

**SECOND REVISED JOINT PRICING ZONE REVENUE ALLOCATION AGREEMENT
AMONG ENTERGY ARKANSAS, LLC, ARKANSAS ELECTRIC COOPERATIVE
CORPORATION, AND THE CITY OF JONESBORO, ARKANSAS**

This **Second Revised Joint Pricing Zone Revenue Allocation Agreement**, including all appendices and other attachments hereto (“Second Revised Agreement”), is made and entered into as of February 28, 2023, by and among **Entergy Arkansas, LLC** (“EAL”), **Arkansas Electric Cooperative Corporation** (“AECC”), and the **City Water and Light Plant of the City of Jonesboro** (“Jonesboro CWL”). EAL, AECC, and Jonesboro CWL are sometimes referred to in this Second Revised Agreement in the singular as “Party” and in the collective as “Parties,” and AECC and Jonesboro CWL are sometimes referred to in the singular as “Counterparty” and in the collective as “Counterparties”.

RECITALS

WHEREAS, on December 13, 2012, the Board of Directors of the Midcontinent Independent System Operator, Inc. (“MISO”) approved the application of Entergy Arkansas, Inc. (“EAI”), the predecessor in interest to EAL, to join MISO as a Transmission Owner; and

WHEREAS, the Board of Directors of MISO has approved AECC’s application to join MISO as a Transmission Owner; and

WHEREAS, EAI integrated with MISO on December 19, 2013; and

WHEREAS, on November 30, 2018, EAI undertook an internal restructuring and as a result, EAL succeeded to the public utility business of EAI; and

WHEREAS, AECC integrated into MISO as a Transmission Owner on June 1, 2014; and

WHEREAS, AECC owns certain transmission facilities embedded within EAL’s transmission facilities; and

WHEREAS, Jonesboro CWL plans to integrate into MISO as a Transmission Owner on March 23, 2023; and

WHEREAS, Jonesboro CWL owns certain transmission facilities embedded within EAL’s transmission facilities; and

WHEREAS, the Parties expect to jointly participate in a single transmission pricing zone; and

WHEREAS, the revenue requirements for EAL’s transmission facilities and the Counterparties’ transmission facilities embedded within EAL’s transmission facilities will be included in the rates for the EAL Zone under the Tariff; and

WHEREAS, MISO collects revenues for a transmission pricing zone and remits those revenues to a single Transmission Owner regardless of the number of Transmission Owners within that transmission pricing zone; and

WHEREAS, for the EAL Zone, MISO will distribute those revenues to EAL as the Designee; and

WHEREAS, the Parties desire in this Second Revised Agreement to establish the allocation of those revenues among the Parties and related rights and obligations; and

WHEREAS, the Parties agree to modify the Joint Pricing Zone Revenue Allocation Agreement Between Entergy Arkansas, Inc. and Arkansas Electric Cooperative Corporation, that was accepted by letter order of the Federal Energy Regulatory Commission (“FERC”) in Docket No. ER14-2028-000, and became effective on June 1, 2014 (“Original Agreement”); and was subsequently revised and accepted by FERC in Docket No. ER16-166-000, effective as of January 1, 2016 (“First Revised Agreement”);

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I DEFINITIONS

Capitalized terms used in this Second Revised Agreement shall have the meanings set forth below or, if not set forth below but set forth in the Tariff, in the Tariff:

AECC: As defined in the initial paragraph hereof.

Allocation Percentage: A Party’s share of the Zonal Revenue Requirement, as determined by dividing such Party’s Revenue Requirement by the total Zonal Revenue Requirement for the applicable period. The Allocation Percentage shall be subject to adjustment from time to time pursuant to Section 3.1 hereof.

Attachment O: Attachment O to the Tariff.

Bundled Load: The aggregate usage by customers that purchase electric services as a single service or customers that purchase electric services under a retail tariff rate schedule that includes energy and delivery components, as distinguished from customers that purchase transmission service as a separate service.

Designee: The entity designated as such in Section 2.2 of this Second Revised Agreement.

Directly Assigned Revenues: The transmission revenues collected by or on behalf of MISO and actually distributed by or on behalf of MISO to the Designee for the EAL TPZ. Directly Assigned Revenues consist of all revenues collected under MISO Tariff Schedules 7, 8, and 9, including AECC's and Jonesboro CWL's monthly payments to MISO for network service billed by MISO, and actually distributed by MISO to the EAL TPZ. For the avoidance of doubt, Directly Assigned Revenues do not include any revenues not distributed by MISO to the Designee.

