. Each party shall have the right, at all times, to dispose of or make such other use of its Economy Energy as it may see fit.

ECONOMY ENERGY RATE

The rate for Economy Energy scheduled under this Service Schedule "E" shall be on a "sharing of savings" basis calculated at the time of agreement between the parties for any specific amount of Economy Energy.

Rate per kwh = $\frac{A + B}{2}$, when

A = calculated incremental fossil fuel cost of energy involved, plus applicable adjustments, if supplied from resources of the Purchasing Party.

B = calculated incremental fossil fuel cost of energy involved, plus applicable adjustments, if supplied from resources of the Supplying Party.

Incremental fossil fuel cost for calculations of "A" and "B" above shall be costs as calculated at the time the mutual agreement between the parties for the Economy Energy transaction became effective.

Adjustments:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or the City or directly affects the Company's or the City's cost of operation and which the Company or the City is legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second - If energy is supplied from a nuclear plant, revision may be made in this Schedule to compensate for investment and cost of fuel in nuclear generation as compared to fossil generation, as approved by the appropriate regulatory body.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation by each party to the other.

CONTRACT PERIOD

The term of this Schedule shall be from October 1, 1975, to October 1, 1985, and thereafter for similar periods, unless terminated by written notice given by one party to the other not less than eighteen (18) months prior to the expiration of the original term or any extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or the City may request lawful change in this Service Schedule in accordance with such jurisdiction.

IN WITNESS WHEREOF the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and their corporate seals have been attached and attested by the Clerk of the City and the Secretary of the Company as of the day, month and year first above written.

ATTEST:

John H. Trigg
Clerk

CITY OF RUSTON

By John M. Pruitt
Mayor

ATTEST:

[signature]
Secretary

LOUISIANA POWER & LIGHT COMPANY

By [signature]
VICE-PRESIDENT

Appendix 16

SERVICE SCHEDULE "F"

TRANSMISSION SERVICE

This Service Schedule is made and entered into this 15th day of September, 1975, as a supplement to the interconnection agreement entered into on September 15, 1975 by and between City of Ruston; ______; ______; ______ (hereinafter referred to as "Entity(ies)") and Louisiana Power & Light Company (hereinafter referred to as "Company").

APPLICATION

Transmission service under this Schedule is applicable to the transmission of power and energy by the Company over its transmission facilities among Entities in the State of Louisiana with which it has Electric System Interconnection Agreements including Service Schedules "A" and "B" and has this Transmission Service Schedule "F" in effect. In addition, for other Entities with whom Company has an interconnection agreement, the Company will transmit to or from those Entities' then existing interconnection points with the Company, power delivered to the Company by other Entities whose transmission facilities adjoin and connect with those of the Company, provided:

(1) there is an interconnection agreement with those other Entities and Service Schedule "B" or other appropriate schedules and this Service Schedule "F" are in effect, and

(2) arrangements have been made to accommodate such transmission service from a functional and technical standpoint.

The transmission of such power and energy shall be at the rate herein specified.

As used herein, "Entity" shall mean any municipality, rural electric cooperative, public or private corporation, governmental agency, such as TVA and Southwest Power Administration, or lawful association of any of the foregoing (a) which lawfully exists and owns and operates or proposes in good faith to own or operate facilities for generation, transmission, and/or distribution of electric power and energy; (b) which, with the exception of municipalities, rural electric cooperatives and governmental agencies, is or will upon commencement of operations be a public utility (or in the case of an association, each member thereof, excepting municipalities, rural electric cooperatives and governmental agencies, is a public utility) under the law of Louisiana and the Federal Power Act and provides or upon commencement of operations will provide electric service under contracts or rate schedules on file with and subject to regulation of the Louisiana Public Service Commission and the FPC; and (c) with which Company has or may feasibly have a physical interconnection within the State of Louisiana.

For the purposes of this paragraph, (1) any person in the State of Louisiana who would otherwise qualify as an "Entity" except for the lack of a physical interconnection with the Company shall be considered an "Entity" if that person is or will be interconnected with an "Entity" or member of the

Southwest Power Pool which is interconnected with the Company; and (2) Arkansas Power & Light Company, Mississippi Power & Light Company, and Mississippi Power Company, or any successor thereof, shall also be considered "Entities."

AVAILABILITY

Company will furnish scheduled wholesale transmission service in accordance with this Service Schedule to the extent it has existing transmission capacity available to provide such service under sound engineering practice and subject to the following standards:

a) Such service will neither impair the ability of the Company to render adequate service to its customers nor impair or reduce the reliability of electric service by Company to its own customers during the term of the scheduled service;

b) Such service will not endanger, impair, or create unsafe conditions on the system or any of the facilities of the Company or its customers or parties with which it is interconnected;

c) Such service shall not require the Company to construct or install any new facilities; provided, however, that if all of the following conditions and the other standards described in this Schedule are met, Company will include in its planning and construction program sufficient transmission

capacity to accommodate proposed transmission service under this Schedule:

(i) The participating Entity(ies) gives/give Company sufficient advance written notice of the details of the requested service as may be necessary for Company to plan and complete from a functional and technical standpoint the facilities deemed necessary by Company to provide such service in accordance with the Company's construction and operating standards;

(ii) the participating Entity(ies) fully compensates Company for the cost of such facilities beyond the cost Company would otherwise incur for its own use; and

(iii) such facilities will have demonstrable present or future benefit to the Company in furnishing electric service, other than transmission service, to its customers;

d) Such service, and the purchase and sale associated therewith, shall not violate or be inconsistent with and shall not cause the Company to violate, directly or indirectly, or become a party to violation of any applicable statute, order, ordinance, governmental or agency rule, regulation, or other applicable federal, state or local law; and without limiting the scope of the foregoing, the sale, purchase and delivery of the power and energy among the supplying Entity(ies) and the receiving Entity(ies)

ust in all events be lawful, duly [illegible]
or accepted for filing by all regulatory agencies, if any,
which then have jurisdiction over such sale, purchase or de-
livery, and the transmission service shall not cause Company
to be discriminatory or preferential in any service, rate or
charge to any customers of the Company within the meaning of
any applicable law;

e) In the event a supplying Entity is unable for any reason to sup-
ply power or energy for transmission, the Company shall have
no responsibility to deliver such power or energy from its own
or any other source;

f) The determination of the availability of existing transmission
capacity of the Company during the proposed scheduled period
shall be made on the basis of existing load, future contracted
or projected new load beyond normal load growth, previously
scheduled load (both hereunder and otherwise), and normal
load growth of the Company, all as estimated by the Company
on the basis of its engineering planning practice.

Such transmission service is available only by specific agreement,
executed by an authorized officer of the Company and each participating Entity.

TRANSMISSION SERVICE SCHEDULING

Transmission service requirements shall be contracted for on a twelve-
month basis and set forth in writing, as a supplement to this Schedule "T."

Company will provide the [illegible]

for the transmission of wholesale power and energy among the Entities contracted with.

Since emergency conditions or required maintenance can cause the system capability to be modified as conditions of the moment dictate, the capacity, specified by the Company as being available, is available only when the transmission and generation system is in its normal operating mode.

TRANSMISSION SERVICE SPECIFICATIONS

All power and energy to be transmitted by the Company must be received and will be delivered at the Company's nominal transmission voltage at the points of interconnection.

The participating Entities shall control their reactive power flows so that the transmission voltage at the points of attachment to Company's transmission system during normal operations shall not be changed by more than one (1) percent from what it is under normal transmission conditions without the power exchange.

It shall be the responsibility of the participating Entities to provide whatever additional voltage regulation is required by their individual radial load obligations.

It is recognized that the input and withdrawal of power and energy is under the control of the participating Entities, and they agree it shall be the responsibility of the supplying Entity(ies) to supply, under this Schedule,

the amount of power and energy, plus losses, the receiving Entity(ies) is/are taking from the Company's transmission system at all times under this Schedule.

The supplying Entity(ies) shall supply at all times three (3) percent more than all power and energy being taken by the receiving Entity(ies) to compensate for losses.

It shall be the responsibility of the participating Entities to install the necessary control equipment to accomplish the foregoing.

Any power and energy received by the receiving Entity(ies) in excess of the amount furnished by the supplying Entity(ies), adjusted for inadvertent interchanges of not more than one and one-half (1.5) percent of the transmission capacity expressed in kilowatt-hours per hour shall be considered power and energy supplied by the Company and will be billed to the supplying Entity(ies), in accordance with Service Schedule "B" or other appropriate schedules of the interconnection agreement.

Since the supplying Entity(ies) has/have finite control over its/their generation, any power and energy (including losses) received by LP&L in excess of the amount scheduled for delivery to the receiving Entity(ies) shall be ignored for billing purposes.

MEASUREMENT

The measurement of all power and energy transmitted from the supplying Entity(ies) to the receiving Entity(ies) shall be by suitable kilowatt, kilovar and kilowatt-hour meters capable of measuring demands on a 60-minute interval, and these meter readings shall be used in accounting for the power

and energy transmitted by the Company.

NET MONTHLY BILL

All billing for service hereunder shall be billed to and paid for by the supplying Entity(ies).

Rate:

All transmission service under this Service Schedule "F" shall be paid for at the following rate:

___\$0.65___ per kw per month for all kw of contract demand

Adjustment:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or Entities or directly affects the Company's or Entities' costs of operation and which the Company or Entities are legally obligated to pay on the basis of meters, customers, or rates of, or revenue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or sold, or on any other basis where direct allocation is possible.

Second - When the contract demand for the current month exceeds the contract demands of the previous months during the term for which the Transmission Service is scheduled, the previous months' contract demands and billings during said term

shall be adjusted to the current demand.

CONTRACT DEMAND

The Contract Demand shall be the maximum Kw capacity contracted for, but shall not be less than the maximum demand furnished during the clock-hour period of maximum non-simultaneous use by the participating Entity(ies) during the term for which the Transmission Service is scheduled.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation.

CONTRACT PERIOD

The term of this Schedule shall be from October 1, 1975 to October 1, 1985, and thereafter for similar periods, unless terminated by written notice given by one party to the other not less than eighteen (18) months prior to the expiration of the original term or any extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or the participating Entity(ies) may request lawful change in the Service Schedule in accordance with such jurisdiction.

IN WITNESS WHEREOF the parties hereto have caused their corporate

SERVICE SCHEDULE "F-I"

TRANSMISSION SERVICE

This Service Schedule is made and entered into this 15th day of September, 1975, as a supplement to the interconnection agreement entered into on September 15, 1975 by and between City of Ruston; ; ; (hereinafter referred to as "Entity(ies)") and Louisiana Power & Light Company (hereinafter referred to as "Company").

APPLICATION

Transmission service under this Schedule is applicable to the transmission of power and energy by the Company over its transmission facilities among Entities in the State of Louisiana with which it has Electric System Interconnection Agreements including Service Schedules "A" and "B" and has this Transmission Service Schedule "F-I" in effect. In addition, for other Entities with whom Company has an interconnection agreement, the Company will transmit to or from those Entities' then existing interconnection points with the Company, power delivered to the Company by other Entities whose transmission facilities adjoin and connect with those of the Company, provided:

(1) there is an interconnection agreement with those other Entities and Service Schedule "B" or other appropriate schedules and this Service Schedule "F-I" are in effect, and

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(2) arrangements have been made to accommodate such transmission service from a functional and technical standpoint.

The transmission of such power and energy shall be at the rate herein specified.

As used herein, "Entity" shall mean any municipality, rural electric cooperative, public or private corporation, governmental agency, such as TVA and Southwest Power Administration, or lawful association of any of the foregoing (a) which lawfully exists and owns and operates or proposes in good faith to own or operate facilities for generation, transmission, and/or distribution of electric power and energy; (b) which, with the exception of municipalities, rural electric cooperatives and governmental agencies, is or will upon commencement of operations be a public utility (or in the case of an association, each member thereof, excepting municipalities, rural electric cooperatives and governmental agencies, is a public utility) under the law of Louisiana and the Federal Power Act and provides or upon commencement of operations will provide electric service under contracts or rate schedules on file with and subject to regulation of the Louisiana Public Service Commission and the FPC; and (c) with which Company has or may feasibly have a physical interconnection within the State of Louisiana.

For the purposes of this paragraph, (1) any person in the State of Louisiana who would otherwise qualify as an "Entity" except for the lack of a physical interconnection with the Company shall be considered an "Entity" if that person is or will be interconnected with an "Entity" or member of the

Southwest Power Pool which is interconnected with the Company; and (2) Arkansas Power & Light Company, Mississippi Power & Light Company, and Mississippi Power Company, or any successor thereof, shall also be considered "Entities."

AVAILABILITY

Company will furnish scheduled wholesale transmission service on an interruptible basis in accordance with this Service Schedule to the extent it has existing transmission capacity available to provide such service under sound engineering practice and subject to the following standards:

a) Such service may be interrupted without liability to the Company;

b) Company will, when circumstances make it feasible, give Entities advance notice of such interruptions;

c) Since service hereunder is subject to unqualified interruption upon discretion of the Company in its operating judgment, Company will, prior to contracting, advise the Entity(ies) desiring such service of its estimate as to the probability for interruption in this transmission service. It is understood, however, that such advice shall not constitute a commitment as to the number or magnitude of interruptions, if any;

d) Such service will neither impair the ability of the Company to render adequate service to its customers nor impair or reduce the reliability of electric service by Company to its

own customers during the term of the scheduled service;

e) Such service will not endanger, impair, or create unsafe conditions on the system or any of the facilities of the Company or its customers or parties with which it is interconnected;

f) Such service shall not require the Company to construct or install any new facilities.

g) Such service, and the purchase and sale associated therewith, shall not violate or be inconsistent with and shall not cause the Company to violate, directly or indirectly, or become a party to violation of any applicable statute, order, ordinance, governmental or agency rule, regulation, or other applicable federal, state or local law; and without limiting the scope of the foregoing, the sale, purchase and delivery of the power and energy among the supplying Entity(ies) and the receiving Entity(ies) must in all events be lawful, duly authorized, and approved or accepted for filing by all regulatory agencies, if any, which then have jurisdiction over such sale, purchase or delivery, and the transmission service shall not cause Company to be discriminatory or preferential in any service, rate or charge to any customers of the Company within the meaning of any applicable law;

h) In the event a supplying Entity is unable for any reason to

supply power or energy for transmission, the Company shall have no responsibility to deliver such power or energy from its own or any other source;

i) The determination of the availability of existing transmission capacity of the Company during the proposed scheduled period shall be made on the basis of existing load, future contracted or projected new load beyond normal load growth, previously scheduled load (both hereunder and otherwise), and normal load growth of the Company, all as estimated by the Company on the basis of its engineering planning practice.

Such transmission service is available only by specific agreement, executed by an authorized officer of the Company, and each participating Entity.

TRANSMISSION SERVICE SCHEDULING

Transmission service requirements shall be contracted for on a five (5) month basis and set forth in writing at least thirty (30) days in advance, as a supplement to this Schedule "T-1." Company will provide the transmission capacity therein scheduled solely for the transmission of wholesale power and energy among the Entities contracted with.

Since emergency conditions or required maintenance can cause the system capability to be modified as conditions of the moment dictate, the capacity, specified by the Company as being available, is available only when the transmission and generation system is in its normal operating mode.

TRANSMISSION SERVICE SPECIFICATIONS

All power and energy to be transmitted by the Company must be received and will be delivered at the Company's nominal transmission voltage at the points of interconnection.

The participating Entities shall control their reactive power flows so that the transmission voltage at the points of attachment to Company's transmission system during normal operations shall not be changed by more than one (1) percent from what it is under normal transmission conditions without the power exchange.

It shall be the responsibility of the participating Entities to provide whatever additional voltage regulation is required by their individual radial load obligations.

It is recognized that the input and withdrawal of power and energy is under the control of the participating Entities, and they agree it shall be the responsibility of the supplying Entity(ies) to supply, under this Schedule, the amount of power and energy, plus losses, the receiving Entity(ies) is/are taking from the Company's transmission system at all times under this Schedule.

The supplying Entity(ies) shall supply at all times three (3) percent more than all power and energy being taken by the receiving Entity(ies) to compensate for losses.

It shall be the responsibility of the participating Entities to install the necessary control equipment to accomplish the foregoing.

Any power and energy received by the receiving Entity(ies) in excess

of the [illegible] one-half (1.5) percent [illegible]

Interchanges of not more than one and one-half (1.5) percent [illegible] shall be considered power

sion capacity expressed in kilowatt-hours per hour shall be considered power and energy supplied by the Company and will be billed to the supplying Entity(ies), in accordance with Service Schedule "B" or other appropriate schedules of the interconnection agreement.

Since the supplying Entity(ies) has/have finite control over its/their generation, any power and energy (including losses) received by the Company in excess of the amount scheduled for delivery to the receiving (Entity(ies) shall be ignored for billing purposes.

MEASUREMENT

The measurement of all power and energy transmitted from the supplying Entity(ies) to the receiving Entity(ies) shall be by suitable kilowatt, kilovar and kilowatt-hour meters capable of measuring demands on a 60-minute interval, and these meter readings shall be used in accounting for the power and energy transmitted by the Company.

NET MONTHLY BILL

All billing for service hereunder shall be billed to and paid for by the supplying Entity(ies).

Rate:

All transmission service under this Service Schedule "F-I" shall be paid for at the following rate:

$0.65 per kw per month for all kw of contract demand

Adjustment:

First - Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority after the effective date of this Schedule, which is assessed or levied against the Company or Entities or directly affects the Company's or Entities' costs of operation and which the Company or Entities are legally obligated to pay on the basis of meters, customers, or rates of, or r enue from electric power and energy or service sold, or on the volume of energy generated, transmitted, purchased for sale, or ld, or on any other basis where direct allocation is possible.

Second - When the contract demand for the current month exceeds the contract demands of the previous months during the term for which the Transmission Service is scheduled, the previous months' contract demands and billings during said term shall be adjusted to the current demand.

CONTRACT DEMAND

The Contract Demand shall be the maximum Kw capacity contracted for, but shall not be less than the maximum demand furnished during the clock-hour period of maximum non-simultaneous use by the participating Entity(ies) during the term for which the Transmission Service is scheduled.

PAYMENT

The Net Monthly Bill is due and payable each month upon presentation.

CONTRACT PERIOD

The term of this Schedule shall be from October 1, 1975, to October 1, 1985, and thereafter for similar periods, unless terminated by written notice given by one party to the other not less than eighteen (18) months prior to the expiration of the original term or any extension thereof.

REGULATORY APPROVAL

This Service Schedule is subject to the approval of regulatory bodies having jurisdiction, and either the Company or the participating Entity(ies) may request lawful change in the Service Schedule in accordance with such jurisdiction.

IN WITNESS WHEREOF the parties hereto have caused their corporate names to be subscribed hereto, signed by their duly authorized officers, and the corporate seals have been attached and attested by the Clerk of the City of Ruston, the ________ of the ________, the ________ of the ________, the ________ of the ________, and the Secretary of the Company as of the day, month and year first above written.

