

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

April 21, 2006

In Reply Refer To:  
Docket No. ER05-977-003

Kirkland & Ellis, LLP  
Attn: Neil L. Levy  
Counsel for Union Power Partners, L.P.  
655 Fifteenth Street, N.W.  
Suite 1200  
Washington, D.C. 20005

Dear Mr. Levy:

1. On January 30, 2006 you filed, on behalf of Union Power Partners, L.P. (Union Power) and Entergy Services, Inc. on behalf of itself and the Entergy Operating Companies, (collectively Entergy) (the Settling Parties) an uncontested Partial Settlement Agreement in the above-referenced docket. The Partial Settlement Agreement (Settlement Agreement) resolves all issues set for hearing in Docket No. ER05-977-000 for the period of May 18, 2005 through October 31, 2005. For the period commencing November 1, 2005, the Settling Parties have agreed to a suspension of further settlement or hearing procedures in this proceeding pending Commission action in Docket No. EL06-14-000.<sup>1</sup>

2. On May 17, 2005, Union Power filed its proposed Rate Schedule No. 2 (Union Power Rate Schedule) in this proceeding, accompanied by testimony and cost data supporting the specified revenue requirement for the provision of Reactive Supply and Voltage Support from Generation Sources Service within the Entergy Arkansas, Inc. transmission system. On July 15, 2005, the Commission issued an order that accepted the Union Power Rate Schedule for filing, suspended the proposed rate schedule for a nominal period, to become effective May 18, 2005, subject to refund, and established

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<sup>1</sup> On April 10, 2006, the Commission issued an Order Denying Complaint in that proceeding. *Entergy Services, Inc. v. Union Power Partners, L.P.*, 115 FERC ¶ 61,030 (2006).

hearing and settlement judge procedures.<sup>2</sup> The hearing was held in abeyance pending settlement judge procedures. On February 16, 2006, FERC Trial Staff submitted comments in support of the Settlement Agreement. No comments were filed contesting or opposing the Partial Settlement Agreement. On March 7, 2006, the Settlement Judge certified the uncontested Partial Settlement Agreement to the Commission.<sup>3</sup>

3. The subject Settlement Agreement is fair and reasonable and in the public interest and is hereby approved. The Revised Union Power Rate Schedule FERC No. 2 submitted as part of the Settlement Agreement is in compliance with Order 614. *See Designation of Electric Rate Schedule Sheets*, Order No. 614, 65 Fed. Reg. 18,221, (FERC Statutes & Regulations, Regulations Preambles July 1996-December 2000, ¶ 31,096 (2000)). The rate schedule is accepted to be effective for the period May 18, 2005, through October 31, 2005. The Commission's approval of this Settlement Agreement does not constitute approval of, or precedent regarding any principle or issue in this proceeding. The Commission retains the right to investigate the rates, terms, and conditions under the just and reasonable and not unduly discriminatory standard of section 206 of the Federal Power Act, 16 U.S.C. § 824e (2000). This order terminates Docket No. ER05-977-003.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.

cc: All Parties

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<sup>2</sup> *Union Power Partners, L.P.*, 112 FERC ¶ 61,065 (2005).

<sup>3</sup> *Union Power Partners, L.P.*, 114 FERC ¶ 63,034 (2006).