Effective Date: As defined in Section 4.1 hereof.

EAL: As defined in the initial paragraph hereof.

EAL Zone or EAL TPZ: The joint transmission pricing zone listed as Zone 28 in Schedule 9 of the Tariff.

FERC or Commission: The Federal Energy Regulatory Commission or its successor.

First Revised Agreement: As defined in the last paragraph in the recitals above.

FPA: The Federal Power Act, 16 U.S.C. §§ 791a-825r, as amended by Pub. L. No. 109-58, 119 Stat. 594 (2005).

Jonesboro CWL: As defined in the initial paragraph hereof.

MISO: As defined in the Recitals. MISO includes any successor(s) thereof.

MISO Agreement: Agreement of Transmission Facilities Owners to Organize the Midcontinent Independent System Operator, Inc., a Delaware Non-Stock Corporation, on file with the FERC, or any successor agreement.

Original Agreement: As defined in the last paragraph in the recitals above.

Party or Parties: As defined in the initial paragraph hereof.

Revenue Requirement: With respect to a Party, the Annual Transmission Revenue Requirement for such Party's transmission facilities in the EAL TPZ, as specified in such Party's Attachment O.

Revenue Share: Each Party's share of the Directly Assigned Revenues determined in accordance with Section 3.2 hereof.

Second Revised Agreement: As defined in the initial paragraph hereof.

Tariff: The Open Access Transmission, Energy and Operating Reserve Markets Tariff for Midcontinent Independent System Operator, Inc. on file with the Commission, or any

successor tariff.

Transmission Owner: A party to the MISO Agreement that meets the criteria for the term “Owner” set forth therein.

Zonal Imputed Transmission Charge (“Zonal ITC”): A monthly imputed transmission charge associated with EAL’s network load for which EAL is not obligated to pay network transmission service charges under Schedule 9 of the Tariff. To determine the Zonal ITC for a given month, EAL will multiply the coincident peak load associated with any such network load by the rate for monthly network transmission service provided in the EAL Zone under Schedule 9 of the Tariff.

Zonal Revenue Requirement: The sum of the Parties’ Revenue Requirements, plus the Attachment O revenue requirements of any other Transmission Owner in the EAL TPZ.

ARTICLE II RELATIONSHIP BETWEEN MISO AND THE PARTIES

- 2.1 **Relationship between MISO and the Parties.** MISO, as the independent system operator of a regional transmission system that operates the facilities in the EAL Zone and as the Tariff administrator, is obligated to distribute revenues as provided under the Tariff and the MISO Agreement.
- 2.2 **Relationship Among EAL, AECC, and Jonesboro CWL.** EAL shall serve as the Designee. As the Designee, EAL shall allocate and distribute revenues as provided under this Second Revised Agreement. EAL’s receipt and remittance of AECC’s Revenue Share and Jonesboro CWL’s Revenue Share pursuant to this Second Revised Agreement shall be performed as a collection agent on behalf of AECC and Jonesboro CWL. EAL shall not retain any portion of AECC’s Revenue Share or Jonesboro CWL’s Revenue Share.
- 2.3 **Bundled Load Exemption.** To the extent permitted under the Tariff, (a) EAL is not obligated to pay MISO the rates for Schedules 1 and 9 of the MISO Tariff for transmission and ancillary services it receives within the EAL TPZ and (b) EAL is not obligated to pay MISO the rates for any other Schedules under the MISO Tariff that Transmission Owners are not obligated to pay for service associated with serving Bundled Load. AECC and Jonesboro CWL shall pay the rate under Schedule 9 of the MISO Tariff for network transmission service for all of AECC’s designated network load and Jonesboro CWL’s designated network load, including their respective Bundled Loads, located in or pseudo-tied into the EAL Local Balancing Authority.

ARTICLE III REVENUE DISTRIBUTION METHOD

- 3.1 **Allocation Percentages.** On an annual basis, or as otherwise necessary to reflect changes

to the Attachment O template or zonal transmission facilities, the Parties shall update their Attachment O templates. Each Party shall notify the other Party in writing of any change to the Attachment O template promptly upon the occurrence of such change. Following the effectiveness of any change to a Party's Revenue Requirement, the Designee shall use the Attachment O data for each Party's Revenue Requirement and re-determine the Zonal Revenue Requirement. Based on this information, the Designee shall calculate an Allocation Percentage for each Party reflecting that Party's pro rata share of the Zonal Revenue Requirement. The Designee shall provide this calculation to AECC and Jonesboro CWL within thirty (30) days of a change in the Attachment O template or other change to a Party's Revenue Requirement.