CITY OF RUSTON

ATTEST:

[signature]
Secretary/Clerk

By [signature]
Mayor

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ATTEST:

______________________________ By ______________________________
Secretary/Clerk

____

ATTEST:

______________________________ By ______________________________
Secretary/Clerk

____

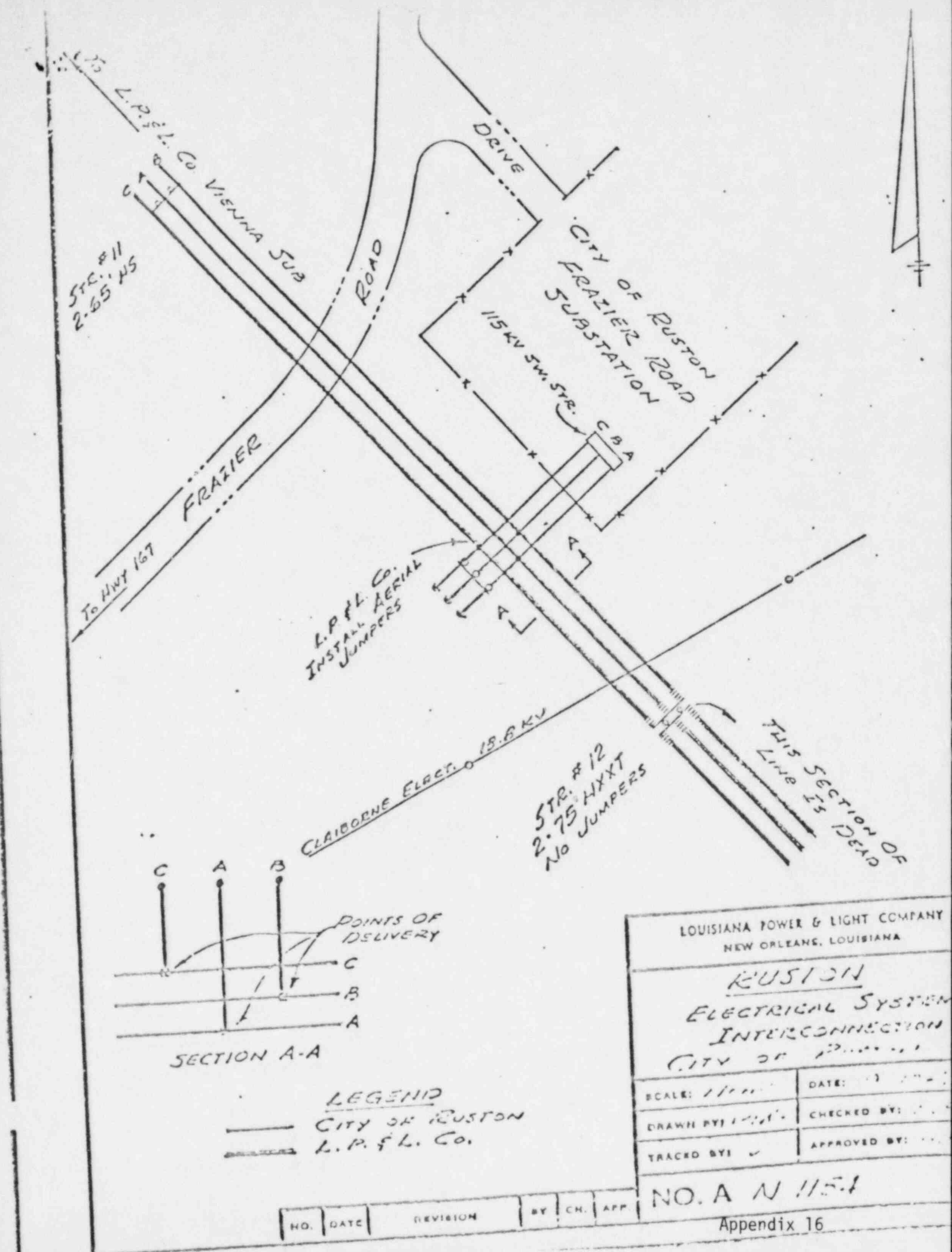
ATTEST:

______________________________ By ______________________________
Secretary/Clerk

LOUISIANA POWER & LIGHT COMPANY

ATTEST:

[signature] By [signature]
Secretary VICE-PRESIDENT



Appendix 16

JUN 8 4 23 PM '78
FEDERAL POWER COMMISSION

BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Concerned Citizens Against Power Monopoly Hartwell Barnes, President 5101 Bon-Air Drive Monroe, Louisiana Complainant, v. Louisiana Power & Light Company J. H. Erwin, Vice President & Treasurer 142 Delaronde Street New Orleans, Louisiana 70174 Respondent.	:	Docket No. EL-78-30

COMPLAINT,
REQUEST FOR INVESTIGATION,
REQUEST FOR ORDER OF COMPLIANCE, AND REQUEST
FOR TEMPORARY DELIVERY OF FIRM BASE-LOAD POWER

Jack Pearce
Charles A. Cadwell
PEARCE & BRAND
1000 Connecticut Avenue, N.W.
Suite 1200
Washington, D.C. 20036
Telephone: (202) 785-0048

Dated: June 8, 1978

BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Concerned Citizens Against Power Monopoly Hartwell Barnes, President 5101 Bon-Air Drive Monroe, Louisiana Complainant, v. Louisiana Power & Light Company, Inc. J.H. Erwin, Vice President & Treasurer 142 Delaronde St. New Orleans, Louisiana 70174 Respondent.	Docket No. ______

COMPLAINT,
REQUEST FOR INVESTIGATION,
REQUEST FOR ORDER OF COMPLIANCE AND REQUEST
FOR TEMPORARY DELIVERY OF FIRM BASE-LOAD POWER

Concerned Citizens Against Power Monopoly brings this complaint pursuant to section 306 of the Federal Power Act, 16 U.S.C. 825e (hereinafter the "Act") alleging violations of section 205(b) of the Act, 16 U.S.C. 824d, by the Louisiana Power and Light Company, as set out below, and requesting relief as provided in sections 202, 206, and 306 of the Act, 16 U.S.C. 824a, 824d, 825e.

I

PARTIES, JURISDICTION

Concerned Citizens Against Power Monopoly is an unincorporated association of citizens of the city of Monroe, Louisiana. Hartwell Barnes of 5101 Bon-Air Drive is president of Concerned Citizens Against Power Monopoly.

The city of Monroe is the 7th largest city in the state of Louisiana, with a population of about 60,000 persons. Its electricity consumption is a significant factor in the total electric power market in Louisiana.

The city generates its own electricity in gas and oil fired plants. The city's generating capacity appears to be about 1/7th of that owned and operated by municipal and cooperative power systems in Louisiana.

Louisiana Power and Light Company is an investor-owned public utility company whose address is 142 Delaronde St., New Orleans, Louisiana, 70174. It is a public utility within the meaning of Section 201(e) of the Act. As such, it is subject to the jurisdiction of this Commission.

LP&L sells power to the city of Monroe and other municipal systems, including the city of Minden, from the Middle South Control Area -- a three state power pool dispatched from Pine Bluff, Arkansas. The sales of power to Monroe and Minden are therefore in interstate commerce and subject to the jurisdiction of this Commission and subject to section 205 of the Act.

ACTIVITIES CONSTITUTING A VIOLATION OF THE FEDERAL POWER ACT

LP&L sells electrical energy to the cities of Monroe and Minden, Louisiana. Only Minden receives firm power at LP&L's rate level set by Schedule LPU-7. LP&L has denied Monroe firm power for base load purpose at any reasonable rate with the result that, unlike Minden, Monroe has believed itself forced to agree to sell its system to LP&L.

The City of Monroe operated its electric utility system on a largely isolated basis until 1977 when an interconnection agreement was secured from LP&L. A 50 Mw physical interconnection existed prior to that time but was little used since no contract providing for the transfer of power had been agreed to. 1/

In the early 1970's officials in Monroe became concerned about Monroe's isolation and the decreasing availability of natural gas. In 1975 the city retained a consulting firm to lay out the city's options. In 1976 an Energy Committee was formed.

The consulting firm of Ford, Bacon & Davis (FBD) undertook a study on behalf of Monroe of alternatives by which both short-term "emergency" and long-term power needs could be met. The consultants outlined the sources of power.

1/ A few emergency transactions have been made. Testimony of Roy Lange in W. E. Perry v. The City of Monroe, Fourth District Court, Parish of Ouachita, Louisiana, Nos. 111, 145; 111, 146; 111, 147; filed August 16, 1977 at pp. 289, 290.

To ease the immediate shortage the consultants saw three sources of power: Monroe's own generating units, LP&L and Central Louisiana Electric Co. (CLECO). The high fuel costs of Monroe and CLECO and the limited gas supplies of the city made it appear that LP&L was the only realistic source of power in the short term, provided LP&L would make such available.

Longer term supplies included, in addition to the three short-term sources, the Electric Power Systems Association (EPSA), a group of ten Louisiana municipal systems to which Monroe no longer belongs; the Southwest Electric Power Company (SWEPCO); and the Cajun Electric Cooperative. Both EPSA and Cajun were known to be planning coal fired generation which could be of advantage to Monroe, but the consultants saw little hope of power available in time to help the city. SWEPCO was seen as too distant in location.

According to the Energy Committee Chairman of the City the short term needs were of a critical nature: the city in November 1976 had only 123,200 Kw of firm capacity, including the 50 Mw tie with LP&L. Peak demands in 1976 and 1977 were 131,500 Kw. By increasing the tie capacity with LP&L to 100 Mw the city's firm capacity could exceed the anticipated load. If the tie could be used for the base load both the price and the supply problems would be contained. It was clear that some source of additional power was needed. LP&L was seen as the only immediate source.

Representatives of the consulting firm approached LP&L to discuss future power exchange between the city and the utility. The utility responded that it would be interested in only two forms of participation. LP&L would consider either the purchase of the Monroe system outright or the sale of only those power services contained in the interconnection agreement then being negotiated by the city and the utility. 2/

This document, agreed to on May 24, 1977, provided for seven different power exchange services 3/, but the agreement provided only partial relief for Monroe's difficulties -- in that it gave limited protection against the immediate-future results of gas curtailment or unavailability. No firm base load power was made available to Monroe on an average system cost basis. 4/

The reason for LP&L's refusal to provide firm power does not lie in a lack of power available for sale. The

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2/ Ford, Bacon, and Davis study, attached as Appendix G to Protest of Concerned Citizens Against Power Monopoly filed before the Securities and Exchange Commission in Docket No. 70-6147, Louisiana Power and Light Company, p. 18. The Protest and the Appendices are attached hereto as Item I.

3/ Schedules: A-Emergency Power, B-Reserve Capacity, C-Supplemental Power, D-Surplus Power, E-Economy Energy, F-Transmission Service, F-I-Interruptible Transmission. Attached as Item II to this pleading.

4/ Schedule C of the Interconnection Agreement provides for "supplemental" power to be delivered on a firm basis. While Schedule C could be a source of firm power, by its terms it is not usable for base load purposes; and it is related to incremental costs to LP&L, which could be quite high.

utility has indicated in its application to the SEC to take over the system that it has the capacity to provide firm power to the city of Monroe without affecting the reliability of the company's service to existing customers. The company's application states that addition of the Monroe load will have no significant effect. 5/ Nor is there an engineering impediment to firm power supply. The existing physical interconnection could be increased to 100 Mw at negligible costs, according to LP&L. 6/ The Monroe side of the interconnection is already capable of handling the 100 Mw load. An expert independent of LP&L estimated that the costs to upgrade the conductors to the city substation the conductors to the city substation would be less than $100,000. 7/ The motive for LP&L's refusal to provide firm power lies elsewhere than the utility's lack of generating or transmitting capacity.

In April of 1976 LP&L made a formal proposal to the City Council to take over the Monroe Electric Utility system. The city, with its retail electric bills skyrocketing and lacking any other means of providing for its firm power needs, felt itself in an emergency situation. The City therefore passed an ordinance supplied by LP&L, and in a referendum the voters of Monroe approved the sale.

5/ SEC Form U-1, filed by LP&L March 31, 1978, p.12, ¶1.43.

6/ Ibid., ¶1.44.

7/ Testimony of Whitfield Russell, p. 416 in the case of Perry v. City of Monroe, Fourth District Court for the Parish of Ouachita, Louisiana, filed August 16, 1967. 1977

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The "emergency" upon which the proposal and the referendum were based existed only because of LP&L's refusal to sell firm power to the city of Monroe. Monroe had several long-term alternatives to sale to LP&L, but these alternatives received decreasing amounts of attention as the contrived emergency boosted utility bills in the city and as an end to gas supplies seemed imminent. Had the Monroe Energy Committee, the City Council, and the voters been presented a more complete picture of the alternatives, 8/ and had LP&L not exercised its control of short term power supply in a way that precluded detailed consideration of long-term alternatives, it is unlikely that the city would have agreed to a short-term solution that deprives them of independent competitive energy sources in the 1980's.

The paucity of accurate data furnished the citizens of Monroe is a major concern. 9/

8/ Citizens' pleading before the Securities and Exchange Commission details the ways in which the Ford, Bacon & Davis study, in large part because of LP&L's refusal to sell firm power, created an impression of an emergency situation, though such situation need not have existed. This pleading is attached as Item I.

9/ The attachments illustrate that the city did not have full information on either long or short term alternatives. For example, the consultant who performed the study for Ford, Bacon, and Davis, a Mr. Dominguez, did not talk to anyone at the Cajun Electric Cooperative about possible power exchange or co-generation. He did not review any plans nor seek any details. See Testimony of Jules Dominguez in W. E. Perry v. The City of Monroe, supra, pp. 174-178. Instead, he relied on the assertion of a colleague that the Cajun plans to build new generating facilities were too tentative and vague to deserve realistic consideration.
[footnote continued on page 8].

The city of Minden, Louisiana has fared better at the hands of LP&L. Although smaller in size than Monroe, Minden operated its own municipal system at competitive rates dependent like Monroe on the availability of natural gas. As gas prices increased between 1973 and 1975, the fuel adjustment portion of Minden's retail rates rose so that it almost equalled the initial rate. To assure dependable capacity for its increasing load, in 1973 a 45 Mw tie to LP&L was built to provide emergency

---

9/ (continued). The FBD report states that engineering on two 540 Mw coal fired units could start as early as 1979. The author of the report, when pressed, admitted ignorance of the ongoing construction of the Cajun plant at the time of the study, "I guess I will have to say on this one that I didn't get any details." See testimony of Jules Dominquez, pp. 177, 178.

Citizens believes that Cajun Electric Cooperative was and still is a potential source of abundant firm power for the City of Monroe, a source that the council and the voters ought to have been informed of. Two Cajun coal units will be on line in 1979 and 1980. Construction starts this year on a unit to be completed in 1982. Another is planned for 1984. Citizens believes that there will be temporary excess firm capacity from Cajun generators in 1981 and thereafter in the range of 150-200 MW. In off-peak periods this capacity would be greater yet. Cajun would be willing to split savings on sales of economy energy, to sell base load increments as available and to sell entitlements to firm power for the plants to be completed in 1982 and 1984.

Some mix of the different power services available from Cajun could greatly ease the "emergency" in Monroe and provide for long term solutions. Seasonal provision of firm power, sale of capacity and economy energy transactions are all possible in the immediate future and offer the potential for substantial savings to the city of Monroe. In the mid-term Monroe could actually own some participation in one of the Cajun units.

There are energy options available to Monroe; there were at the time of the consultants report and at the time of votes of the city council and the citizens. But the noise of the LP&L-created short term "emergency" foreclosed attention to these options by the council and the voters.

and supplemental power supplies. No interconnection agreement for firm power was entered into until June 1975.

The agreement that was reached provided for 15 Mw of firm power until 1980. 10/ The City of Minden, having this source of firm power, gradually transferred 15,000 Kw of its base load to the low fuel cost LP&L power and used its own generating capacity for intermediate and peaking power only. Peak load at present is 27,000 Kw. The arrangement permits Minden to keep its retail rates more nearly in line with the rates of areas served by other utilities such as LP&L.

LP&L approached the City of Minden in 1977 with a proposal similar to that offered to Monroe -- an operating agreement with an eventual takeover of the municipal system. A citizens' committee, formed in November 1977 to consider the proposal and unaided by any advice from the city's engineers or consultants, voted to accept the LP&L proposal. The voters however when presented the opportunity to decide voted decisively on May 13, 1978 to reject the LP&L proposal by a vote of 2005 to 1242. The LP&L proposal was the only issue on the ballot.

Minden voters, not hostage to unbearable retail rates and not isolated from any sources of economical firm power, voted to reject the same proposal that was accepted by citizens of Monroe. The refusal of LP&L to provide the

10/ The contract is attached hereto as Item III.

same firm power to Monroe as it did provide to Minden, deprived the citizens of Monroe of any freedom of choice, to their injury.

III

THE FEDERAL POWER ACT PROHIBITS THE ACTIONS OF LP&L

Section 205(b) of the Act provides that:

> No public utility shall, with respect to any transmission or sale subject to the jurisdiction of the Commission,
>
> (1) make or grant any undue preference to any person or subject any person to any undue preference or disadvantage, or
>
> (2) maintain any unreasonable difference in rates, charges, service, facilities, or in any other respect, either as between localities or as between classes of services.

In providing firm power to Minden but not to Monroe, Louisiana Power & Light has disadvantaged the city of Monroe. The only power provided to Monroe on a firm basis, the "Supplemental Power" found in Schedule C, is provided at incremental costs, a rate likely to exceed by several multiples the rate paid by the city of Minden. If it could be argued that the power provided to Monroe under Schedule C is service similar to the firm power supplied to Minden,

the rates are discriminatory. 11/ The service promised under Schedule C is not similar to the firm power provided to Minden and LP&L has therefore discriminated by its maintenance of an unreasonable difference in services as between localities, also forbidden by Section 205(b).

LP&L has denied the city of Monroe the service available to the city of Minden at a time when Monroe, like Minden, was searching for economical alternatives to its own generation or to complete dependence on or takeover by LP&L. The same "emergency" existed in Minden as in Monroe, with respect to increasing fuel costs and decreasing supplies. The only additional emergency in Monroe was that caused by LP&L's discriminatory refusal to sell firm power to Monroe.

Because of LP&L's refusal to provide Minden-like service to Monroe, the city has been forced to enter into an agreement with LP&L, by which LP&L will operate the municipal system and has the option to purchase it at a later time. While approval of the transaction must be obtained from the Securities and Exchange Commission and a proceeding is pending before that agency, the focus of the

11/ In United States v. Chicago Heights Trucking Company, 310 U.S. 344 (1940) the Supreme Court found that the maintenance of different less-than truckload rates for freight forwarders vis-a-vis other shippers was an unreasonable and discriminatory preference thus setting out the standard statement of discrimination: an unreasonable difference in price for a similar product or service. Although both rates may be reasonable unlawful discrimination may be found where a utility maintains separate rates for the same service. Town of Alexandria Minnesota v. FPC, 555 F.2d 1020 (D.C. Cir. 1977).

inquiry there is not limited to the discrimination question. Complainants have sought to intervene and protest the application alleging a violation of Section 10 of the Public Utility Holding Company Act. Their protest is attached hereto in its entirety.

LP&L is involved in other proceedings before this Commission. The utility has applied to increase its rates by amounts up to 50%. (Docket No. ER 77-533) Discrimination is not at issue in that case to the best of our knowledge.

III

RELIEF REQUESTED

Section 306 of the Federal Power Act directs that when reasonable grounds therefore exist it shall be the duty of the Commission to investigate the matters complained of in a complaint brought under the section "in such manner and by such means as it shall find proper." Reasonable grounds for investigation having been alleged, complainants suggest that the best manner of investigation would be a joint investigation with the Securities and Exchange Commission.

The acquisition which is the subject of the S.E.C. proceeding was made possible by the same LP&L violations of section 205 of the Federal Power Act as are complained of here. The discrimination here is a part of a broad

move towards concentration of the electric power market in Louisiana. The Federal Energy Regulatory Commission and the Securities and Exchange Commission both have responsibilities under the Public Utility Holding Company Act which was intended to control such concentration (Part II is administered by the F.E.R.C.). Duplication of effort will be avoided and a more searching investigation possible if the two agencies were to work together.

Whether or not the Commission engages in a joint investigation, complainants request that an investigation be instituted and that the Commission, pursuant to Section 206, find that Louisiana Power & Light Company has maintained unreasonable differences in the service provided to Monroe and other municipalities, and that just and reasonable practice requires the provision of firm power to the city of Monroe on terms at least as beneficial as those afforded to the city of Minden. Attached to this pleading is a draft Data Request of a type which would produce information helpful to the Commission in its investigation. Complainants ask the Commission to order that non-preferential practices be followed by LP&L.

In addition to hearing and relief thereupon, complainant Citizens requests that the Commission order the delivery of firm base load power at reasonable rates previously denied to Monroe by LP&L to be instituted immediately. Section 202a(c) of the Act, 16 USC 824a(c) provides in relevant part:

> ...whenever the Commission determines that an emergency exists by reason of a shortage of electric energy or of facilities for the generation or transmission of electric energy, or of fuel or water for generating facilities...the Commission shall have authority...with or without notice, hearing or report to require by order such temporary connections...and such...delivery, interchange, or transmission of electric energy as... will best meet the emergency and serve the public interest. [Emphasis added].

The fuel shortage creating the emergency for Monroe is both immediate and recognized by the Commission. In fact the Commission itself has curtailed the gas available to Monroe for electricity generation. The government-ordered disappearance of Monroe's gas supply has, in combination with LP&L's discriminatory refusal to sell firm base load power, threatened the viability of the city utility system. The Commission has the authority to rectify this anticompetive industry-concentrating result of LP&L's capitalizing upon gas shortage and government rationing of gas supplies -- by requiring non-discriminatory sale of firm power by LP&L.

LP&L's takeover of Monroe has not been approved by the S.E.C. The company's present operation of the municipal facilities has not been authorized. The "emergency" upon which the takeover is based is very real, but will disappear instantly upon a Commission order directing LP&L to deliver firm base load power to Monroe during the pendancy of administrative determination of the legality of the discrimination alleged and the anticompetitive effects challenged at the S.E.C. Such an order destroys any need for LP&L operation of the system.

There is a clear public interest in providing that the city and the citizens retain as many options as possible during the pendancy of the several proceedings involved in the proposed LP&L takeover, and that the electric service provided to consumers be on as an economical basis as is possible. Preservation of the city's operating control and continuation of municipal management is possible only if LP&L is directed to deliver firm base load power and is not permitted to insist on its all-or-nothing posture.

Citizens ask that the Commission order immediate service to Monroe on terms at least equivalent to the arrangement afforded the municipality of Minden.

Respectfully submitted,

Jack Pearce

Charles A. Cadwell

PEARCE & BRAND
1000 Connecticut Avenue, N.W.
Suite 1200
Washington, D.C. 20036
Telephone: (202) 785-0048

Dated: June 8, 1978

VERIFICATION

DISTRICT OF COLUMBIA, SS:

C. Jack Pearce, being first duly sworn, deposes and says that he has signed the foregoing Complaint, Request for Investigation, Request for Order of Compliance, and Request for Temporary Delivery of Firm Base-Load Power; and that the matters and things therein set forth are true and correct to the best of his knowledge, information, and belief.

Jack Pearce
C. Jack Pearce

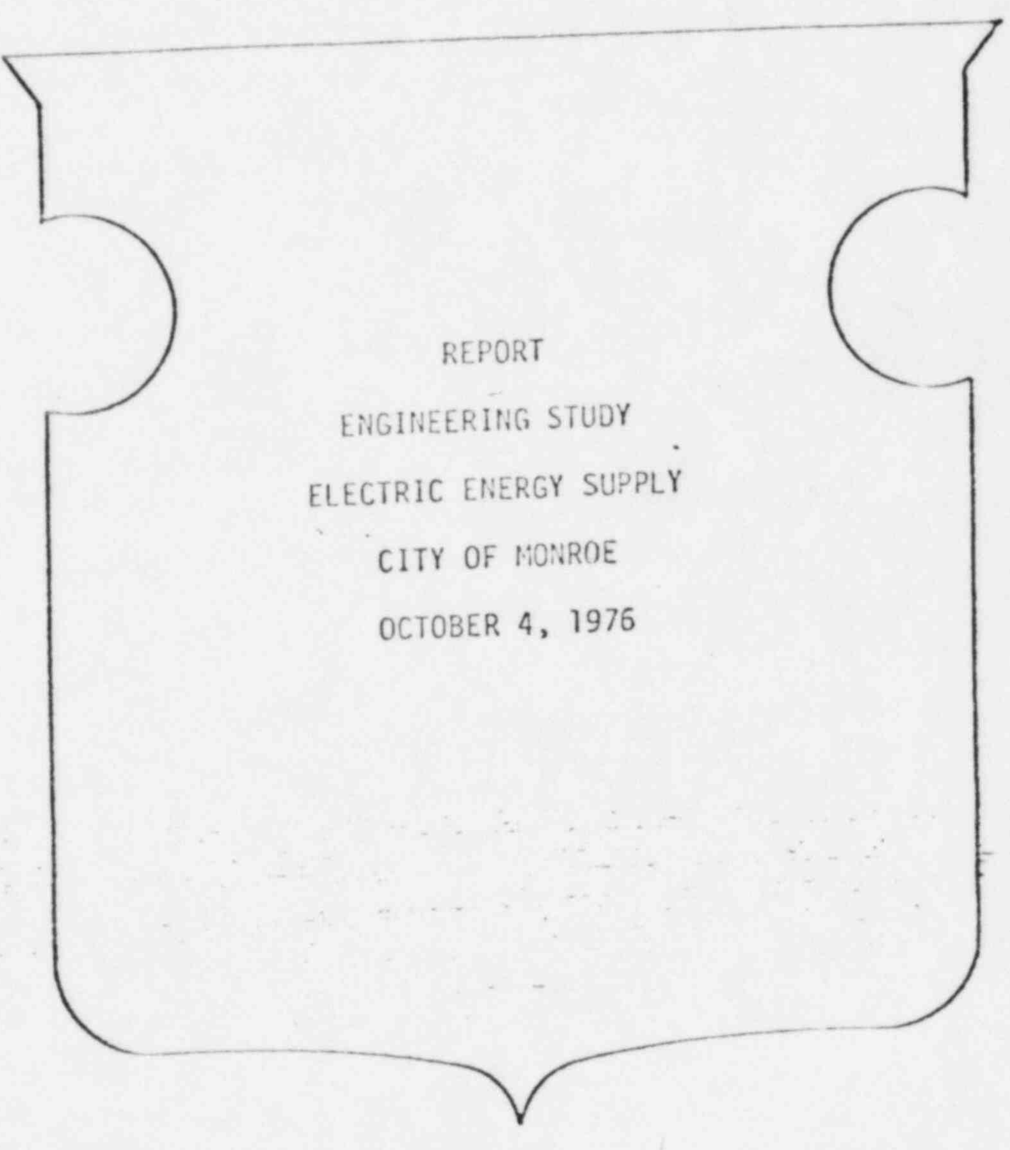
Subscribed and sworn to before me this 8th day of June 1978.

Patricia M. Knott
Notary Public

My Commission Expires on My Commission Expires February 14, 1981

Ford, Bacon & Davis

Engineers – Constructors



REPORT

ENGINEERING STUDY

ELECTRIC ENERGY SUPPLY

CITY OF MONROE

OCTOBER 4, 1976

P. O. Box 1762 (3901 Jackson Street), Monroe, La. 71201
Telephone 318/323 2281

2. EPSA

The Electric Power Systems Association (EPSA) is presently comprised of ten municipal electric systems located throughout the State of Louisiana. Cities included are Alexandria, Homer, Houma, Jonesboro, Lafayette, Plaquemine, Rayne, Rayville, Ruston and Thibodeaux. Monroe was one of the charter members, but has recently resigned.

EPSA was formed so that its members could pool their resources in planning and building to meet their future electric power needs. R. W. Beck and Associates (consulting engineers) was commissioned by EPSA to prepare a study of the alternate means of doing this. The City of Monroe has received copies of this report, which is dated July, 1976. This report is quite detailed and contains recommendations for EPSA action.

3. LP&L

Louisiana Power & Light Company presently serves the areas contiguous to Monroe and has an electric system interconnection agreement with Monroe. The maximum capacity of the interconnection substation is 100 MW.

LP&L is part of the Middle South Utilities System, which includes systems in Arkansas and Mississippi as well as Louisiana.

LP&L was contacted to investigate the possibilities of its participation in any form in Monroe's future power supply. The executive contacted pointed out that the interconnection agreement, which was at that time under negotiation, would cover all classes of LP&L power sales to the City of Monroe. The only other form of participation in which LP&L would be interested is the outright purchase of the Monroe system.

Regarding LP&L's acquisition of the system, the question of whether this would be of advantage to the customers of the system was addressed. LP&L's policy, and that of the Louisiana Public Service Commission which regulates its rates, gives the same electric service rates to all of LP&L's retail customers throughout the state. As of this time, LP&L's rates are substantially lower than the City of Monroe's. LP&L's rates will, of course, increase in the future as the cost of their service increases.

Attachment II

RECEIVED
OCT 6 '75
RATE DEPT.

LOUISIANA POWER & LIGHT / 142 DELARONDE STREET • NEW ORLEANS, LOUISIANA 70174

MIDDLE SOUTH UTILITIES SYSTEM

October 1, 1975

Federal Power Commission
Washington, D. C. 20426

Attention: Mr. Kenneth F. Plumb, Secretary

Re: Louisiana Power & Light Company
Interconnection Agreement
with City of Ruston, Louisiana

Gentlemen:

Enclosed herewith for filing with the Commission pursuant to Part 35 of the Commission's Regulations are six copies of an "Electric System Interconnection Agreement" between the City of Ruston (City), Louisiana and Louisiana Power & Light Company (LP&L), dated September 15, 1975.

This Agreement supersedes LP&L Rate Schedule FPC No. 30 which was filed September 19, 1968 and became effective October 24, 1968.

The Commission is respectfully requested to accept for filing this Agreement with the City of Ruston to become effective at the earliest date in accordance with the Commission's rules.

This Agreement makes available seven service schedules as follows:

Service Schedule "A"	Emergency Assistance
Service Schedule "B"	Reserve Capacity
Service Schedule "C"	Supplemental Power
Service Schedule "D"	Surplus Power
Service Schedule "E"	Economy Power
Service Schedule "F"	Transmission Service
Service Schedule "F-I"	Transmission Service

The City is presently taking only Emergency Assistance Electric Service under FPC Rate Schedule No. 30 with a maximum capacity of 14,500 kilowatts at 34,500 volts three phase. This superseding agreement will provide a capacity of 45,000 kva at 115,000 volts, three phase, and in addition to Emergency Assistance Electric Service, will provide Reserve Capacity, Supplemental Power, Surplus Power, Economy Power, and Firm and/or Interruptible Transmission Service.

To provide 45,000 kilowatts at 115,000 volts, LP&L changed the voltage on the line from the Vienna substation to Ruston from 34,500 volts to 115,000 volts and dead ended the line just beyond the City's substation. The City tapped LP&L's line adjacent to City's substation - diagram showing interconnection attached to Agreement.

This Agreement is the result of arm-length negotiations started in August 1972 between LP&L and the (1) Louisiana Municipal Association Utilities Group, (LMAUG), representing the generating municipalities in Louisiana (including the City of Ruston, (2) the Atomic Energy Commission, and (3) the Department of Justice. These negotiations resulted in this Agreement, accepted by LMAUG, which was a part of the requirements for obtaining a construction permit for the Company's Waterford No. 3 nuclear generating unit and represents the interpretation of our commitments to the Atomic Energy Commission and to the Department of Justice as to providing electric power for the generating municipalities in Louisiana.

It is expected that this negotiated Agreement with Service Schedules "A" through "F-I" are being signed by other generating municipalities who may require additional electric power assitance.

SERVICE SCHEDULE "A", "Emergency Service," Part 1.(a), is changed from 8.5 mills to 12.5 mills for each kwh of emergency power and energy delivered by either party to the other. The increase in the rate will cause the price for emergency service to be nearer in line with the present day costs. The increase is necessary due to rapidly escalating labor, material, operation and maintenance costs and also to compensate the supplying parties for the difficulty being incurred in obtaining and maintaining adequate fuel supplies. Emergency service will most likely be required by the buyer at the time the seller is experiencing his peak system load and, therefore, the seller should be adequately compensated for the additional load placed on his generation and transmission facilities.

The proposed Service Schedule is a reciprocal type of arrangement between the parties and the rate of 12.5 mills per kwh was arrived at through negotiations between the parties. It is considered fair and equitable, particularly when compared with the present rate of 17.5 mills per kwh charged by the major utilities in the goegraphic area for similar service and, it more adequately compensates the supplying party for the cost of supplying such service.

Part 1.(b) of Service Schedule "A", (the incremental cost per kwh of fossil fuel plus four mills per kwh) times 1.06, becomes applicable when such incremental cost is greater than the rate in 1.(a). The adder of four mills per kwh is considered fair and equitable. The emergency is most likely to occur at a time when the system is heavily loaded, which places a greater burden on the interconnected system that results in increased energy losses and increased cost. The components of the four mills per kwh are shown in Exhibit 1, attached hereto.

The multiplier of 1.06 Part 1.(b), is to partially compensate seller for losses suffered in delivering emergency power and energy either by the City or LP&L.

The losses associated with step-up transformation at the generating stations and losses on the transmission are in the order of four per cent (Exhibit No. 3, Page 8, Paragraph 4). Since emergency sales and sale of additional power would be incremental losses, the actual losses would double to about eight per cent. Losses vary as the square of the current (I^2R), therefore, incremental losses associated with ten per cent increase in load would be twice

the existing loss rate (Exhibit No. 4). Larger incremental loads will cause incremental losses greater than double the average losses. The multiplier of 1.06 falls between average and incremental losses and, therefore, is fair and equitable to both the seller and purchaser.

Part 2. of Service Schedule "A" provides for the purchase of emergency service from other systems at the cost of purchased energy, plus fifteen per cent. The fifteen per cent adder, arrived at through negotiations between the parties, will partially compensate the seller for losses associated with transmission of power and the cost of purchasing and load dispatching associated with purchasing emergency power.

SERVICE SCHEDULE "B", "Reserve Capacity," is a new schedule to provide "reserve capacity" to either party desiring to purchase reserve capacity from the other when the supplying party has such capacity above its own requirements and when the purchasing party has "sustained run" generating capacity available to carry its load responsibility and spinning reserve for which this reserve is required.

The reserve capacity rate of $18 per kilowatt per calendar year ($1.50 per month) was considered fair and equitable. Exhibit No. 2, attached hereto, shows that the present rate being charged by LP&L to its sister companies under the System Agreement, FPC Rate Schedule No. 48, is $2.9150 per kilowatt per month.

The rate for energy is identical to that in Service Schedule"A."

SERVICE SCHEDULE "C", "Supplemental Power" is a new schedule to provide supplemental power to either party desiring to purchase supplemental power and energy from the other when the supplying party has such power and energy available, which contracts for such power and energy in accordance with the terms of this Agreement.

This supplemental power is supplied on a firm basis and the demand charge of $1.75 per kilowatt month is based on the $1.50 per kilowatt charge in Service Schedule "B" plus a charge for reserves.

The rate of (a) 6 mills per kwh for energy is 3.7 mills per kwh above the 2.3 mill fuel cost. Refer to explanation of Service Schedule A Part 1.(b) herein and Exhibit No. 1 for the cost support of four mills per kwh.

The rate of (b) (Incremental cost per kwh of fossil fuel plus four mills per kwh) times 1.06 is idential to that in Service Schedule A.

SERVICE SCHEDULE "D", "Surplus Power," is a new schedule to provide surplus power to either party desiring to purchase surplus power and energy from the other upon request by the purchasing party, when the supplying party, in its sole judgment, has determined that it has such power and energy available.

The rate of $1.25 per kilowatt for surplus power is lowered from the charge for reserve capacity and supplemental power in that it may be somewhat less valuable and the cost to provide may be less.

The energy rate is lowered to the incremental cost per kwh of fossil fuel plus two mills per kwh times 1.06 for the same reason.

SERVICE SCHEDULE "E", "Economy Energy" is a new schedule to provide economy energy to either party desiring to purchase economy energy from the other upon request by the purchasing party, when the supplying party, in its sole judgment, has determined it has such economy energy available.

The rate is simply a "sharing of savings" calculated at the time of agreement between the parties.

SERVICE SCHEDULE "F", "Transmission Service" is a new schedule for the transmission of power and energy by LP&L over its transmission facilities to and from entities in the State of Louisiana with which it has Electric System Interconnection Agreements including Service Schedules "A" and "B."

A "Transmission Service Cost Analysis," dated May 1974, is enclosed herewith as Exhibit No. 3.

SERVICE SCHEDULE "F-I", "Transmission Service" is a new schedule similar to Service Schedule "F" except that transmission service is interruptible and contracted for a minimum period of five months.

Negotiations began on this Agreement in 1972 and, therefore, rates are based on the 1972 and 1973 periods. The fuel adjustment clause is based on 0.23 cents per kwh as delivered to the customer. Calculations of the fuel adjustment follow the FPC requirements of Section 35.14. The wording of the fuel adjustment clause may require revision to meet the requirements of FPC by January 1, 1976. The fuel adjustment base of 0.23¢ per kwh is in the City's present contract, FPC Rate Schedule No. 30, and in all other contracts with the municipalities. This Agreement was negotiated with the 0.23¢ fuel base in all its rate schedules.

Exhibit No. 5, attached hereto, shows the Billing for Emergency Assistance for the twelve month period ending September 16, 1975. Future sales and revenues for emergency assistance are too unpredictable to be estimated with any accuracy. The City has not requested electric service under the Service Schedules "B" through "F-I," and, therefore, no estimated billing data can be provided.

Enclosed is Louisiana Power & Light Company's check in the amount of $500.00 payable to the Treasurer of the United States in accordance with Part 36.2 of the Commission's Regulations.

A copy of this transmittal letter with the attachments is concurrently mailed to the City of Ruston, Louisiana.

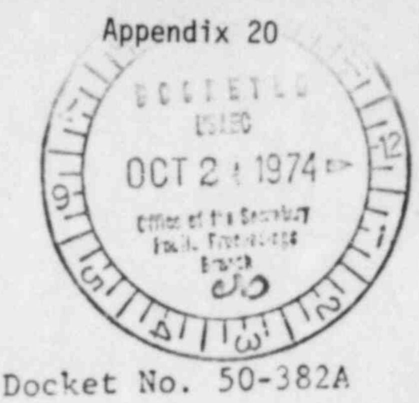
If further information is required, please advise us or our attorney, Mr. Richard M. Merriman, Reid & Priest, 1701 K Street, N. W., Washington, D. C. 20006.

Sincerely,

W. C. Montgomery
Director of Rates & Research

WCM:CHP

cc: Honorable John W. Perritt, Mayor
City Hall City of Ruston, Louisiana 71270
Louisiana Public Service Commission
One American Place, Suite 1630
Baton Rouge, Louisiana 70825
Mr. Richard M. Merriman



UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

In the Matter of	)	
	)	
LOUISIANA POWER AND LIGHT COMPANY	)	Docket No. 50-382A
	)	
(Waterford Steam Generating Station Unit No. 3)	)	

MEMORANDUM OF BOARD
WITH RESPECT TO APPROPRIATE LICENSE CONDITIONS
WHICH SHOULD BE ATTACHED TO A CONSTRUCTION PERMIT
ASSUMING ARGUENDO A SITUATION
INCONSISTENT WITH THE ANTITRUST LAWS

I. Background

The Louisiana Power and Light Company (Applicant) filed with the Atomic Energy Commission (AEC) an application for a Construction Permit for the nuclear fueled Waterford Steam Generating Station, Unit No. 3 (Waterford) on December 31, 1970. As required by Section 105(c) of the Atomic Energy Act (Act), a letter of advice was sent to the AEC from the Department of Justice (Justice) and was published in the Federal Register on August 31, 1972 (37 F.R. 17775).* In light of certain license conditions that the Applicant had agreed to accept, Justice concluded

*Following the first of the six prehearing conferences in this matter, Justice withdrew this letter. Justice is a party in these proceedings.

V. The Form of Access

The forms of access to nuclear facilities at issue in these proceedings are (1) "unit power" or the sale of an agreed-upon block of power from a nuclear facility at cost to the seller (cost in the electrical industry includes a reasonable return on investment); and (2) "joint ownership" or equity participation in some agreed-upon ratio in the ownership of the facility with the right to take power from the facility in the same ratio. In both of these forms of access, the buyer (unit purchaser or joint owner) only gets power when the nuclear facility is in operation. During scheduled shut-down for maintenance and unscheduled shut-down for other reasons, the buyer gets no power because of access to the nuclear facility. Accordingly, the buyer must make arrangements to obtain back-up power generated by other facilities when the nuclear facility is shut down. Moreover, the cost of transmitting the power from the nuclear facility to the buyer is for the account of the buyer in both types of access.

In some instances, it can be argued that the sale of firm bulk power (wholesale power) is an adequate form of access. The price of firm bulk power reflects the average cost of power for the entire system of the seller. The cost of power from a nuclear plant owned by the seller would be included in the average. In the sale of firm bulk power, the seller must supply the power regardless of shut-downs, scheduled or unscheduled. In other words, the cost of backup power and the obligation to supply it is factored into the price. Transmission cost over seller's system is also factored into the price of firm bulk power. One situation in which the sale of firm bulk power might be considered adequate access to nuclear power would be a situation in which all or substantially all of seller's power is generated by nuclear units. This third possible type of access has been mentioned for the sake of completeness. It is not urged by any party to these proceedings and it will not be further discussed.