- 3.2 **Calculation of Parties' Revenue Shares.** To determine the Counterparties' Revenue Shares for any month during the term of this Second Revised Agreement, the Designee shall multiply AECC's and Jonesboro CWL's Allocation Percentage for such month by the sum of the Directly Assigned Revenues and Zonal ITC for such month:

AECC's Revenue Share = AECC's Allocation Percentage X (Directly Assigned Revenues + Zonal ITC).

Jonesboro CWL's Revenue Share = Jonesboro CWL's Allocation Percentage X (Directly Assigned Revenues + Zonal ITC).

- 3.3 **Monthly Payment.** The Designee shall make monthly payments of each Counterparty's Revenue Share to the Counterparty on or before thirty (30) days after receiving the Directly Assigned Revenues for the applicable month.

- 3.4 **Data and Record Requirements.** EAL shall maintain records substantiating all revenues that it distributes to AECC and Jonesboro CWL under this Second Revised Agreement. Each Counterparty shall maintain records substantiating all information that it provides to EAL and documenting all amounts that it receives from EAL under this Second Revised Agreement. The Parties shall maintain such records for six (6) years, unless FERC record retention requirements establish a retention requirement longer than six (6) years for a Party; if so, the FERC retention requirements shall apply.

ARTICLE IV TERM AND WITHDRAWAL

- 4.1 **Effective Date.** This Second Revised Agreement shall become effective on the date FERC accepts it for filing, at which time the Second Revised Agreement will supersede the First Revised Agreement. The effectiveness of this Second Revised Agreement is subject to the terms of Section 8.9.
- 4.2 **Term.** This Second Revised Agreement shall remain in effect for a period of five (5) years after the Effective Date and, unless terminated in accordance with this Second Revised Agreement, shall continue in effect thereafter so long as (a) MISO allocates

revenues under Schedules 7, 8, and 9 to EAL as the Designee and (b) both EAL, AECC, and Jonesboro CWL are Transmission Owners with transmission facilities included in the EAL Zone.

In the event that the APSC issues an order modifying the level of MISO revenues under Schedules 7, 8 and 9 included in EAL's retail rates, as currently recovered through EAL's Rate Schedule No. 54 on file with the APSC, EAL shall have the right to terminate this Second Revised Agreement upon 60 days' written notice after the APSC's decision becomes final and non-appealable. In such event, the Parties will meet within ten (10) business days after EAL provides such written notification to negotiate in good faith a replacement agreement.

In the event that EAL no longer owns or has functional control of any transmission facilities within the EAL Zone, this Second Revised Agreement shall immediately terminate, unless this Second Revised Agreement has been assigned to the entity which then owns EAL's transmission facilities and such assignment has become effective pursuant to Section 8.3, hereof. Starting on the third anniversary of the Effective Date, either Party may terminate this Second Revised Agreement by providing two (2) years' prior written notice of its intent to terminate this Second Revised Agreement. However, such termination shall not become effective absent the permission of the Commission to the extent that the Commission has jurisdiction over such termination.

- 4.3 **Withdrawal from MISO.** If a Party is withdrawing from MISO, such Party may, upon sixty (60) days' prior written notice to the other Parties, terminate this Second Revised Agreement with respect to itself, provided that such termination may not take effect prior to the Party's withdrawal from MISO. Nothing in this Second Revised Agreement shall be construed as affecting the rights of any Party to (a) make a unilateral application to FERC to withdraw from MISO or (b) challenge a withdrawal from MISO by the other Party.
- 4.4 **Material Changes to Tariff or MISO Agreement.** In the event that the Commission approves a change to the Tariff or the MISO Agreement that has a material adverse effect upon a Party's rights, obligations, costs, risks, and/or liabilities under this Second Revised Agreement, the Parties shall, upon the request of the adversely affected Party, negotiate in good faith to amend this Second Revised Agreement as necessary to provide for a just and reasonable allocation of revenues hereunder. If the Parties are unable to reach agreement on an amendment to this Second Revised Agreement resulting from such a change as provided above, the adversely affected Party may terminate this Second Revised Agreement upon six (6) months' prior written notice to the other Parties.
- 4.5 **Rights And Obligations Upon Termination of this Second Revised Agreement.** Upon termination of this Second Revised Agreement, the Parties' rights and obligations hereunder shall terminate, subject to financial settlement for the period ending on the date of termination.