In Applicant's Commitment No. 4, access is offered in the form of unit power. As an excuse for not offering joint

conditions have not been prepared _de novo_ by the Board. To the extent that Applicant's Commitments are deemed adequate the language of such Commitments has been retained intact.

To assist the parties in understanding new language, wherever feasible there has been employed the language used in the Commitments of Mississippi Power and Light Company (see Construction Permit CPPR-118, 38 F.R. 14877). Since the latter is a wholly-owned subsidiary of Middle South and in that sense a sister company of Applicant, both Middle South and Applicant have available the advice of Mississippi Power and Light Company as to appropriate interpretations of such language. Also, both Justice and Staff are familiar with, understand, and have agreed to such language in the Mississippi Power and Light Company proceedings.

To a limited extent new language has been employed by the Board and the purpose thereof will be explained.

In Schedule B, Condition 1a is identical with Commitment No. 1 of Schedule A.

In Schedule B, Condition 1b is copied verbatim from Commitment No. 1d. of Construction Permit CPPR-118 with

change is to prevent multiple transmission charges for transmission of a contracted transmission entitlement among a coordinating group of two or more entities. To make the purpose of this change free from doubt, a clarifying sentence has been added.

In Schedule B, Conditions 6 and 7 are identical with Commitments No. 6 and No. 7 in Schedule A.

The Conditions in Schedule B were fashioned to provide an adequate remedy in the recent proceeding based on the record herein. It is of interest to note that the Conditions in Schedule B are comparable to and no more burdensome than those accepted by Applicant's sister company in Mississippi (38 F.R. 14877) and to those accepted by Applicant's competitor and alleged co-conspirator, Gulf States in Louisiana (39 F.R. 12374).*

This action of the Board is a Memorandum and not an Order. It is permissive only and requires no action by any party. Should Applicant elect to accept the Conditions

*Neither the Conditions of Schedule B nor those of 38 F.R. 14877 nor those of 39 F.R. 12374 are deemed to be ideal or even model conditions. Conditions in each case should be tailored to fit the situations of that case.

ATTENTION OF: Mayor W. L. Howard

Gentlemen:

The following comments are an attempt to briefly summarize the points contained in Ford, Bacon & Davis' Study of Electric Energy Supply, made for the City of Monroe, and also to correlate the decision of the Energy Committee as it relates to this report. The more pertinent pages have been underlined in red in the report.

Section A, Page #1:

Paragraph 5:

Fuel cost is our present problem. The technology of nuclear and coal utilization mentioned is beyond our financial capacity.

Section C, Page #5, Generation Cost, Mills Per Kilowatt Hour:

The projected cost increase using our facility and recognizing that we will also be at the current market cost, rather than having contracted fuel at much lower cost, is awesome. Generation cost 5 years hence estimated at 50% increase. The key statement is that natural gas as fuel can not be counted on beyond 5 years.

General:

The projections here indicate either a need for heavy additional capital investment, or purchased power at high cost.

Page 18, Paragraph 3:

The only form of participation other than the 50 MW tie-in in which Louisiana Power & Light would be interested is to operate the system in total. The proposal of Louisiana Power & Light and Louisiana Public Service Commission is to maintain equal rates throughout Louisiana Power & Light service area. The statement at the end of paragraph 3 that Louisiana Power & Light's future planning should insure that its rates remain competitive.

Section D:

Paragraph 1a:

The plant's firm capacity, including 50,000 kilowatts of emergency power from Louisiana Power & Light, is 123,200 kilowatts and, in spite of recent statements made, this leaves us 8,300 kilowatts short of peak capacity at present. This reinforces statements made by the Energy Committee that we could possibly have serious problems in the Summer of 1977. The only alternative here would be to resurrect at great expense old, obsolete and inefficient generators.

Paragraph 2a:

"Natural gas, if available, will be too expensive to use as a utility boiler fuel." Other exotic energy sources, such as gasified and liquefied fuels,

will not be commercially available within the time necessary for the City of Monroe's needs.

Paragraph 2b:

"For reasons of economy and efficiency of scale, considerations should also be limited to plant sizes of 250 MW and larger." This is far larger than Monroe needs and beyond its financial capacity. Ford, Bacon & Davis' cost and time estimate of such a plant is five (5) years and $150,000.00. They admit that this is optimistic.

Paragraph 2c:

The analysis in this paragraph of joint participation does not sound hopeful. The time element as stated by Ford, Bacon & Davis is ten (10) years. This would throw it totally out of the picture.

Paragraph 2d:

The analysis of Louisiana Power & Light is favorable and states that the present and future customers of the City of Monroe would be assured of a stable and competitively priced supply of electric power.

Section E.

1. Recommend that the objective of the City be to provide a long range source of power that would allow all operating generator plants owned by the City of Monroe to be shut down.

a. A low probability of insuring an adequate supply of gas beyond the next four or five years.

b. Fuel oil will increase in cost. It is already out of reason for boiler fuel.

c. The time required for completion of any new facility severely limits the City's options.

d. The enormous cost and difficulty of financing any new generating project for the City.

2. Specific Recommendations:

The first recommendation is to sell the existing system.

a. Sale of entire system to Louisiana Power & Light stated as best possible solution for the City, covering both short and long term need. Discussions with Louisiana Power & Light lead us to believe that a workable agreemend can be negotiated.

b. Cajun Electric is a 5 to 7 year project.

Section F.

Appendix A:

Indicates that we would be tied into a vast system involving a multiple state area and which has under construction seven (7) nuclear facilities and nine (9) coal facilities, thus creating a reasonably priced and ample supply of electric power for the future.

Page 7, Paragraph 2:

Confirms again, in spite of public statements made to the contrary, that "the station's 'firm' capacity (total generating capacity with the largest unit out of service, plus total available purchased power) has been exceeded by peak loads during this year, 1975." This should put at rest once and for all claims to the contrary.

Page 8:

Sums up in general alternatives none of which sound very hopeful, and all of which provide that we live with what we have for at least a period of five (5) years. Table #2 in this section establishes a minimum additional expenditure in a rather "stop-gap" manner of $16,000,000 additional dollars, still leaving us dependent on gas or fuel oil and with no reduction in cost whatsoever.

The above will serve as a guideline and covers the pertinent points contained in the Ford, Bacon & Davis study. I am hoping that this will be of assistance to you.

Sincerely yours,

ENERGY COMMITTEE
CITY OF MONROE

Charles E. Brown
Chairman

CEB:sgc

LOUISIANA POWER & LIGHT / 142 DELARONDE STREET
P. O. BOX 6008 • NEW ORLEANS, LOUISIANA 70174 • (504) 366-2345

MIDDLE SOUTH UTILITIES SYSTEM

G. D. McLENDON
Senior Vice President

REGISTERED MAIL -
RETURN RECEIPT REQUESTED

September 13, 1979

The Honorable S. A. Murray, Jr.
Mayor, Town of Vidalia
Vidalia, Louisiana 71373

Dear Mayor Murray:

Louisiana Power & Light Company has an Electric Service Agreement with the Town of Vidalia dated July 10, 1973, binding the parties from April 1, 1974 to April 1, 1984. This Agreement includes a Rider Schedule 1 that obligates the Town of Vidalia to maintain its generating equipment in operating condition. This Rider also includes a condition whereby the Town is given a credit based upon "usable capacity" of the Town's plant.

Pursuant to the stipulations of Rider Schedule 1, LP&L has been billing the Town of Vidalia throughout the term of this Agreement on the basis of the Town having a "usable capacity," by reason of its generating equipment being maintained in operating condition, and all billings, therefore, have included the stipulated credit. However, on August 24, 1979, during a visit by our Mr. W. E. Penton to the Town of Vidalia for the purpose of gathering certain information from the Town in connection with LP&L's wholesale rate application pending before the Federal Energy Regulatory Commission, it came to Mr. Penton's attention that the Town's generating equipment is not being maintained in operating condition. Indeed, the Town's Superintendent of Utilities, Mr. Beard, advised Mr. Penton that the generating equipment had not been operated in at least ten years to his knowledge. Subsequently, on September 6, 1979, Mr. Penton visited the generating equipment and confirmed that it was not in operational order.

Based upon the foregoing, this is to advise that LP&L is discontinuing, as of the next bill rendered, any credit under Rider Schedule 1 until such time hereafter as the Town may wish to place its generating equipment in operating condition once again and demonstrate to LP&L by satisfactory evidence that it is in operating condition. Further, this is to advise that the credit allowed to Vidalia under the contract amounts to $17,760.00 for the period August 18, 1969 through August 16, 1979. LP&L will appreciate your early reimbursement.

Yours very truly,

G. D. McLendon

GDMcL/mc

LOUISIANA POWER & LIGHT / 142 DELARONDE STREET P. O. BOX 6008 • NEW ORLEANS, LOUISIANA 70174 • (504) 366-2345

MIDDLE SOUTH UTILITIES SYSTEM

G. D. McLENDON
Senior Vice President

REGISTERED MAIL -
RETURN RECEIPT REQUESTED

September 13, 1979

The Honorable H. T. Young
Mayor, Town of Jonesville
Jonesville, Louisiana 71343

Dear Mayor Young:

Louisiana Power & Light Company has an Electric Service Agreement with the Town of Jonesville dated April 12, 1960, binding the parties from May 16, 1960 to May 16, 1970, and thereafter for similar periods unless terminated as specified in the Agreement. This Agreement includes a Rider Schedule 1 that obligates the Town on Jonesville to maintain its generating equipment in operating condition. This Rider also includes a condition whereby the Town is given a credit based upon "usable capacity" of the Town's plant.

Pursuant to the stipulations of Rider Schedule 1, LP&L has been billing the Town on Jonesville throughout the term of this Agreement on the basis of the Town having a "usable capacity," by reason of its generating equipment being maintained in operating condition, and all billings, therefore, having included the stipulated credit. However, on August 24, 1979, during a visit by our Mr. W. E. Penton to the Town of Jonesville for the purpose of gathering certain information from the Town in connection with LP&L's wholesale rate application pending before the Federal Energy Regulatory Commission, it came to Mr. Penton's attention that the Town's generating equipment is not being maintained in operating condition.

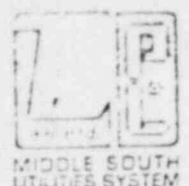
Based upon the foregoing, this is to advise that LP&L is discontinuing as of the next billing rendered any credit under Rider Schedule 1 until such time hereafter as the Town may wish to place its generating equipment in operating condition once again and demonstrate to LP&L by satisfactory evidence that it is in operating condition. Further, this is to advise that the credit allowed to Jonesville under the contract amounts to $111,300.00 for the period August 18, 1969 through August 16, 1979. LP&L will appreciate your early reimbursement.

Yours very truly,

G. D. McLendon

GDMcL/mc

Appendix 22



LOUISIANA POWER & LIGHT / 142 DELARONDE STREET P.O. BOX 6008 • NEW ORLEANS, LOUISIANA 70174 • (504) 366-2345

MIDDLE SOUTH UTILITIES SYSTEM

G. D. McLENDON
Senior Vice President

REGISTERED MAIL -
RETURN RECEIPT REQUESTED

September 13, 1979

The Honorable Jack Henderson
Mayor, City of Winnfield
Winnfield, Louisiana 71483

Dear Mayor Henderson:

Louisiana Power & Light Company has an Electric Service Agreement with the City of Winnfield dated February 7, 1961, binding the parties from May 15, 1961 to May 15, 1971, and thereafter for similar periods unless terminated as specified in the Agreement. This Agreement includes a Rider Schedule 1 that obligates the City of Winnfield to maintain its generating equipment in operating condition. This Rider also includes a condition whereby the City is given a credit based upon "usable capacity" of the City's plant.

Pursuant to the stipulations of Rider Schedule 1, LP&L has been billing the City of Winnfield throughout the term of this Agreement on the basis of the City having a "usable capacity," by reason of its generating equipment being maintained in operating condition, and all billings, therefore, having included the stipulated credit. However, on August 23, 1979, during a visit by our Mr. W. E. Penton to the City of Winnfield for the purpose of gathering certain information from the City in connection with LP&L's wholesale rate application pending before the Federal Energy Regulatory Commission, it came to Mr. Penton's attention that the City's generating equipment is not being maintained in operating condition.

Based upon the foregoing, this is to advise that LP&L is discontinuing as of the next billing rendered any credit under Rider Schedule 1 until such time hereafter as the City may wish to place its generating equipment in operating condition once again and demonstrate to LP&L by satisfactory evidence that it is in operating condition. Further, this is to advise that the credit allowed to Winnfield under the contract amounts to $43,920.00 for the period beginning August 14, 1969 through August 15, 1979. LP&L will appreciate your early reimbursement.

Yours very truly,

G. D. McLendon

GDMcL/mc

Appendix 22

f the steam generators after seven and one-half (7½) equivalent months of cycle 4 operation. Nuclear Regulatory Commission approval shall be obtained before resuming power operation following this inspection. For the purpose of this requirement, equivalent operation is defined as operation with a primary coolant temperature greater than 350 F.

Dated in Bethesda, Md. this 10th day of February, 1978.

For the Nuclear Regulatory Commission.

EDSON G. CASE,
Acting Director, Office of Nuclear Reactor Regulation.

[FR Doc. 78-4428 Filed 2-16-78; 8:45 am]

[8010-01]

SECURITIES AND EXCHANGE COMMISSION

[Release No. 14451; SR Amex 77-32]

AMERICAN STOCK EXCHANGE, INC.

Order Approving Proposed Rule Change

FEBRUARY 13, 1978.

On December 7, 1977, the American Stock Exchange, Inc., 86 Trinity Place, New York, N.Y. 10006, filed with the Commission, pursuant to section 19(b) of the Securities Exchange Act of 1934 (the "act"), and rule 19b-4 thereunder, copies of a proposed rule change. The proposed rule change would allow issuers to file a short form listing application incorporating documents publicly filed with the Commission and would eliminate the printing requirement for short form listing applications.

Notice of the proposed rule change together with the terms of substance of the proposed rule change was given by publication of Commission Release (Securities Exchange Act Release No. 14260, (December 12, 1977)) and by publication in the FEDERAL REGISTER (43 FR 1656 (January 11, 1978)).

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to national securities exchanges and, in particular, the requirements of Section 6 and the rules and regulations thereunder. In addition, the Commission finds that the proposed rule change is consistent with Section 12 of the Act which sets forth the registration requirements for securities.

It is therefore ordered, pursuant to section 19(b)(2) of the act, that the above-mentioned proposed rule change be, and it hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

SHIRLEY E. HOLLIS,
Assistant Secretary.

[FR Doc. 78-4359 Filed 2-16-78; 8:45 am]

[8010-01]

[Release No. 20412; 70-6094]

LOUISIANA POWER & LIGHT CO.

Proposal To Operate an Option to Subsequently Acquire Municipal Electric Facilities

FEBRUARY 10, 1978.

Notice is hereby given that Louisiana Power & Light Co. ("Louisiana"), 142 Delaronde Street, New Orleans, La. 70174, a public-utility subsidiary company of Middle South Utilities, Inc. ("Middle South"), a registered holding company, has filed an application with this Commission pursuant to the Public Utility Holding Company Act of 1935 ("Act"), designating sections 9(a) and 10 of the act as applicable to the proposed transaction. All interested persons are referred to the application, which is summarized below, for a complete statement of the proposed transaction.

Louisiana is engaged in the business of generating, transmitting, distributing, and selling electric power and energy. It operates in 46 of the 64 parishes (counties) in the State of Louisiana, including the Parish of Claiborne. Louisiana's operating revenues for the twelve months ended September 30, 1977, aggregated $372,306,000.

The Town of Homer ("Town") is a municipal corporation of the State of Louisiana, located in the Parish of Claiborne, in the northwesterly part of the State. Its estimated population is approximately 4,400 people. The Town owns, operates, and maintains a system for the generation, distribution, and sale of electric power and energy to customers within the corporate limits of the Town, as well as to some customers outside of such corporate limits ("Electric System"). As of September 30, 1977, the Town had 1,939 electric customers. As of June 30, 1977, the Electric System had an estimated depreciated book value of $1,690,000 against an original cost of approximately $3,182,258. For the year ended June 30, 1977, the Electric System had operating revenues of $864,362 and operating expenses of $821,310 or net income from operations of $43,052. The Town presently has outstanding (1) bonds in the aggregate principal amount of $1,662,000 which are payable from the income and revenues of its waterworks and electric systems and plants. Louisiana states that it is its understanding that, at least in part, for financial reasons, the Town has been encountering increasing difficulty in the operation and maintenance of the Electric System.

Pursuant to an invitation of the Town and on the basis of subsequent negotiations, Louisiana, under date of August 31, 1977, submitted to the Town a proposition and offer ("Offer") which provides for the operation and possible ultimate ownership by the company of the Electric System as set forth in an Operating Agreement. A special election was called by the Town and held on October 22 1977, and resulted in a vote by the electorate in favor of the acceptance of the Offer.

Under the terms of the Operating Agreement, Louisiana, among other things, will be obligated, at its own expense, to operate and maintain the entirety of the Electric System exclusive of the generating facilities ("Distribution System"), providing for the entirety of the electric power supply requirements of the Distribution System and its customers. The company may but will not be obligated to operate and/or maintain the Electric System's generating facilities or any part thereof. Louisiana will also be obligated to make such additions, improvements and replacements to extensions of, and retirements with respect to, the Distribution System as Louisiana, acting as a prudent operator, considers necessary or desirable, and may (but will not be obligated to) make additions, improvements and replacements to, and retirements with respect to, the Generating Facilities. Louisiana will make payments to certain paying agents of amounts necessary to pay the principal of and interest on the Bonds as such principal and interest become due. The company is also obligated to pay the Town 2 percent of the revenues from residential and commercial customers within the corporate limits of the Town. This is standard in all municipalities wherein the company is franchised.

At such time as no Bonds or refunding bonds are any longer outstanding, Louisiana will have the right and option to purchase and acquire from the Town the entirety of the Electric System in consideration of (1) the continued obligation of the company to make certain payments of $25,400 per year to the Town in each of the years 1993 through 1997 and (2) the granting by Louisiana to the Town of the right and option to require Louisiana to pay to the Town in a single lump sum, in lieu of such $25,400 annual payments, the aggregate amount of all such payments then remaining unpaid, discounted on a basis of 10 percent per annum applied against each such payment to the due date thereof.

Louisiana states that in order to integrate service to the Town into its op-

AGREEMENT

by and between

TOWN OF HOMER

and

LOUISIANA POWER & LIGHT COMPANY

This agreement for the operation and possible ultimate transfer of ownership of the electric system of the Town of Homer, Louisiana, sometimes hereinafter referred to for convenience as the "Operating Agreement," made and entered into on this 15 day of March, 1978, by and between

> TOWN OF HOMER, a municipal corporation of the State of Louisiana, sometimes hereinafter referred to as "Town," herein acting through and represented by Joe Michael, its Mayor, pursuant to and hereunto duly authorized by Ordinance No. 653 of the Mayor and Board of Selectmen of the Town, duly adopted on December 7, 1977, a certified true copy of which is annexed hereto, said Mayor and Board of Selectmen being the governing authority and body of the Town and having so acted pursuant to and as authorized by the favorable vote of the qualified electors of the Town, voting at an election duly held on October 22, 1977, a certified copy of the official promulgated results of such election being also annexed hereto,

-and-

> LOUISIANA POWER & LIGHT COMPANY, a Louisiana corporation, sometimes hereinafter referred to as "Company," herein acting through and represented by G. D. McLendon, its Senior Vice President, hereunto duly authorized by resolutions of the Board of Directors of the Company duly adopted on November 21 1977, a certified true copy of which resolutions is annexed hereto,

7901230159

WITNESSETH THAT:

WHEREAS, the Town owns and operates an electric power and light plant and system and a waterworks plant and system which are revenue producing; and

WHEREAS, the Town presently has outstanding an aggregate of $1,662,000 principal amount of revenue bonds payable from the income and revenues of said electric and waterworks plants and systems; and

WHEREAS, the Town has considered that it would be to the manifest advantage of the Town and the residents thereof to effect an agreement which at one and the same time assures the payment of said revenue bonds, the availability of a reliable supply of electricity for the Town and the electric customers thereof, and the operation of the Town's electric system by capable and experienced management, and further provides for the possible ultimate ownership of said electric system by the Company on the basis hereinafter set forth; and

WHEREAS, the Company is an electric utility company owning, operating and maintaining facilities for the generation, transmission, distribution and/or sale of electricity in 46 of the 64 parishes of the State of Louisiana, with a long history of capable and experienced management and with substantial resources with which to enable it to perform its obligations under this Operating Agreement;

NOW, THEREFORE, the Town and the Company, each for and in consideration of the agreements, covenants and stipulations of the other hereinafter set forth and of all of the terms and provisions of this Operating

Agreement, do hereby mutually agree, covenant and stipulate as follows:

Section 1. For purposes of this Operating Agreement the following words, terms and/or phrases, as used herein, shall, unless, the context obviously requires otherwise, have the meanings hereinafter set forth:

(a) "Bonds" shall mean the presently outstanding revenue bonds heretofore issued by the Town and payable from the income and revenues of the waterworks and electric system or systems of the Town, consisting of the following:

(1) $485,000 principal amount presently outstanding of such bonds of an original issue of $700,000 of such bonds dated as of September 1, 1959 (sometimes hereinafter referred to as the "1959 bonds"), the presently outstanding bonds of such issue bearing the numbers 216 to 700, both inclusive, maturing on March 1st of the years 1978 through 1989, bearing interest at the rate of 4.25% per annum, all issued under a resolution (sometimes hereinafter referred to as the "1959 bond resolution") adopted by the Mayor and Board of Selectmen of the Town on August 18, 1959;

(2) $155,000 principal amount presently outstanding of such bonds of an original issue of $250,000 of such bonds dated as of March 1, 1963 (sometimes hereinafter referred to as the "1963 bonds"), the presently outstanding bonds of such issue bearing the numbers 96 to 250, both inclusive, maturing on March 1st of the years 1978 through 1988, bearing interest at rates from 1.25% to 3.375% per annum, all issued under a resolution (sometimes hereinafter referred to as the "1963 bond resolution") adopted by the Mayor and Board of Selectmen of the Town on January 21, 1963:

(3) $627,000 principal amount presently outstanding of such bonds of an original issue of $750,000 of such bonds dated as of July 1, 1967 (sometimes hereinafter referred to as the "1967 bonds"), the presently outstanding bonds of such issue bearing the numbers 124 to 750, both inclusive, maturing on March 1st of the years 1978 through 1997, bearing interest at rates from 4.50% to 4.90% per annum, all issued under a resolution (sometimes hereinafter referred to as the "1967 bond resolution") adopted by the Mayor and Board of Selectmen of the Town on July 5, 1967; and

(4) $395,000 principal amount presently outstanding of such bonds of an original issue of $400,000 of such bonds dated as of September 1, 1975 (sometimes hereinafter referred to as the "1975 bonds"), the presently outstanding bonds of such issue bearing the numbers of 2 to 80, both inclusive, maturing on March 1st of the years 1978 through 1995, bearing interest at rates from 5% to 7% per annum, plus additional interest at rates from 1% to 3% to March 1, 1978, represented by separate detachable interest coupons designated "A" coupons, all issued under a resolution (sometimes hereinafter referred to as the "1975 bond resolution") adopted by the Mayor and Board of Selectmen of the Town on July 2, 1975.

(b) "Bond Resolutions" shall mean and refer collectively to all of the various resolutions referred to in sub-section (a) of this Section 1 and/or under which Bonds have been issued.

(c) "Electric System" shall mean the entirety of the electric power and light plant and system of the Town, including, but not by way of limitation, the entirety of the facilities, equipment, plant and property of the Town used solely for the generation, distribution and sale of electricity, and the proportionate part of any facilities, equipment, plant and property of the Town used jointly for the generation, distribution and sale of electricity and for the operation of the waterworks system of the Town, together with the materials and supplies, tools, automotive and vehicular equipment,

rights-of-way, servitudes and other interests in land, and permits and other rights, pertaining thereto or held by the Town in connection therewith or necessary for the operation and/or maintenance thereof, and the books and records of the Town with respect thereto, but shall not include any of the plant, property, or facilities used solely in and by the waterworks system of the Town.

(d) "Generating Facilities" shall mean all of the facilities, equipment and plant or plants of the Town for the generation of electricity.

(e) "Distribution System" shall mean the entirety of the Electric System exclusive of the Generating Facilities.

(f) "Commencement Date" shall mean 8:00 o'clock A. M. on March 17, 1978, or such other date and/or time as the Town and the Company may hereafter agree in writing as the date and time on and at which the Company shall commence operating the Distribution System.

(g) "Fiscal Agent" shall mean The Homer National Bank, Homer, Louisiana, in its capacity as fiscal agent of the Town in connection with the Bonds, or the duly designated successor fiscal agent or agents in such connection, as the case may be.

(h) "Sinking Fund Deposits" shall mean and refer to each of the respective payments to be made hereunder by the Company to the Fiscal Agent for deposit into and to the credit of the Sinking Fund of the Town referred to in the Bond Resolutions, which Sinking Fund Deposits are to be applied by the Fiscal Agent as in the Bond Resolutions set forth.

(i) "Force Majeure" shall mean and include acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of government and people, civil disturbances, explosions, breakage of or accidents to or the necessity for making repairs or

alterations to electric generating stations, transmission lines, distribution lines, substations, transformers, switching stations and switching devices, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the party affected thereby and which by the exercise of due diligence such party is unable to prevent or overcome; and shall further include the inability to acquire or delays in acquiring, at reasonable cost and after due diligence, necessary servitudes, right-of-way grants, permits, licenses, permissions of any kind from any governmental agencies, fuel, materials and supplies.

Section 2. Commencing on and at the Commencement Date and continuing thereafter as long as this Operating Agreement shall remain in effect, the Company, acting as Agent for the Town but at the sole cost and expense of the Company, shall perform and do, and shall have the sole and exclusive right to perform and do, the following:

(a) The Company shall operate and maintain the Distribution System, furnishing reliable and efficient electric service (after reasonable time and opportunity to correct any deficiencies in the Distribution System) to the customers thereof, both present and future. In so doing, the Company shall provide for the entirety of the electric power supply requirements of the Distribution System and its aforesaid customers, including the Town, and shall perform and do all necessary work and provide all necessary services, materials and equipment. Since, as a result of the foregoing, the Generating Facilities may not be needed to provide for the aforesaid electric power supply requirements and it may be inexpedient to maintain them, as the Town hereby declares, the Company shall not be obligated to operate or maintain the Generating Facilities or any part or unit thereof. However, the Company shall have the right and option if and whenever it so sees fit (but shall not

be obligated) to operate and/or maintain, and shall have the sole and exclusive right to operate, the Generating Facilities or any part or parts or units or units thereof.

(b) The Company shall from time to time make such additions, improvements and replacement to, extensions of, and retirements with respect to, the Distribution System as the Company, acting as a prudent operator, considers necessary or desirable, and shall have the right and option (but no obligation) to make any additions, improvements and replacements to, and retirements with respect to, the Generating Facilities that the Company in its discretion sees fit.

(c) The Company shall make a complete and detailed inventory of the Electric System as of the Commencement Date, and shall maintain complete and detailed property and cost records with respect to any additions, improvements or replacements to the Electric System, including any extensions of the Distribution System, any replacements effected by way of maintenance, and any retirements with respect to the Electric System.

(d) The Company shall read the meters and bill the customers of the Distribution System, which shall normally be done on an approximately monthly basis, and shall collect and retain all revenues for the electric service rendered hereunder. However, the meters of all of the customers of the Distribution System shall be read by the Company for the first time on the day of the Commencement Date, at which first meter reading the Town shall have the right to have its representatives accompany the meter readers of the Company and verify the Company's readings. The Town shall bill the customers and collect for all electricity used up to such first meter reading as determined by such first meter reading; the Company shall bill the customers and collect for all electricity used after such first meter reading.

The Town and the Company shall each promptly remit to the other any payments or amounts received, or inadvertently collected or accepted, for electric service, to which the other is in fact entitled.

(e) The Company shall obtain, and shall maintain in effect, all such insurance policies and/or insurance coverages with respect to the Electric System as may be required by the Bond Resolutions.

Section 3. (a) So long as this Operating Agreement shall remain in effect, the Company shall, out of the revenues collected by it for the electric service rendered hereunder, make payments to or for the benefit and account of the Town, as the case may be, as follows:

(1) On or before the 10th day of each month the Company shall pay to the Fiscal Agent the Sinking Fund Deposit due for that date in accordance with the total annual payments set forth in the "Sinking Fund Deposit Schedule" which is attached hereto, made part hereof, and marked "Exhibit A" for identification, provided that for the first calendar month that this Operating Agreement shall be in effect the Company shall pay only an amount equal to that fraction of such monthly payment having a numerator equal to the number of days remaining in such first calendar month from and after and including the Commencement Date and a denominator equal to the number of days in such first calendar month.

(2) (i) On or before the last calendar day of each month, the Company shall pay to the Town two percent (2%) of the total revenues (including fuel adjustment charges) collected and received by the Company during the preceding calendar month from the sale of residential and commercial electric services to customers within the corporate limits of the Town, as such limits may now or hereafter exist, provided, however, that it is distinctly understood and agreed that the said two

percent (2%) of the total revenues (including fuel adjustment charges) shall not apply to or include any revenues (including fuel adjustment charges) from the sale of electric energy to the Town or to government or municipal agencies, or to any sale for industrial purposes or for resale within the corporate limits of the Town.

(ii) The Company shall also timely pay to the Town as they become due the regular Town ad valorem taxes on all property owned by the Company within the corporate limits of the Town.

(iii) In the event that the payments by the Company to the Town for any calendar year pursuant to (i) and (ii) of this Section 3(a)(2) total less than $41,000, the Company will pay to the Town the difference between such total and $41,000 within thirty days after the end of such calendar year, it being understood and agreed, however, that for that part of the first calendar year that this Operating Agreement shall be in effect and for that part of the last calendar year that this Section 3(a)(2) shall continue in effect pursuant to clause (b) of Section 15 hereof, the foregoing amount of $41,000 shall be replaced by an amount equal to that fraction of $41,000 having a numerator equal to the number of days in such calendar year that this Operating Agreement shall be in effect and a denominator of 365.

(iv) In the event that the total revenues (including fuel adjustment charges) collected and received by the Company from the sale of electric service to residential and commercial customers within the corporate limits of the Town exceed $585,000 during any calendar year or years, the figure of $41,000 stated in (iii) of this Section 3(a)(2) shall, for such calendar year or years, be increased by an amount equal to 1% of the amount by which such annual revenues exceed $585,000.

(v) If, as a result of increased electric rates (rates including fuel adjustment charges), increased over those first applied by the Company on the Commencement Date, the annual cost to the Town of the Company's municipal

electric service to the Town shall at any time be greater than the aggregate of the annual payments made by the Company to the Town pursuant to the foregoing provisions of this Section 3(a)(2), then the Company will add to its aforesaid annual payments to the Town, within thirty days after the determination thereof, an amount equal to that part of the difference resulting from the increase or increases in electric rates, provided, however, that all services taken by the Town on the Company's Municipal Pumping Rate Schedule series MP-Code 28 or revisions or replacements thereof or thereto shall be excluded from the calculation provided for by the last preceding sentence.

(b) Whether or not any of the Bonds then remains unpaid and/or outstanding, the Company shall, out of the revenues collected by it for the electric service rendered hereunder, pay to the Town annually commencing on March 1, 1993, and ending on March 1, 1997, the sum of $25,400 per year.

(c) In the event that the revenues collected by the Company for the electric service rendered under this Operating Agreement do not provide sufficient funds for the making of the payments required by sub-sections (a) and (b) of this Section 3, the Company shall nevertheless make all such payments, providing any necessary additional monies from other funds of the Company. In the event that the revenues collected by the Company for the electric service rendered under this Operating Agreement exceed the aggregate amount of all payments which the Company is obligated to make under sub-sections (a) and (b) of this Section 3, such excess shall be retained and kept by the Company as its own funds and shall belong to the Company, and may be applied by the Company to the payment of the costs and expenses set forth in Section 2 of this Operating Agreement or to any other purposes, as the Company sees fit.

Section 4. So long as any of the Bonds shall remain unpaid or outstanding, the Town shall maintain the Reserve Fund established by the Bond Resolutions in such amount or amounts and otherwise as required by the Bond Resolutions, and shall make timely payment therein of any amount or amounts which may be necessary in this connection. When none of the Bonds shall any longer be unpaid or outstanding, the monies or amounts then in said Reserve Fund shall, insofar as the Company is concerned, belong to and be the property of the Town.

Section 5. So long as any of the Bonds shall remain unpaid or outstanding, the Town shall keep and maintain the Depreciation and Contingencies fund established by the Bond Resolutions in such amount or amounts and otherwise as required by the Bond Resolutions, but in any event in an amount not less than $10,000, and, except to the extent otherwise provided in the next succeeding sentence hereof, shall promptly make any payments or deposits into said Fund which are and/or which may become necessary for the purpose aforesaid, failing which the Company shall have the right (but not the obligation) to make payments into said Fund necessary to increase the amount thereof to not more than $10,000, which payments shall offset and be effective as a credit against the payments thereafter due by the Company to the Town under Section 3 hereof. None of the monies in said Fund shall be used to pay for Capital Improvements (as hereinafter defined) unless, after a board of arbitrators acting on a demand under Section 7 hereof shall have made a final and binding determination requiring the Company to make Capital Improvements, the Company shall have failed for a continuous period of not less than ninety (90) days to commence and/or thereafter in good faith to continue and pursue the work required by such determination, in which event any monies from said Fund used in making the Capital Improvements required by such determination shall be promptly replaced

by the Company. The monies in said Fund may be invested by the Fiscal Agent in such interest bearing deposits as may be permitted with respect to other monies, accounts or funds held or maintained by the Fiscal Agent under the terms of the Bond Resolutions, and interest thereon may, as far as the Company is concerned, be withdrawn by the Town provided that the balance in said Fund shall not thereby be reduced to less than is required by the Bond Resolutions. When none of the Bonds shall any longer be unpaid or outstanding, all monies then remaining in said Fund shall, insofar as the Company is concerned, belong to and be the property of the Town.

Section 6. (a) The Town represents and warrants that the aforesaid Sinking Fund and Reserve Fund are current as of the date hereof and that it has paid into said Funds all amounts required by the Bond Resolutions to have been paid into said Funds as of the date hereof. For the first calendar month that this Operating Agreement shall be in effect, the Town shall pay to the Fiscal Agent for deposit into the Sinking Fund an amount at least equal to that part of the Sinking Fund Deposit for that month which the Company is not obligated to pay under Section 3(a)(1) of this Operating Agreement.

(b) So long as any of the Bonds shall remain unpaid or outstanding, the Town shall make any and all payments into the aforesaid Reserve Fund and the aforesaid Depreciation and Contingencies Fund required by the Bond Resolutions and shall provide and maintain said Reserve Fund and Depreciation and Contingencies Fund in amounts as required by the Bond Resolutions, failing which the Company may (but shall not be obligated to) make and pay on behalf of the Town any or all payments into either or both of said Funds which are then more than fifteen (15) days in arrears, and the amounts of any such payments so made by the Company shall be deducted from

and credited against any amounts then or thereafter due by the Company to the Town under Section 3(a)(2) hereof, and all such payments so made by the Company to the Fiscal Agent on behalf of the Town shall constitute and be effective as credits against the obligations of the Company to the Town referred to in Section 3(a)(2).

(c) In the event that the Company shall default in the payment of any Sinking Fund Deposit, then the Town shall be entitled to, and the Company hereby assigns to the Town in such event and while such default shall continue, all revenues for the electric service to be rendered hereunder to the customers of the Distribution System until, and such assignment is to be effective only until, such default shall be remedied; provided, however, that the foregoing provisions of this sentence shall be without prejudice to, and shall be subject and subordinate to, the Company's Mortgage and Deed of Trust, dated as of April 1, 1944, to The Chase National Bank of the City of New York and Carl E. Buckley, Trustees (The Chase Manhattan Bank (National Association) and Charles F. Ruge, successor Trustees), as supplemented and amended by twenty-three (23) Supplemental Indentures thereto and as it may have been or may thereafter be further supplemented and/or amended by further Supplemental Indentures thereto or amendments thereof. Any such revenues so collected or received by the Town shall be applied and credited to the remedying of such default, and any amounts so collected or received by the Town in excess of the monies needed to remedy such default shall promptly be remitted to the Company.

Section 7. In the event that, at any time while this Operating Agreement remains in effect, either the Town or 25% of the holders of the outstanding Bonds (the "demanding party") shall make written demand upon the Company to effect further extensions, additions, improvements, renewals and/or replacements ("Capital Improvements")

to the Distribution System, and shall in such writing assert that the same are necessary to the proper operation of the Distribution System in accordance with accepted electric utility practices (the "demand"), and if the Company shall fail to make such Capital Improvements within 90 days after receipt of such demand or shall fail to commence making such Capital Improvements within such 90-day period and thereafter to go forward with all reasonable diligence with the completion thereof, then the demanding party shall have the right to require arbitration of the matter as hereinafter set forth; and if it shall be determined in and by such arbitration proceeding that the demand is correct, then the Company shall make such Capital Improvements; provided, however, that the Company shall not be so required to spend for such Capital Improvements in any one calendar year more than 5% of the revenues collected by the Company during the preceding calendar year for the electric service rendered by it hereunder. Upon such arbitration proceeding being required as hereinabove set forth, the demanding party shall choose an arbitrator, the Company shall choose an arbitrator, and the two arbitrators so chosen shall choose a third arbitrator, who shall be a professional engineer. If the arbitrators chosen by the demanding party and the Company are unable to agree on a third arbitrator, the selection of the third arbitrator, who shall be a professional engineer as aforesaid, shall be accomplished by application of the rules of the American Arbitration Association. The board of arbitrators thus chosen shall determine the validity of the demand, which determination shall be in writing and shall be final and binding.

Section 8. All additions, improvements and replacements made by the Company to the Electric System, including any and all extensions of the Distribution System and all replacements to the Electric System effected by way of maintenance (and including any Capital Improvements made under the provisions of Section 7 of this

Operating Agreement), shall be and shall remain the property of the Company, and the Company shall have the right at any time and from time to time to alter, improve, repair or remove any thereof, consistently with the proper performance by the Company of its obligations under this Operating Agreement. In the event that, for any reason, this Operating Agreement shall be terminated or nullified without the Company acquiring the ownership of the Electric System as hereinafter set forth, the Town shall be obligated to pay to the Company, and shall pay to the Company promptly and in any event no later than 120 days after such termination or nullification of this Operating Agreement, the depreciated book cost of all additions, improvements and replacements made by the Company to the Electric System, including all extensions of the Distribution System (and including any Capital Improvements made under the provisions of Section 6 of this Operating Agreement), located within the corporate limits of the Town as such corporate limits exist on the Commencement Date, and all replacements effected by way of maintenance, less any salvage realized from retired property, and upon such payment being made by the Town to the Company, all of said additions, improvements, replacements and extensions within the corporate limits of the Town as such corporate limits exist on the Commencement Date shall become the property of and belong to the Town, and the Company shall have no further ownership rights with respect thereto.

Section 9. Commencing on and at the Commencement Date and continuing thereafter throughout the time that this Operating Agreement remains in effect, the Town shall make available to the Company and the Company shall have access at all reasonable times during business hours to all of the books and records of the Town relating to the Electric System and to such other books and records of the Town as may be necessary, appropriate or desirable to enable the Company fully,

effectively and efficiently to perform its obligations under this Operating Agreement.

Section 10. Commencing on and at the Commencement Date and continuing thereafter throughout the time that this Operating Agreement remains in effect, the Company shall have all control of the Electric System necessary to operate and maintain the same, and shall operate and maintain the Distribution System, and any part or parts of the Generating Facilities that it sees fit, in such manner as the Company deems proper, and shall not be subject to direction by the Town or any officials, agents or employees of the Town with respect to any of such operation and/or maintenance; however, the Company shall be obligated to operate and maintain the Distribution System as a prudent operator and in a manner consistent with accepted electric industry practices; and the Company and the Town declare and agree that this instrument constitutes an operating agreement and not a lease, and does not effect or provide for any sale or other disposition of the Electric System or any substantial part thereof so long as any of the Bonds are outstanding and unpaid in principal or interest.