ARTICLE V OTHER CHARGES

Except as specifically provided in this Second Revised Agreement, revenues collected by or on behalf of MISO or distributed by MISO to any Transmission Owner shall not be distributed under this Second Revised Agreement.

ARTICLE VI AMENDMENT

This Second Revised Agreement may be amended only by a written instrument duly executed by the Parties. Any such modification to any of the provisions herein shall not be binding on any Party unless approved in writing by all Parties.

ARTICLE VII DISPUTE RESOLUTION

- 7.1 **Dispute Resolution Process.** Any dispute or controversy relating to this Second Revised Agreement shall be referred to one or more designated representative(s) of each Party for resolution on an informal basis as promptly as practicable. A Party may initiate this process by providing written notice of the dispute to the other Parties. In the event that the Parties are unable to resolve the dispute within sixty (60) days, the dispute may be referred to formal alternative dispute resolution processes if mutually agreeable to the Parties. Upon the expiration of sixty (60) days from the date notice of a dispute is given pursuant to this provision, such dispute or controversy may be submitted to FERC or any court having jurisdiction under applicable law.
- 7.2 **Reimbursement.** Any amount owed by a Party upon the resolution of a dispute shall be paid within ten (10) days following final resolution of that dispute, including interest from the original due date at a rate equal to the FERC interest rate in effect for each day on which interest accrues, unless otherwise agreed by the Parties.

ARTICLE VIII MISCELLANEOUS PROVISIONS

- 8.1 **Descriptive Headings.** The descriptive headings in this Second Revised Agreement have been inserted for convenience of reference and shall not affect the construction of this Second Revised Agreement.
- 8.2 **Governing Law and Venue.** This Second Revised Agreement shall be interpreted and enforced according to the laws of the State of Arkansas, except to the extent preempted by the laws of the United States of America, and without regard to any principle of conflicts of law that may require or permit the application of the laws of any other jurisdiction. Any action arising hereunder that involves questions of state law shall be

instituted and litigated in the courts of Arkansas.

- 8.3 **Successors and Assigns.** This Second Revised Agreement shall inure to the benefit of, and be binding upon, the Parties' respective successors and assigns. This Second Revised Agreement may not be assigned by a Party without the prior written consent of the other Parties; provided, however, that EAL may, without the consent of the Counterparties, transfer or assign its rights, liabilities, and interests in and under this Second Revised Agreement to an affiliate of EAL. In addition, a Party may, without the consent of the other Parties, transfer, assign, or delegate its rights, liabilities, and interests in and under this Second Revised Agreement to an entity that is being transferred all or a portion of (a) such Party's obligation to serve retail load pursuant to a change in law or (b) all or substantially all of the Party's transmission facilities within the EAL Zone, effective upon such transfer or assignment.
- 8.4 **Delivery of Notices.** All notices hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented overnight delivery service or, to the extent receipt is confirmed, by United States mail or facsimile to the appropriate address or number as set forth below.

Notices to EAL shall be addressed as follows, unless changed in writing by EAL:

Entergy Arkansas, LLC
425 West Capital Ave.
Little Rock, Arkansas 72203
Attention: Brad Cullipher
Email: bcullip@entergy.com

Notices to AECC shall be addressed as follows, unless changed in writing by AECC:

Arkansas Electric Cooperative Corporation
1 Cooperative Way
Little Rock, Arkansas 72209
Attention: President and CEO
Email: President@aecc.com

P.O. Box 194208
Little Rock, Arkansas 72219-4208

With a courtesy copy to:

Arkansas Electric Cooperative Corporation
P.O. Box 194208
Little Rock, Arkansas 72219-4208
1 Cooperative Way
Little Rock, Arkansas 72209

Attention: General Counsel
Email: General.Counsel@aecc.com

Notices to Jonesboro CWL shall be addressed as follows, unless changed in writing by Jonesboro CWL:

The City Water and Light Plant of the City of Jonesboro
400 E. Monroe
Jonesboro, Arkansas 72401
Attention: General Manager
Email: jrice@jonesborowcwl.org

P.O. Box 1289
Jonesboro, Arkansas 72403-1289

Notice given by overnight delivery or mail shall be effective upon actual receipt. Notice given by facsimile shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices by facsimile shall be confirmed by the Party giving such notice promptly after transmission in writing by certified mail or overnight delivery to the recipient Party.