Section 11. The Company will not require customer deposits from the existing (on the Commencement Date) customers of the Distribution System. Any customer deposits held by the Town from such existing customers will not be turned over to the Company; the handling or adjustment thereof will be a matter to be settled between the Town and such customers; and the Company shall have no liability or responsibility in connection therewith. However, the Company shall be entitled to require customer deposits from all new (including reconnected) customers, and the deposits from such new customers will be held by the Company as its property subject to the Company's standard refund agreements with new customers, and any refunds of such deposits so held by the Company shall be made by the Company

directly to the customers.

Section 12. The Company is not hereby assuming and shall not be liable or responsible for any financial or other obligations or liabilities of the Town, provided, however, that the foregoing shall not in any way derogate from the Company's obligations to make the deposits and/or payments required by Section 3 of this Operating Agreement. The Town warrants that the Electric System and all of the parts thereof are free and clear of any liens, encumbrances or privileges of any nature whatsoever except for any resulting from the Bond Resolutions or the Bonds, and further, the Town agrees to keep, and/or to restore as may be necessary, the entire Electric System in a good and satisfactory state of repair and operating condition consistent with good engineering and operating practices in the electric utility industry, until such time as the Company assumes the responsibility for and the operation of the entire Electric System, failing which the Company shall have the right to do so at the expense of the Town, which expense shall offset and be effective as a credit against the payments thereafter due by the Company to the Town under Section 3 hereof.

Section 13. The rates to be charged or made available by the Company for its services to the various classes or categories of customers served by the Distribution System shall be as hereinafter set forth:

(a) The Town takes cognizance of the rate schedules ("Rate Schedules") filed by the Company in and/or with its rate increase application ("Application") presently pending with the Louisiana Public Service Commission ("LPSC"), and agrees that the Company shall have the right, and the Town hereby authorizes the Company, to place and maintain said Rate Schedules in effect with respect to the customers served by the Distribution System, beginning on the Commencement Date and continuing during the time that such Application is pending, whether before the LPSC or in the

courts; provided that when action on said Application has been brought to a conclusion, whether before the LPSC or in the courts, if the Company's rates to be charged to customers whose rates are regulated by the LPSC, as finally determined in the action on said Application, are less than the rates theretofore billed by the Company to and collected by the Company from the customers of the Distribution System, then the Company will refund to such customers the amounts of such difference.

(b) Commencing at such time as the action on said Application has been brought to a conclusion, whether before the LPSC or in the courts, the Company will then and thereafter charge or make available to the various classes or categories of customers served by the Distribution System the same rates which the Company charges or makes available to the same classes or categories of customers of the Company elsewhere in the State of Louisiana whose rates are regulated by the LPSC, and any changes thereafter made in the Company's rates charged or available to such customers elsewhere in the State of Louisiana shall automatically result in and require the making of the same changes in the rates charged or made available to the same classes or categories of customers of the Distribution System. The Town shall from time to time take all such regulatory, rate-making and/or other action, if any, as may be necessary, appropriate or desirable to implement and effectuate in detail the foregoing provisions of this Section 13, but said provisions shall be effective and shall continue in effect as long as this Operating Agreement shall continue in effect regardless of any action or inaction on the part of the Town.

Section 14. Throughout the time that this Operating Agreement remains in effect, the Town shall not:

(a) grant or issue to anyone other than the Company, inconsistently with the Bond Resolutions, any franchise or permit for the generation, transmission, distribution and/or sale of electric power or energy within the corporate limits of the

Town as said limits now exist and as they may hereafter be extended, nor for the use of any of the streets, roads, alleys or any other public places within said corporate limits for the construction, operation or maintenance of electric lines or for any of the above-mentioned purposes;

(b) issue any additional electric revenue bonds, or issue any additional bonds whatever under any of the Bond Resolutions or under any indentures, agreements or documents under which any of the Bonds have been issued, whether heretofore authorized or not; or

(c) sell, convey or otherwise alienate, or mortgage or otherwise encumber, the Electric System or any part or parts thereof or any interest or interests therein, nor suffer or permit the same to be done.

Section 15. The Company shall have the right from time to time and at any time, either in its own name or in the name and on behalf of the Town, to pay and refund any or all of the Bonds and/or to pre-refund any of the Bonds which may not then be callable. If payment before maturity of some but less than all of the Bonds shall reduce the amounts of any of the Sinking Fund Deposits needed under and for the purposes of the Bond Resolutions by the Fiscal Agent, the respective amounts of such Sinking Fund Deposits as set forth in the attached Sinking Fund Deposit Schedule shall be reduced accordingly. The Company shall have the further right, at any time that the Company considers it economically feasible to do so, to call upon and require the Town to issue and sell refunding bonds in an amount sufficient to pay and refund all of the Bonds then outstanding and/or to pre-refund any of the Bonds which may not then be callable or which the Company may not then desire to have called and paid, on the basis of the replacement of this Operating Agreement with a lease-purchase agreement whereunder the Company wil become the lessee of the Electric System,

the lease payments made by the Company will be sufficient to service and pay the principal of and premium, if any, and interest (the "debt service") on the refunding bonds as such principal, premium, if any, and interest become due and payable, and the Company will have the right and option to acquire the Electric System on the same basis set forth hereinafter in clause or paragraph (a) of this Section 15 when none of the refunding bonds is any longer outstanding, or on the basis of the replacement of this Operating Agreement with a new operating agreement reflecting such changes as necessarily result from such refunding, but otherwise having substantially the same terms, conditions, and provisions as this Operating Agreement; and the Town shall be bound and obligated to issue and sell such refunding bonds and to pay and refund and/or pre-refund the Bonds then outstanding pursuant to the requirements and instructions of the Company unless the basis upon which the Company has structured such refunding does not provide adequately for the payment of the Bonds and the refunding bonds in principal and interest. If at any time the Town determines that, for its purposes, it is necessary to effect such a refunding, it shall have the right to do so, and the Company shall be obligated to permit the Town to do so, provided that the last maturing revenue refunding bonds shall have a maturity date no later than March 1, 1997; and that the total annual debt service amounts for the refunding bonds shall be no greater for any year than the annual amount of the Sinking Fund Deposit for such year. In the event that, for any reason, the contemplated refunding and lease-purchase or new operating agreement transaction is not consummated or is thereafter nullified, this Operating Agreement and all of the rights and obligations of the parties hereunder shall continue in full force and effect pursuant to the terms of this Operating Agreement. For purposes of this Operating Agreement and/or any such lease-purchase agreement or new operating agreement, Bonds and/or refunding bonds shall be considered to have been paid and

refunded, or to have been pre-refunded, as the case may be, and to be no longer outstanding, at such time or times as monies in the necessary amount or amounts shall have been deposited with the Fiscal Agent, or with the paying agent bank for the refunding bonds, as the case may be, with irrevocable direction to apply such monies to such payment and refunding and/or pre-refunding, as the case may be. At such time as no Bonds or refunding bonds are any longer outstanding (whether as a result of the payments made by the Company pursuant to Section 3(a)(1) of this Operating Agreement or as a result of payments or deposits made pursuant to the provisions of this Section 15 or any combination thereof or otherwise):

(a) The Company shall have the right and option to purchase and acquire from the Town the entirety of the Electric System including all of the facilities, equipment, plant and property of the Town used or useful for the generation, distribution and/or sale of electricity, all rights-of-way, servitudes and other interests in land in connection therewith or necessary for the operation and maintenance of the Electric System, and all books, records and accounts in connection with the Electric System, for the following considerations:

(1) the continued obligation of the Company to make the payments to the Town provided for in and by subsection (b) of Section 3 of this Operating Agreement, and

(2) the granting by the Company to the Town of the right and option to require the Company to pay the Town in a single lump sum, in lieu of the last-mentioned payments, the aggregate amount of all such payments then remaining unpaid, discounted on a basis of 10% per annum applied against each such payment to the due date thereof; and upon the Company's exercise of its right and option so to purchase and acquire the Electric System, title to the Electric System shall thereupon

automatically vest in, and the Electric System shall automatically belong to the Company, and, in addition, the Town shall be obligated to execute and deliver and shall execute and deliver to the Company all such instruments and evidences of conveyance and transfer, all such descriptions, and all such other documentation, in recordable form, as the Company may reasonably request for purposes of appropriately documenting and evidencing of record the acquisition and ownership of the Electric System by the Company, and of adequately describing in connection therewith that which the Company shall have so acquired, but the refusal or failure of the Town so to do shall not affect the Company's ownership of the Electric System; and

(b) This Operating Agreement and/or any such lease-purchase agreement or new operating agreement shall thereupon be completely terminated for all purposes, except that (without derogating in any other respect from the effect of such termination) (i) the foregoing clause or paragraph (a) of this Section 15 shall survive such termination and continue in effect in accordance with its terms, and (ii) Section 3(a)(2) hereof and Section 13(b) hereof shall continue in effect as long as the sixty (60)-year electric franchise this day granted by the Town to the Company, or any replacement or successor or successive electric franchise granted to the Company, its successors or assigns, shall be or remain in effect.

Section 16. In the event that Force Majeure or the fault or default of the Town renders the Company unable to carry out any of its obligations under this Operating Agreement other than obligations to pay or deposit money, such obligations shall be suspended during the continuance of any inability so caused, but for no longer period.

Section 17. No default hereunder by either the Town or the Company shall be cause for terminating, cancelling, annulling or voiding this Operating Agreement unless such default shall have continued unremedied for a period of not less than ninety (90) days after written notice with respect thereto has been given by the other party. Any period of time during which the party claimed to be in default shall in good faith and with due diligence contest or defend, as the case may be, the claims, facts, litigation or proceedings assertedly giving rise to such default, or contest the claims of the other party with respect to such claimed default, or during which the party claimed to be in default shall have commenced and thereafter shall in good faith continue and pursue the work necessary to remedy the claimed default, shall not be included in the above-mentioned ninety (90)-day period. However, the foregoing provisions of this Section 17 shall not in any manner derogate from or affect the rights under the Bond Resolutions of any of the holders of any of the Bonds.

Section 18. This Operating Agreement shall be effective and shall remain in full force and effect from the date hereof, being the date first hereinabove set forth, until none of the Bonds is any longer unpaid or outstanding, such termination date and termination being subject, however, to the provisions of Section 15 of this Operating Agreement.

Section 19. This Operating Agreement shall be binding upon and shall inure to the benefit of the Town, the Company, and the respective successors and assigns of each of them.

IN WITNESS WHEREOF, the Town and the Company have signed and executed this Operating Agreement in several multiple original counterparts on the day and date first hereinabove written at Homer, Louisiana, each in the presence of the two undersigned competent witnesses.

WITNESSES:

W. C. Martin

J. E. Pate

TOWN OF HOMER

By Joe Michael
Mayor

LOUISIANA POWER & LIGHT COMPANY

By S. A. McLendon
Senior Vice President

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF Claiborne

BEFORE ME, the undersigned authority, personally came and appeared WC Martin, who, after first being duly sworn by me, did depose and say that he signed the above and foregoing Operating Agreement between the Town of Homer and Louisiana Power & Light Company as a witness to the signatures of both of the said parties thereto, in the presence of both of the said parties thereto and another subscribing witness to the signatures of both of the said parties thereto, all of whom signed in his presence, each signing in the presence of all of the others, and that all of said signatures thereto are genuine and correct.

W. C. Martin

Sworn to and subscribed
before me this 15 day
of March, 1978.

William F. M. Meadors, Jr.
Notary Public

Appendix 23

SINKING FUND DEPOSIT SCHEDULE

Payment Date	Total
3/1/78	$112,643.18
3/1/79	$153,064.50
3/1/80	$151,879.50
3/1/81	$151,607.00
3/1/82	$150,213.25
3/1/83	$149,732.00
3/1/84	$149,112.00
3/1/85	$147,369.50
3/1/86	$146,435.50
3/1/87	$150,375.00
3/1/88	$147,838.00
3/1/89	$147,617.00
3/1/90	$148,271.00
3/1/91	$147,257.00
3/1/92	$146,844.00
3/1/93	$109,983.00
3/1/94	$ 56,173.00
3/1/95	$ 54,865.00
3/1/96	$ 49,508.00
3/1/97	$ 49,303.00

The monthly payments required by Section 3(a)(1) of the Operating Agreement to be paid in each year on the 10th day of each month shall consist of the following: the monthly payments due on January 10th and February 10th of each year shall each consist of one-twelfth (1/12) of the total annual payments for such year set forth in this Sinking Fund Deposit Schedule, and the monthly payments due on the 10th day of the remaining months of each year shall each consist of one-twelfth (1/12) of the total annual payments set forth in this Sinking Fund Deposit Schedule for the next succeeding year.

EMERGENCY INTERIM AGREEMENT

by and between

CITY OF MONROE

and

LOUISIANA POWER & LIGHT COMPANY

This Emergency Interim Agreement by and between

CITY OF MONROE, a municipal corporation of the State of Louisiana, sometimes hereinafter referred to as "City", herein acting through (a) the Commission Council of the City, herein represented by W. L. Howard, the Mayor of the City, pursuant to and hereunto duly authorized by Ordinance No. 7012 of the Commission Council of the City duly adopted on March 31, 1978, a certified true copy of which is annexed hereto, said Commission Council being the governing authority and body of the City, and (b) the City of Monroe Utilities Commission, sometimes hereinafter referred to as "Utilities Commission", a part of the city government of the City, herein represented by Joe E. Marks, Jr., the Chairman of the Utilities Commission, pursuant to and hereunto duly authorized by a resolution of the Utilities Commission duly adopted on March 31, 1978, a certified true copy of which is annexed hereto, and

LOUISIANA POWER & LIGHT COMPANY, a Louisiana corporation, sometimes hereinafter referred to as "Company", herein acting through and represented by G. D. McLendon, its Senior Vice President, hereunto duly authorized by resolutions of the Board of Directors of the Company duly adopted on November 21, 1977, a certified true copy of which resolutions is annexed hereto,

WITNESSETH THAT:

WHEREAS, under date of April 26, 1977, the Company submitted to the City a proposition and offer ("Offer") providing for the operation and possible ultimate ownership by the Company of the electric system of the City ("Electric System"), which Offer included among other documents, as Appendix 1

thereto a form of proposed Operating Agreement between the City and the Company ("Operating Agreement") and as Appendix 2 thereto a proposed form of authorizing and franchise ordinance; and

WHEREAS, the special election contemplated by the Offer was called and held on July 9, 1977, and resulted in a vote by the electorate of the City which was overwhelmingly in favor of the acceptance of the Offer; and

WHEREAS, certain lawsuits have been filed (the "Outstanding Litigation", hereinafter defined) which have prevented the consummation of the transaction contemplated by the Offer, and although all of such suits then outstanding were dismissed by judgment signed on February 23, 1978, an appeal from such judgment of dismissal has been filed and is pending; and

WHEREAS, the delay in consummating the transaction provided for by the Offer has caused an emergency situation to arise, requiring the execution and implementation of this Emergency Interim Agreement, providing for the temporary handling of such situation;

NOW, THEREFORE, the City and the Company, each for and in consideration of the premises and of the agreements of the other hereinafter set forth, do hereby mutually agree, covenant and stipulate as follows:

Section 1. Unless the context obviously requires otherwise, terms used herein which are not defined herein but which are defined in the Operating Agreement shall have the same respective meanings as set forth in the Operating Agreement, and the following words, terms and/or phrases shall have the meanings hereinafter set forth:

(a) "Interim Period" shall mean the period of time during which this Emergency Interim Agreement is to be and remain in effect in accordance with its terms.

(b) "Outstanding Litigation" shall mean the three pending law suits, presently consolidated, in which W. E. Perry is the plaintiff and the City, the Utilities Commission and the Board of Supervisors of Elections of Ouachita Parish, Louisiana, are defendants, bearing the Nos. 111,145, 111,146 and 111,147 on the Docket of the Fourth District Court, Parish of Ouachita, State of Louisiana, presently on appeal to the Second Circuit Court of Appeals, State of Louisiana.

Section 2. Subject to such changes therein and deviations therefrom as are provided for hereinafter as being necessary because of the temporary or interim nature of this agreement, the aforesaid Operating Agreement, upon the execution hereof by the City and the Company, shall go into effect and be effective as if the same had been fully executed and delivered by the City and the Company, and shall be fully implemented by the City and the Company.

Section 3. During the Interim Period, no refunding of the Bonds shall be effected and Section 15 of the Operating Agreement shall not be in effect.

Section 4. Without in any manner derogating from or limiting the generality of the foregoing or of any other provision hereof, it is specifically provided herein and agreed, although not by way of limitation, that during the Interim Period Section 13 of the Operating Agreement shall be in effect and fully effective, and the Company shall have all rights, powers, and obligations therein set forth.

Section 5. Without in any manner derogating from or limiting the generality of the foregoing or of any other provision hereof, it is specifically provided herein and agreed, although not by way of limitation, that the Company shall have the right and power to offer employment to and retain as employees of the Company such of the present employees of the Electric System as the Company sees fit, who shall be employed under all of the Company's normal conditions of employment, including salary or wages, policies, practices and benefits, and who, if then still so employed, shall revert back to employment by the City if and when this Emergency Interim Agreement is terminated or nullified without the Operating Agreement then or theretofore becoming effective.

Section 6. The inventory provided for by Section 2 (c) of the Operating Agreement shall not be made during the Interim Period, but shall be made as of the Commencement Date hereafter fixed in the Operating Agreement as executed.

Section 7. The first reading of the meters of the customers of the Distribution System by the Company shall be effected as soon as reasonably practicable after the commencement of the Interim Period, and the final meter reading determination for the City (which will also be the beginning meter reading determination for the Company) shall be calculated by pro rating the customer's usage to the commencement of the Interim Period.

Section 8. In the event that this Emergency Interim Agreement is terminated or nullified without the Operating Agreement having theretofore become or then becoming effective, the City shall thereupon be obligated to pay to the Company, and shall pay to the Company promptly and in any event no later than 120 days after such termination or nullification of this Emergency

Interim Agreement, the depreciated book cost of all additions, improvements and replacements made by the Company to the Electric System, including all extensions of the Distribution System (and including any Capital Improvements made under the provisions of Section 6 of the Operating Agreement), located within the corporate limits of the City as such corporate limits exist at the beginning of the Interim Period, and all replacements effected by way of maintenance, less any salvage realized from retired property, and upon such payment being made by the City to the Company, all of said additions, improvements, replacements and extensions within the corporate limits of the City as such corporate limits exist at the beginning of the Interim Period shall become the property of and belong to the City, and the Company shall have no further ownership rights with respect thereto.

Section 9. The City recognizes that in order for the Company to provide electric service hereunder, it will be necessary for the Company to effect modifications and/or additions to the Company's facilities in the immediate vicinity of the City at an initial cost estimated at approximately $400,000, and that it may thereafter be necessary for the Company to make other capital additions to handle the load growth of the City. In the event that this Emergency Interim Agreement is terminated or nullified without the Operating Agreement having become effective or being in effect, the City shall reimburse the Company its cost and expenses in connection with the facilities referred to above in this Section 9 as follows: (a) if the Company, in its sole discretion, determines that such facilities can justifiably be removed or dismantled, the payment by the City to the Company of the "up and down" costs, or (b) if, in the judgment of the Company, such removing or dismantling is not justifiable, the payment by the City to the Company of the Company's fixed charges on such facilities from the time that this Emergency Interim Agreement is so terminated or nullified until the Company has need for such facilities for its own purposes; provided, however, that no single project of the nature aforesaid costing more than $250,000 after the initial modifications and/or additions in the approximate amount of $400,000 aforesaid shall be commenced or undertaken by the Company without the prior consent of the City, but if such consent is withheld and adversely affects the ability of the Company to provide adequate electric service to the customers of the Distribution System, the Company's obligation to provide such adequate service shall be modified accordingly.

Section 10. Certain of the Company's rate schedules require the installation of demand meters and the City is presently serving without demand meters many customers who will be served on such rate schedules. In view of the interim or temporary nature of this Emergency Interim Agreement, the Company will not be obligated to install during the Interim Period demand meters for the billing of such customers, but will during the Interim Period estimate demands for billing purposes with respect to all such customers for which demand meters are not installed.

Section 11. This Emergency Interim Agreement shall become effective and shall be in effect immediately upon the execution hereof by both the City and the Company, and shall remain in effect until, and shall be terminated if and when,

either (a) the Operating Agreement shall have become effective and be in effect, or (b) a final, non-appealable judgment of a court of competent jurisdiction has determined that the proposed Operating Agreement is or would be illegal, or that the above-mentioned election of July 9, 1977, was illegal or is invalid, or (c) this Emergency Interim Agreement has been terminated or nullified or superseded or replaced by mutual consent of the parties or by a final, non-appealable judgment of a court of competent jurisdiction.

Section 12. This Emergency Interim Agreement shall be binding upon and shall inure to the benefit of the City, the Commission Council of the City, the Utilities Commission, the Company, and the respective successors and assigns of each of them.

IN WITNESS WHEREOF, the City and the Company have signed and executed this Emergency Interim Agreement in several multiple original counterparts on the 31st day of March, 1978, at Monroe, Louisiana, both in the presence of the two undersigned competent witnesses.

WITNESSES:

Charles F. Patten [signature]

[signature]

CITY OF MONROE

By: Commission Council of the City of Monroe

By [signature]
Mayor

By: City of Monroe Utilities Commission

By [signature], Chairman

LOUISIANA POWER & LIGHT COMPANY

By G. D. McLendon [signature]
Senior Vice President

LOUISIANA POWER & LIGHT / 142 DELARONDE STREET P.O. BOX 6008 • NEW ORLEANS LOUISIANA 70174 • (504) 366-2345
MIDDLE SOUTH UTILITIES SYSTEM

December 5, 1978

D. L. ASWELL
Vice President-Power Production

LPL 10195
Q-3-A29

Mr. Argil Toalston, Chief
Power Supply Analysis Section
Antitrust & Indemnity Group
Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

SUBJECT: Waterford 3
Responses to Request for Additional
Antitrust Information

Dear Mr. Toalston:

We have reviewed your letter of October 31, 1978 requesting additional information for the Waterford 3 Operating License Antitrust Review. Attached are our responses to those requests.

If you have any further questions regarding this submittal, please advise.

Yours very truly,

D L Aswell

D. L. Aswell

DLA:RWP:kat

Attachment

cc: E. Blake
M. Stevenson

Z999
5/11

7812110155

7. You have indicated that LP&L is presently operating the electric systems of the towns of Homer and Lake Providence and the City of Thibodaux with an option of ultimate acquisition. Was there any organized opposition to LP&L operating the systems or to the option of ultimate acquisitions? If so, please describe. Please describe the acquisition option. Who, other than LP&L, will have a say regarding the acquisitions?

ANSWER

LP&L is operating the systems of the Towns of Homer, Lake Providence, and the City of Thibodaux, with an option of ultimate acquisition on the basis of a formal proposal made to each of these municipalities wherein an election was held and the citizens voted to enter into the operating agreement with an option to acquire. The only opposition was by those who voted against the proposed operating agreements. The vote in Homer was approximately 2-to-1 in favor of the proposition, the vote in Lake Providence was 4-to-1, and the vote in Thibodaux was 5-to-1 in favor of entering into the operating agreement with an ultimate option to acquire.

The acquisition option is dependant upon the performance by LP&L of the commitments specified in the Operating Agreement, and the option to the Company to take title to the facilities at the end of the Operating Agreement arises when and if all obligations under the Operating Agreement have been fulfilled.

Nobody other than LP&L will "have a say" regarding the acquisition (other than SEC approval when LP&L fulfills its obligations under the Operating Agreement).

Appendix 25

8. You have indicated that LP&L is presently operating the electric system of the City of Monroe under an Emergency Interim Agreement. Please describe the nature of the emergency and the reason why Monroe was not able to operate its own system. Why did Monroe choose LP&L to operate its system? If in writing, please furnish a copy of the interim agreement. If not in writing, please describe. Was there any organized opposition to the interim agreement? If so, please discuss. What is the duration of the interim agreement? Will Monroe resume operation of its system after termination of the interim agreement? If not, what alternatives are being considered?

ANSWER

LP&L is presently operating the electric system of the City of Monroe under an Emergency Interim Agreement. This agreement came about as a result of the City's deteriorated position in the operation of its system while the Company was awaiting approval of the SEC for an operating agreement which had been presented to the City and voted on in an election held for that purpose and approved by the citizens of the City by a ratio of approximately 7-to-1 to enter into the Operating Agreement. After the overwhelming election in favor of the Operating Agreement, essentially all of Monroe's distribution personnel walked off the job and left the City without personnel to operate its system. The City also had a very unstable and undependable fuel supply, and since the citizens had voted overwhelmingly to enter into the Operating Agreement and ultimate ownership agreement with LP&L, the City insisted that LP&L commence operating the system immediately and assume the responsibility of the operations as though the final Operating Agreement was in effect. Since there was pending SEC approval for the Operating Agreement, the interim arrangement was entered into, and will continue in effect until such time as approval has been granted by the SEC for the final effectuation of the Operating Agreement. (Copy of the Emergency Interim Agreement is included as Attachment I.) There was no opposition to the Emergency Interim Agreement.

It is anticipated by LP&L and the City that the interim agreement will be superseded by the Operating Agreement, and Monroe thus will not resume operation of its system after termination of the interim agreement.

No alternatives are being considered by LP&L.

BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

Louisiana Power & Light Company	:	Docket No.
	:	70-6147
Application Under Public Utility Holding Company Act	:	

PROTEST, AND REQUEST FOR HEARING OF CONCERNED CITIZENS AGAINST POWER MONOPOLY

May 15, 1978

C. Jack Pearce
PEARCE & BRAND
1000 Connecticut Avenue, N.W.
Suite 1200
Washington, D.C. 20036

Attorney for Concerned Citizens Against
Power Monopoly

COMBINED PLEADING: MEMORANDUM IN SUPPORT OF PETITION TO INTERVENE; PROTEST TO LOUISIANA POWER AND LIGHT COMPANY'S ACQUISITION OF MONROE FACILITIES; AND REQUEST FOR INVESTIGATION OF LP&L'S PRACTICES AND CORRECTIVE ACTION

I. STATEMENT OF FACTS

A. General Background -- Market Positions of LP&L and Monroe

Publicly available information indicates that Louisiana Power and Light Company and an affiliate, New Orleans Public Service, Inc., reportedly have about half the retail electric power market in Louisiana. LP&L also has a large portion of the generating facilities in the state. LP&L is a subsidiary of Middle South Utilities, Inc.

Monroe is a city of about 60,000 population. Its load is a significant factor in the total retail electricity load picture in Louisiana. Its generating capacity appears to be about 1/7th of the generating capacity which is independently owned and operated by municipal and cooperative power systems in Louisiana.

The Cities of Lafayette and Plaquemine, Louisiana have filed an antitrust case against LP&L charging that LP&L has conspired to restrain trade, attempted to monopolize, and monopolized the generation, transmission and distribution of electric power, by preventing the construction and operation of competing utility systems, by improperly refusing to wheel power, by foreclos[ing] supplies [to] markets served by competing utilities, by engaging in boycotts against municipally-owned systems, and by utilizing sham litigation and other

improper means to prevent financing of construction of electric generation facilities beneficial to municipal systems and other independent rivals to LP&L. 1/

In 1974, LP&L accepted conditions to the licensing of a new nuclear pla concerning accordance of certain practices and requirements of other practices deemed likely to ease impediments to smaller-system access to economic bulk power supply. 2/

The City of Monroe, Louisiana has been operating on a largely isolated basis up until 1977. Monroe has had a 50 mw link connecting it with LP&L. A few emergency energy transactions have occurred using that line. 3/ The City had voted funds to cover the costs of increasing the line size, but apparently had not received any indication that LP&L would cooperate in making more capacity and energy available to the city. 4/ In the mid-1970's, LP&L performed studies indicating needs to increase transmission capacity in the Monroe, Louisiana area, involving data indicating that an additional line could be extended to Monroe at a modest cost.

1/ City of Lafayette, La. and City of Placuemine, La. v. Louisiana Power and Light Co., 1978-1 CCH TRADE CASES, ¶61, 936 (Sup. Ct. 1978).

2/ Appendix A: The "Memorandum of Board With Respect to Appropriate License Conditions Which Should be Attached to a Construction Permit Assuming Arguendo A Situation Inconsistent With The Antitrust Laws, October 29, 1974, AEC Docket No. 50-382A.

3/ Appendix B: Excerpts of Testimony of Roy C. Lange in W.E. Perry v. the City of Monroe, Fourth District Court, Parish of Ouachita, State of Louisiana, Nos. 111,145; 111,146; 111,147; filed August 16, 1977, at pp. 239, 290.

4/ App. B, pp. 292, 293.

Though Monroe had the 50 mw line connection, until 1977 it did not have contractual arrangements with LP&L which gave it any assured access to a variety of capacity and energy services arrangements often available in "interconnection" agreements. Such capacity and energy service can materially reduce both capacity and energy costs for electric utilities participating in such arrangements.

Not having access to other systems prior to the 1976-77 period, Monroe had not developed any source of capacity or firm energy supply outside its borders as of that time.

B. Chronology of Activities Leading Up to Application to SEC

Operating as an almost isolated electric utility system, Monroe has created and used electrical generating facilities which are of smaller size and higher cost than the generation facilities typically employed by private and publicly-owned companies which either serve substantially large and more populous service areas, or are integrated into a "pool" or other interconnected system covering a larger field of use of electric energy. Monroe's generating facilities have been largely fueled by natural gas.

The City of Monroe was involved in a series of actions in the 1970-1976 period reflecting concern among some of its officials and representatives with both its isolated situation and the rising cost and decreasing availability of natural gas. 5/ In 1975, a consult-

5/ App. B, pp 286-294.

ing firm -- Ford, Bacon & Davis (FBD) -- was retained to study alternative methods of obtaining electricity generating capacity.

In April 1976, the City of Monroe formed an "Energy Committee" to explore what arrangements it should make for the future provision of electric utility service in the City of Monroe. At least initially, the Committee contemplated creating a long-range plan which would "solve Monroe's problems for 20 to 25 years into the future." 6/ The Committee wished to review all alternatives available to the City. The City retained the services of Ford, Bacon and Davis, to assist it in this undertaking.

However, by August of 1976 the Committee had "shifted the focus of our investigation from a broad area involving construction by ourselves for a joint venture with others to those sources which have readily availabl[e] power to supplement or replace our own generating capacity." 7/ This shift was explained in terms of facing an inability to secure new gas supply, and thus imminent likelihood of power shortage. There was no reflection upon means of securing short term energy supply permitting achievement of the original study goal.

In August of 1976, representatives of FBD had began discussions with Louisiana Power and Light concerning various possible arrangements which might be made between LP&L and the City of Monroe. Available records indicate that one of the alternatives considered was the purchase of part or all of Monroe's electric power needs from LP&L. Another was the sale of

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6/ App. C: Draft note of August 3 of Energy Committee.

7/ App. D: Letter from Charles Brown to the Monroe City Council, August 24, 1976.

the Monroe system to LP&L. 8/ A note of an initial conference between an FB employee and LP&L and a later report by the consultant, FBD, to the City records that LP&L's position was to the effect that the interconnection agreement between LP&L and Monroe under discussion at that time would cover "all classes of LP&L power sales to the City of Monroe" and "the only other form of participation in which LP&L would be interested is the outright purchase of the Monroe system."9/

The Ford, Bacon and Davis analysis and recommendations to the Energy Committee, in a report dated October 4, 1976, did not contain any full scale examination of the costs and benefits of alternatives open to the City. Rather, it reviewed in very general terms the fuel availability situation, the projected load-growth for the City, and programs to create generation capacity in or near the Monroe area. 10/

The FBD report stated on page 22,

> "Technologically, legally and economically, it is feasible for the City of Monroe, in partnership with other municipalities, to construct and operate new facilities which would provide a stable and competitively-priced supply of electricity to its citizens for the long-term future."

8/ App. E: Exchange of correspondence between Dominguez of FBD and McLendon of LP&L in August-September, 1976.

9/ App. F: Report of Monroe Energy Committee to City Council, November 18, 1976, page 1.

10/ App. G: The report of Ford, Bacon and Davis, Engineers and Construct to the City of Monroe, October 4, 1976.

However, the consultants also asserted that there were practical problems in terms of obtaining cooperation and timely action from a group of municipalities. The report noted that there were at least two programs to create new generation facilities in the area: one, the Electric Power Systems Association (EPSA) and, the other, plans of the Cajun Electric Cooperative.

The report concluded, on page 24, that the City has

> "...two viable long-term solutions. The first is to sell the existing system, and the second is to enter into negotiations with one or more of the several groups that have been identified in this report as planning to build a coal-fired generating facility for a participating interest."

The consultants favored the first alternative.

Subsequent testimony of the FBD employee most frequently in touch for the FBD study, Mr. Dominguez, shows a surprising lack of information on matters critical to the choices facing the city. 11/ Mr. Dominguez relied upon very cursory checks of the availability of power supply from a number of sources, and made no personal check at all on the availability of power from one of the most likely sources, the Cajun cooperative project. 12/ Mr. Dominguez made no investigation of the extent to which the City of Monroe and LP&L could and would increase the capacity of the intertie between them in order to enable Monroe to purchase firm power in lieu of selling out its system. 13/

11/ App. H. Testimony of A.L. Dominguez, in Perry v. Monroe, supra, pp. 162-192.

12/ App. H, pp. 174-178.

13/ App. H, pp. 165, 188-191.

Mr. Dominguez also made no thorough assessment of the ability of Monroe to reduce its costs through flexible use of the interconnection agreement which was signed in 1977, being very vague on the whole nature and background of the agreement. 14/

In short, FED gave almost no attention to means of reducing the energy costs of Monroe between 1976 and the time new large jointly-owned generating units could be brought into play to serve Monroe; or the means by which such new units and partial power requirements purchases could assist the City.

On October 8, 1976, LP&L presented a four page letter proposal to acquire the Monroe system to the Monroe Commission Counsel.

The Monroe Energy Committee's November 1976 report to the City Council, recommending the LP&L takeover of the city system, featured prominently the consultants' advice that LP&L was not interested in the arrangement other than the "50 megawatt tie-in" and purchase of the Monroe system. (Appendix G). The Energy Committee's report also gave scant attention to the possibility of reducing the city's costs by larger purchases of power. It was upon this basis that the Energy Committee recommended that the City retain expert legal counsel in order to proceed with a plan to negotiate the sale or lease of the Monroe system to LP&L. 15/

In early March of 1977, participants in electric power cooperative operations, specifically the "Cajun" project, proposed to the Board

14/ App. H, pp. 166-190.

15/ A January 24, 1977 memorandum from Charles Brown to the Energy Committee attempts to compare the savings available from purchased power with those available from retail service from LP&L. Apart from the lack of detail and stale data, the comparison assumed that the City would take its full requirements from LP&L rather than more advantageous partial requirements service.

of Directors of the Monroe Chamber of Commerce that the City of Monroe give further consideration to Monroe's joining into a cooperative venture to create new power generation facilities. 16/

The cooperative representatives pointed out that (i) surplus power would be available from two sources: Ruston and the City of Lafayette, if needed during the construction period, (ii) a statewide power interchange would be available through the coop system, and (iii) the coop plan for buildi coal-fuel plants would lead to lower costs than gas-fired plants. The president of the Chamber of Commerce referred the matter to the Energy Committee of the City of Monroe.

The Energy Committee again contacted the FBD consultants. 17/ They were advised that they should "forget" obtaining any power from the Cajun project and that surplus power from Ruston and LaFayette would be as costly as Monroe-generated power and thus more costly than LP&L power. 18/ The Energy Committee relied entirely upon FBD's expertise. 19/

On April 26, 1977, LP&L made its formal proposal to the City Council of Monroe to acquire the Monroe electric utility system from the city of Monr In May of 1977, LP&L concluded an interconnection agreement between itself and the City of Monroe.

16/ Appendix I: Collection of materials relating to March contact between Cajun representatives and the City of Monroe; letter of March 15 from Robert Powell, President, Chamber of Commerce, to Charles Brown.

17/ App. I: March 15 memo of meeting with Rowan of FBD; Appendix J: Testimony of Charles G. Brown, Perry v. Monroe, supra, pp. 220-227.

18/ App. I: Memo of March 21 from Charles Brown to Robert Powell.

19/ App. J: Excerpts from testimony of Charles Brown in Perry v. Monroe, supra.

The interconnection agreement has at least two significant attributes in the context of LP&L's course of conduct and the choices facing Monroe.

First, the interconnection agreement did open more options to the City in minimizing power costs to the City. These options may be helpful in the future, though they could not be fully used in the 1976-77 time period. Indeed, the agreement opened up more options than the FBD group has pointed out to the City.

Second, the interconnection agreement contemplated LP&L continuing to use Monroe's gas or oil fed generation units and did not allow Monroe access to firm energy. This was done at the same time that LP&L was offering firm potential requirements service to other municipalities in Louisiana.

Thus, even though the interconnection agreement improved Monroe's situation, it did not meet its immediate need at the time the City was deciding whether to sell out or remain independent. Even after compulsion from the Atomic Energy Commission to open up markets in the Louisiana area, LP&L found a way of structuring its offerings to the City so as to prevent the City from obtaining that which it needed in the new circumstances of the middle 1970's -- economical firm power which could off-load the city's gas and oil fed generation units and reduce power costs while the City participated in the construction of new and more economical base-load generation units.

The City of Monroe and LP&L have concluded an interim operating agreement pursuant to which LP&L is to operate the City's facilities while the application at the SEC is pending. The employees of LP&L have physically taken over the operation of the City's facilities without the approval of the Commission.

C. The Questions of Emergency and Alternatives to a Sale of Monroe Facilities to LP&L

Representatives of the City of Monroe, and perhaps the Securities and Exchange Commission up to this point, have been led to believe that Monroe has an immediate fuel supply crisis and no means of securing competitively priced energy until the mid-1980's, if then.

However, the material recounted has shown that the City has long term alternatives to a sale to LP&L. And the discussion has shown that the claim of emergency rests entirely upon LP&L's refusal to sell firm power to Monroe on terms similar to its sales to other cities in Louisiana, plus Monroe's failure to understand and exploit the options available under the interconnection contract.

Appendix K will show how the City of Monroe could save more on current energy bills than occurs from use of LP&L's retail service rates.

The discussion in Appendix K also indicates that participation in the units planned by the Cajun group or any development of the EPSA group's discussions could make available to the City energy at costs competitive with and eventually lower than projected LP&L energy costs in the period beyond the mid-1980's.

II. ARGUMENT

A. Legal Standards to be Applied.

In considering a proposed acquisition under the Public Utility Holding Company Act, the Commission is obliged to consider, among other things, both subsections 10(b)(1) and 10(c)(2) (49 U.S.C. §79j (b)(1), (c) (2)).

Section 10(c)(2) relates to whether an acquisition will tend ". . . towards the economical and efficient development of an integrated public utility system . . ."

An "integrated public utility system" is defined in Section 2(a)(29)(A) of the Act to refer to the integration of generation plants, transmission lines and distribution facilities which

> "may be economically operated as a single interconnected and coordinated system confined in its operation to a single area or region, in one or more states, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation...."

This statutory standard is clearly intended to combine considerations of efficiency in operation with the maintenance of ownership and management as close as is feasible to the physical facilities and customers to be served in given areas and regions.

Section 10(b)(1) forbids acquisitions which:

> "will tend toward interlocking relations or the concentration of control of public-utility companies, of a kind or to an extent detrimental to the public interest or the interest of investors or consumers;"

We will discuss primarily Section 10(b)(1).

The legislative history of subsection 10(b)(1) and Commission case decisions interpreting that history clearly indicate that this Section is intended to impose a check independent of Section 10(c)(2) upon the effects of acquisition in eliminating or tending to eliminate competition, and tending towards the concentration of electric utility assets in relatively few hands. For example, in American Gas and Electric Co., 22 SEC 808, 815 (1946) the Commission stated that:

> 'the new acquisition' standards of Section 10 ... were designed as a more restrictive check on further growth of holding companies and the further extension of their control.

In the National Fuel Gas Company, Holding Company Act Release No. 16527, p. 7 (Nov. 20, 1969), the Commission held:

> "Thus Section 10(b)(1) irrespective of compliance with the other standards of the Act, requires us to disapprove the proposed acquisition if we find such acquisition tends toward an undue concentration of economic power; . . . ."

To the same effect is the initial decision of Administrative Law Judge Schiller In the Matter of American Electric Power Company, Inc., (70-4596), Administrative Proceeding File No. 3-1476, pp. 20-26 (1978).

There is a long line of cases to the general effect that regulatory agencies administering specialized regulatory systems are obliged to

consider and accommodate purposes of the antitrust laws. 20/ The courts have implied this requirement from consideration of the antitrust laws as a fundamental national economic policy.