- 8.5 **Entire Agreement; Waiver.** This Second Revised Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Second Revised Agreement and supersedes all negotiations, representations, warranties, commitments, offers, contracts and communications, written or oral, occurring, made, or entered into prior to the date first written above with respect to the matters contained herein. A Party's waiver or failure to insist upon strict compliance with an obligation, covenant, agreement, or term in this Second Revised Agreement shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

For the avoidance of doubt, this Second Revised Joint Pricing Zone Revenue Allocation Agreement shall supersede any prior agreement between the parties relating to the subject matter contained herein, including the Original Agreement and First Revised Agreement, as defined in the recitals. This Second Joint Pricing Zone Revenue Allocation Agreement shall control over any conflicting provisions contained in any prior agreements. The terms of this agreement shall govern any future negotiations and agreements between the parties related to the subject matter contained herein.

- 8.6 **Counterparts.** This Second Revised Agreement may be executed in counterparts, including counterparts delivered by facsimile in accordance with Section 8.4, all of which shall constitute one agreement and have the same force and effect as an original instrument.
- 8.7 **FERC Section 205 and 206 Rights.** Nothing contained in this Second Revised

Agreement shall limit in any way the ability of EAL to exercise its rights under Section 205 of the FPA or the ability of AECC and Jonesboro CWL to exercise their respective rights under Section 206 of the FPA to propose changes to this Second Revised Agreement. Absent the agreement of all Parties to the proposed change to this Second Revised Agreement, the standard of review for changes to this Second Revised Agreement proposed by any Party shall be the “just and reasonable” standard of review, provided that such standard of review shall not be the public interest application of the “just and reasonable” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956). Changes to this Second Revised Agreement proposed by a non-Party shall be subject to the most stringent standard of review permissible under applicable law.

- 8.8 **Audit Rights.** A Party may conduct, at its own expense, audits of another Party’s books and records that relate to this Second Revised Agreement. Such audits will be conducted at reasonable, mutually agreed-upon times, and the Parties will cooperate in good faith to effectuate such audits.
- 8.9 **Regulatory Approval.** This Second Revised Agreement is subject to regulatory approval by FERC. In the event that FERC disapproves or refuses to accept this Second Revised Agreement in whole or in part, this Second Revised Agreement shall cease to be effective, except that the Parties shall be obligated to attempt expeditiously and in good faith to negotiate a substitute agreement that addresses the reasons for such refusal or disapproval. In negotiating a substitute agreement, no Party will be required to accept any change that would reasonably be expected to result in a material change to the expected economic outcome of such Party under this Second Revised Agreement.
- 8.10 **Limitations.** Each Party shall remain liable for its share of charges or assessments incurred under the Tariff or MISO Agreement, including congestion costs, lost revenue charges, exit fees, and comparable costs. This Second Revised Agreement shall not impart rights enforceable by any person or entity that is not a Party hereto or is not a permitted successor or assignee of a Party bound by this Second Revised Agreement. This Second Revised Agreement shall not be construed to create any third-party beneficiary rights of any sort. NO PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, INDIRECT, PUNITIVE, OR EXEMPLARY DAMAGES OF ANY KIND OR NATURE ARISING OUT OF OR IN CONNECTION WITH THIS SECOND REVISED AGREEMENT, INCLUDING LOST PROFITS, LOST SALES OR REVENUES, WHETHER BY STATUTE, IN TORT OR CONTRACT.
- 8.11 **Independent Contractors.** Except as specified in Section 2.2 of this Second Revised Agreement, no Party is a partner, joint venturer, agent or representative of or with the other Parties in connection with this Second Revised Agreement or any of the undertakings set forth herein or activities contemplated hereby. Nothing in this Second Revised Agreement is intended or shall be deemed to create an association, trust, joint

venture, partnership, or relationship of principal and agent between the Parties or to impose upon the Parties any fiduciary, trust, partnership, or similar obligation or liability on the Parties.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS THEREOF, the Parties, by their duly authorized agents, have hereunder executed this Second Revised Agreement.


ENTERGY ARKANSAS, LLC

By: 
Name: Laura Landreaux
Title: President & CEO
Date:

ARKANSAS ELECTRIC COOPERATIVE CORPORATION

By: 
Name: Andrew Lachowsky
Title: V.P., Planning and Market Operations
Date: 3/27/23

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO

By: 
Name: Jake Rice
Title: General Manager
Date: 3/27/2023