This policy of accommodating, or effectively implementing the policies of, the antitrust laws, is heightened in the case of the Public Utility Holding Company Act. The Public Utility Holding Company Act was designed to dissolve concentrations of control deemed to be excessive at the time of the law's passage, and to prevent a recurrence of such economic concentration in the electric utility area. Section 10(b)(1) was inserted into the Act explicitly to serve this purpose. 21/

Accordingly, it is both appropriate and necessary to import into the interpretation of subsection 10(b)(1) the meaning of those provisions of the antitrust laws which are most directly apposite to a given fact situation presented to the Securities and Exchange Commission.

The portions of the antitrust laws which would be most directly apposite to the subject matter of the Application presented to the Commission in this case are Section 7 of the Clayton Act (15 U.S.C. §18), which deals with acquisition of stock and assets, and Sections 1 and 2 of the Sherman Act (15 U.S.C. §1,2), which deal with agreements and restraint of trade and tactics designed to monopolize.

20/ Prominent among such cases are United States v. Philadelphia National Bank, 374 U.S. 321 (1963); and Northern Natural Gas Co. v. Federal Power Commission, 499 F.2d 953 (D.C. Cir. 1969).

21/ For a good recent discussion of this requirement, see the opinion of Administrative Law Judge Irving Schiller In the Matter of American Electric Power Co., Inc., SEC Administrative Proceeding File No. 3-1476, pp. 21-25.

Section 7 of the Clayton Act forbids mergers or acquisitions which "may tend substantially to lessen competition or toward a monopoly in any line of commerce in any section of the country." Sections 1 and 2 of the Sherman Act forbid territorial allocations, agreements on price, "price squeezes", refusals to deal with the purpose or effect of eliminating competition, and similar practices aimed at the elimination of competition between competitors and the creation of a monopoly condition.

Section 7 was designed to stop tendencies toward concentration in their incipiency. Cases illustrating the reach of this statute are Brown Shoe Co., Inc. v. U.S., 370 U.S. 294 (1962) and U.S. v. Von's Grocery Co., 384 U.S. 270 (1966). Both of these cases dealt with situations in which the combined market shares of the acquiring and acquired companies were far less than 20% of the markets considered.

The case law dealing with refusals to deal are particularly apposite to the situation here. We will therefore briefly summarize a few of the leading cases.

In Otter Tail Power Co. v. U.S., 410 U.S. 366 (1973), the Supreme Court held illegal refusals of a utility to sell power to or wheel power to small municipalities in the area, finding that such practices had the purpose and effect of monopolizing, by depriving the public bodies of access to low cost power and coordination services, and thus making them unable to compete with the dominant utility in the area, Otter Tail.

In Eastman Kodak v. Southern Photo Materials Company, 273 U.S. 359 (1927), the Court held that Kodak's refusal to sell its goods at the regular dealer discount to Southern, a competitor of Kodak, was an act in furtherance of a plan or purpose to monopolize. See also the cases cited in the margin.22/

In addition to the antitrust laws mentioned above, the Federal Power Act contains provisions intended to control the use of market power further to diminish competition. Section 205 of that Act (16 U.S.C. §824d) prohibits undue prejudices or disadvantages -- anticompetitive discriminations.

B. Application of Legal Standards to the Facts

A bare recounting of the facts of public record in this case and the applicable legal standards makes apparent inconsistencies between the standards of subsection 10(b)(1) and LP&L's acquisition of the City of Monroe.

The inconsistencies can be easily summarized.

First, the acquisition would enhance LP&L's dominant position in the Louisiana electric utility sector, by the acquisition of one of the larger of the few sizeable independent systems in the state. As before noted, publicly available data indicate that LP&L and NOPSI have about 50% of the retail electricity to market in Louisiana, and in combination with Gulf States approximately 70% of this market.

22/ Lorain Journal Co. v. U.S., 342 U.S. 142 (1951); and U.S. v. Klearflax Linen Looms, Inc., 63 F. Supp. 32 (D. Minn. 1945).

Monroe has been approached for partnership in competitive power supply facilities by a group of rural electric cooperatives (the "Cajun" group). Further, Monroe's newfound access to interconnection with LP&L, with "wheeling" provisions, enhances Monroe's ability to make arrangements with other systems for generator capacity and energy including, but not limited to, participation in new generating plants.

However, this service became available only one month after Monroe received an offer to take over its system.

A principal advantage of wheeling, as a conduit to new joint ventures, would not be realized until a number of years after Monroe entered into such a venture. Monroe can avail itself of its new freedoms only if it can surmount its immediate need for energy more economical than that generation from its own plants consuming gas or oil. In preventing this LP&L has taken an active role in eliminating competition.

Obviously, LP&L's acquisition of facilities is inconsistent with Clayton Act §7 standards and tends toward increasing concentration in the electric utility industry in the Louisiana area.

Further, LP&L's practices in this situation indicate a deliberate atte to eliminate competition. The information of record in this case indicates that LP&L denied Monroe the precise type of service wich Monroe needed to maintain an economical and efficient alternative to complete dependence upon LP&L, when LP&L has the apparent capacity to provide the service and is providing it to other cities.

LP&L could not take over the Monroe system on the terms suggested without having the capacity to sell Monroe a large part of its firm energy requirements. 23/ Further, LP&L is now providing firm partial requirements power to the City of Minden under its full requirements rate schedule, as is explained in Appendix M.

Thus, LP&L has engaged in practices which are analogous or identical to a refusal to deal for predatory purposes and indistinguishable from an undue prejudice in violation of Section 205 of the Federal Power Act.

LP&L appears to have, in effect, maneuvered Monroe into an untenable position and picked up Monroe's chips. This is the sort of anticompetitive practice which both the antitrust laws and Subsection 10(b)(1) of the Public Utility Holding Company Act were designed to check.

III. Relief Required

LP&L is now operating the Monroe system. It has been, in effect, doing this for some months. This is in violation of 15 U.S.C. §79i(a)(1), which forbids a holding company acquiring an interest in any business without SEC approval.

23/ Further, many of the local changes around the city of Monroe would be similar. Available data indicate that the existing 50 mw LP&L-Monroe link could be upgraded with little expense, and LP&L could add a second line to provide additional capacity and reliability at a reasonable cost should this be desirable. Indeed, the same engineering changes which LP&L might use to link its system to the Monroe system in order to minimize its costs in operating the Monroe system could be made to connect up the City for adequate sales of firm power and related services.

In the current situation, careful and well-calculated action is necessary to restore the City of Monroe to the position it would have occupied but for LP&L's actions. The City must be disengaged from LP&L's control.

For as long as the system is under LP&L's control it must be operated as nearly as is possible as a separate entity, and in Monroe's interest rather than the interests of LP&L. There must be an accounting for the period in which LP&L has controlled the system. (The Commission has the authority to order such an accounting under 15 U.S.C. 79o(b).)

The disengagement must occur in such a way as to give Monroe access to the less costly energy sources which it could have had but for LP&L's refusals to deal. And arrangements must be stable enough to allow the City to plan for the future.

The Citizens of Monroe represented here plan to seek redress before the Federal Energy Regulatory Commission, but immediate action of the SEC is also required.

In our view, the SEC must deny the application. If the Commission denies the application, it should also seek an injunction under 15 U.S.C. §79r(f) to require that LP&L make an accounting of its stewardship of the system and convey the assets back to the City with a partial requirements contract and other services which will enable the city to obtain economical energy arrangements for the immediate future and the period of time which the City needs to obtain alternative bulk power supply arrangements.

If the application is not denied summarily, the SEC should undertake an investigation, inviting the participation of the Federal Energy Regulator Commission of the circumstances which have led up to the situation now before the SEC; and in the meantime seek from the courts orders under 15 U.S.C. §79r(f) requiring a trusteeship of the facilities of the City, with a view to restoring the system to the City in the shortest feasible length of time should the investigation disclose that the unauthorized seizure of control and continued operation of the system are in contraventio of Section 10(b)(1) and other relevant portions of the Public Utility Holdin Company Act.

Respectfully submitted,

Jack Pearce

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CERTIFICATE OF SERVICE

I, Jack Pearce, hereby certify that I have served copies of the foregoing Protest, Request for Hearing and Petition to Intervene of Concerned Citizens Against Power Monopoly to those parties as listed below, by placing a copy in the United States mail, air mail postage prepaid, this 15th day of May 1978.

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Department of Energy
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July 19, 1979

Honorable Joseph M. Hendrie
Chairman
Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Chairman:

Certain municipal and cooperative electric utilities located in Louisiana have recently made allegations to the Department of Energy (DOE) that Louisiana Power and Light Company (LP&L)--a member of the Middle South Utilities Holding Company (MSU)--is engaging in anti-competitive activities. We understand that the Nuclear Regulatory Commission (NRC) is currently conducting Operating License (OL) antitrust reviews in connection with two members of MSU--LP&L and Mississippi Power and Light Company (MP&L). Further, it is our understanding that both LP&L and MP&L have had antitrust license conditions attached to their construction permits of the Waterford and Grand Gulf nuclear units, respectively.

In light of both NRC's previous experience concerning the competitive relationships among Louisiana electric utilities and its ongoing OL antitrust reviews concerning LP&L and MP&L, a separate investigation by DOE would be unnecessarily duplicative. Consequently, we request that you consider during your OL reviews of the MSU members whether the events and allegations listed below constitute either non-compliance with their antitrust license conditions or a "significant change" as specified in Section 105c(2) of the Atomic Energy Act of 1954, as amended.

(1) Changed fuel situation. Until recently, Louisiana utilities were heavily dependent upon natural gas for boiler fuel. Recent and projected gas curtailments will force the utilities to seek alternative

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7/26.. To EDO for Prepare reply for signature of EDO. Date due Comm: Aug. 10.
Distribution: Orig. to Docket, OPE, OGC, Logged Ex Parte. 79-2169

fuel sources. The Assistant Attorney General, Antitrust Division noted in his letter to the Commission [illegible], concerning changed circumstances in connecting with the South Texas Project that similar events were occurring in Texas. The Assistant Attorney General concluded that the "changing fuel situation has had a significant impact on the competitive posture of the various utilities in Texas. . . In order to maintain their competitive viability these (smaller) systems must engage in a degree of coordinated operation and development that has not heretofore existed in the State of Texas." (p.7). Does the situation in Louisiana parallel the Texas situation in this regard?

(2) The proposed acquisition of Central Louisiana Electric Company (CLECO) by Gulf States Utilities. CLECO has several interconnection points with LP&L including one 500 kv and two 230 kv lines (McGraw Hill Directory). Thus, CLECO could have been an alternative power source for smaller utilities, and a potential competitor of LP&L. Does elimination of a potential competitor represent a "significant change"?

(3) Apparent refusal by LP&L to sell partial requirements firm power. The Waterford license conditions require LP&L to provide a variety of bulk power services, but do not specifically require sales of partial requirements firm power. Would a refusal to supply such power be in compliance with the staff's understanding of the intent of the Waterford license conditions? Alternatively, would such a refusal represent a change in the company's policies toward its competitors, and if so, a "significant change"?

(4) Allegations that the MSU selectively passes through certain costs, e.g., fuel adjustment and transmission charges, to its subsidiaries to the competitive detriment of other utilities. As the Commission is currently conducting OL reviews of two members of the holding company, this allegation could be subject to investigation. If the allegation is verified, would this be indicative of a "significant change"?

([illegible]) Since the construction permit review, LP&L has obtained lease-purchase agreements with at least five of its municipal competitors. This alone is not necessarily indicative of anticompetitive behavior. However, when considered in the context of the (1) changed fuel situation, (2) the proposed elimination of a potential competitor, (3) apparent refusal by LP&L to sell partial requirements firm power, and (4) alleged selective cost pass throughs by the parent holding company MSU, would these potential acquisitions have anticompetitive aspects, and if so, would this indicate a "significant change"?

I will appreciate being kept informed as to whether any of the above concerns are revealed to have anticompetitive implications during the course of your OL reviews, and also the status of these reviews as they progress.

Thank you for your attention to this matter.

Sincerely,

John F. O'Leary
Deputy Secretary

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

OPINION NO. 57-A

Florida Power & Light Company	)))	Docket Nos. ER78-19 (Phase I) and ER78-81

OPINION AND ORDER DENYING REHEARING

Issued: October 4, 1979

APPENDIX 28

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Charles B. Curtis, Chairman;
Georgiana Sheldon, Matthew Holden, Jr.,
and George R. Hall.

Florida Power & Light Company	)))	Docket Nos. ER78-19 (Phase I) and ER78-81

OPINION NO. 57-A

OPINION AND ORDER DENYING REHEARING

(Issued October 4, 1979)

On August 3, 1979, the Commission issued Opinion No. 57 in these consolidated proceedings which rejected the proposal of Florida Power & Light Company (FP&L or Company) to limit the availability of its firm wholesale requirements service to certain named and existing customers. Notices of cancellation filed by FP&L with regard to two existing wholesale customers were also rejected, because they were based on the Company's restrictive availability proposal. In our decision we found that FP&L's proposals were unjust and unreasonable under the standards of Sections 205 and 206 of the Federal Power Act, particularly because of their anticompetitive effects. On September 4, 1979, FP&L filed an application for rehearing of Opinion No. 57 in which it requests that the decision be modified in certain limited respects. 1/ The Company has raised no legal or factual consideration not previously considered and we shall deny the application. However, we wish to reemphasize the holding of our opinion in light of several representations made by FP&L in its latest pleading.

FP&L now represents a willingness to provide wholesale requirements service under its tariffs to a number of Florida utilities in addition to those presently served:

> The Company is either serving, or is willing to provide service to, the following: Clewiston;

1/ No other party applied for rehearing.

> Florida Public Utilities at Fernandina Beach; Fort Pierce; Green Cove Springs; Homestead; Jacksonville Beach; Key West; Lake Helen; Lake Worth; New Smyrna Beach; Starke; Vero Beach; Clay Electric Cooperative; Florida Keys Electric Cooperative; Glades Electric Cooperative; Lee County Electric Cooperative; Okefenokee Rural Electric Cooperative; Peace River Electric Cooperative; and Suwanee Valley Electric Cooperative. Reasonable terms and conditions, including reasonable notice provisions, will, of course, be necessary, as the Commission itself recognizes (Mimeo, p. 40).
>
> The Company is willing to continue providing service to the cooperatives listed above to the extent of their loads in the geographical areas in which they are now receiving service from FP&L. 2/

No controversy remains regarding the provision of wholesale requirements service to these utilities. Also, FP&L now agrees to provide requirements service to "new utilities in its service area that may be established by those entities it presently serves at retail . . . ." 3/

The sole purpose of FP&L's application is to request that we modify Opinion No. 57 to permit the insertion of a new availability restriction into the Company's requirements service tariffs. FP&L now proposes to exclude large self-sufficient utilities, including the Jacksonville Electric Authority, the Orlando Utilities Commission and the City of Gainesville. The Company does not represent that any such large utility has requested service.

2/ Application for Rehearing of Florida Power & Light Company at 3. Two of these utilities, Fort Pierce and Homestead, were the subjects of the notices of cancellation rejected in Opinion No. 57.

3/ *Id*. at 2. *See*, Opinion No. 57 at 39.

In support of its request for modification FP&L reiterates the arguments considered during our earlier deliberations. It argues that our decision should be modified in light of the Company's wheeling policy and opportunities offered to other utilities to participate in FP&L's St. Lucie No. 2 nuclear power plant.

We shall not consider adoption of the Company's new proposal at this stage of the proceedings. If FP&L wishes to propose any term or condition of service under its requirements tariff, the Company should do so in a new filing wherein it should be prepared to demonstrate that the proposal is "the least anticompetitive method of obtaining legitimate planning or other objectives." 4/

The Commission orders:

FP&L's application for rehearing of Opinion No. 57 is hereby denied.

By the Commission.

(S E A L)

Kenneth F. Plumb,
Secretary.

4/ Opinion No. 57 at 2.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

ELECTRIC RATES: Complaint; Show Cause;
Acceptance of Answer

Before Commissioners: Georgiana Sheldon, Acting Chairman;
Matthew Holden, Jr., George R. Hall
and J. David Hughes.

Town of Springfield, Vermont v. Central Vermont Public Service Corporation	))))	Docket No. EL80-5

ORDER ACCEPTING ANSWER TO SHOW CAUSE ORDER
AND DISMISSING COMPLAINT SUBJECT TO CONDITION
(Issued January 26, 1981)

The proceeding in this docket began as a complaint and a petition for declaratory order by the Town of Springfield, Vermont (Springfield). Springfield claimed that the R-6 wholesale requirements tariff of Central Vermont Public Service Corporation (Central Vermont) contained a provision in its availability clause which is unduly discriminatory and anticompetitive in effect. By order issued August 29, 1980, the Commission, inter alia, directed Central Vermont "to show cause within sixty days of the issuance of this order why the availability clause should not be found to be unduly discriminatory" and "to address the question of what harm would result from the adoption of availability clause language similar to that contained in Florida Power & Light Company's compliance filing in Opinion Nos. 57 and 57-A." (mimeo at 4-5).

PLEADINGS

On October 28, 1980, Central Vermont filed an answer to the show cause order. In its answer, Central Vermont contended that its availability provision is not anticompetitive and that Springfield is not really interested in receiving service under the tariff. However, the Company, stating its desire "to avoid the expenses and trouble of litigating

Springfield's complaint," agreed to modify its availability clause in its "R" tariff 1/ to comport with the language of the Florida Power & Light availability clause. The clause, as proposed, would read:

> Electric service hereunder is available to any investor-owned, municipally owned or cooperatively owned electric utility, under the jurisdiction of the appropriate federal/state electric utility regulatory body, for its own use and for resale to its ultimate customers, or to other utilities upon specific agreement of the Company and Customer, at existing delivery points and at such other points on the Company's power supply system, as mutually agreed upon, where there are facilities of adequate type and capacity, to the extent of their present and future requirements in areas now being served by the Company and to areas not presently receiving electric service which are natural and reasonable expansions of such areas.

Central Vermont also states that "it stands willing to transmit any power that Springfield may purchase from any source on the same terms as Central Vermont provides transmission service to other customers. Central Vermont also is willing to sell partial requirements service to Springfield under a rate schedule which recognizes any special costs such service could impose on Central Vermont."

On November 14, 1980, Springfield filed a response to Central Vermont's answer. Springfield agreed to a dismissal of its complaint upon modification of the availability provision as proposed by Central Vermont and subject to the assurances provided by Central Vermont quoted in the paragraph above. Springfield took issue, however, with

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1/ The August 29 order noted that Central Vermont had filed in Docket No. ER80-422, R-8 and R-8A wholesale tariffs which contained identical availability provisions to that of R-6. We interpret Central Vermont's agreement to modify the "R" tariff to include the R-8 and R-8A tariffs as well.

Central Vermont's assertion that Springfield does not intend to take service under the tariff. According to the Town, "Springfield anticipates that it will be eligible to purchase, and will in fact purchase, power from Central Vermont under this tariff or its successors for some time to come."

DISCUSSION

In its answer to the Commission's show cause order, Central Vermont agreed to revise its availability provision in a manner satisfactory to the complainant, Springfield, and to provide Springfield with additional assurances of receiving transmission service and partial requirements service from the Company. Consequently, the Commission will accept the proposed modification of the availability provision, applicable to Central Vermont's R-6, R-8, and R-8A tariffs, and will direct that the modification be filed within thirty (30) days of the issuance of this order. Central Vermont is also directed to file a statement, as a supplement to these tariffs, embodying the assurances to Springfield discussed above concerning transmission service and partial requirements service within thirty (30) days of the issuance of this order. Upon Central Vermont's making these filings, the complaint filed by Springfield shall be deemed dismissed.

The Commission orders:

(A) Central Vermont's answer of October 28, 1980, is hereby accepted in satisfaction of the show cause order in this docket, subject to the conditions imposed by paragraph (B) below.

(B) The complaint of the Town of Springfield shall be deemed dismissed upon the filing by Central Vermont of the modification of its availability provision in its R-6, R-8, and R-8A tariffs, and of the statement concerning transmission and partial requirements service within thirty (30) days of the issuance of this order, as discussed in the body of this order.

(C) The Secretary shall promptly publish this order in the Federal Register.

By the Commission.

(S E A L)

Lois D. Cashell

Lois D. Cashell,
Acting Secretary.