

**SERVICE AGREEMENT UNDER
MARKET BASED RATE POWER SALES TARIFF**

27th THIS SERVICE AGREEMENT ("Agreement"), made and entered into this day of January, 1998, by and between Union Electric Company (hereinafter called Company) and the City of Hannibal, Missouri (hereinafter called Customer),

WHEREAS, Company is engaged in the business of the generation and supply of electric power and energy, and

WHEREAS, Customer is presently a full-requirements customer of Company pursuant to the parties' October 4, 1988 Wholesale Electric Service Agreement, amended as of December 20, 1989 ("Existing Agreement"), which governs service to Customer through April 15, 1998, and

WHEREAS, Company is willing to supply the electric power and energy requirements of Customer, through December 31, 2008, and

WHEREAS, Customer desires to continue to purchase its full power and energy requirements from Company under the terms set forth herein, and

WHEREAS, Company and Customer mutually desire to terminate the Existing Agreement as of January 1, 1998, and to have the terms herein govern Company's continued service to Customer starting on January 1, 1998,

NOW THEREFORE, Company and Customer hereby agree as follows:

W I T N E S S E T H :

1. SALE OF ELECTRICITY AND GOVERNING TERMS

Throughout the Effective Term (as defined in Section 10) of this Agreement, Company will sell and deliver to Customer at the Point(s) of Delivery (as defined in Section 4), and Customer will receive and pay Company for, Customer's requirements of electricity for operation of Customer's electric distribution system. This sale is subject to all of the terms and conditions stated in this Agreement and the applicable terms and conditions of Company's Market Based Rate Power Sales Tariff ("MBR Tariff") as on file with and accepted by the Federal Energy Regulatory Commission ("FERC"). To the extent that the terms of this Agreement deviate from or conflict with the terms of the MBR Tariff, the terms of this Agreement shall have controlling effect over the terms of the

Attachment 3

MBR Tariff. Consistent with Section 5.1 of the MBR Tariff, no change to (including termination of) the MBR Tariff after execution of this Agreement shall affect this Agreement.

2. SOLE SUPPLIER

Company will be the sole supplier of electric power requirements to Customer during the Effective Term of this Agreement.

3. PRIORITY OF SUPPLY AND OBLIGATION TO SERVE

- a) The Company agrees that it will consider Customer as Company's native load customer and agrees that the electric power that it will provide to Customer, pursuant to this Agreement, will be firm power with the same priority and quality as the electric power that the Company or any affiliate provides to its firm retail customers. In the unlikely event that Company makes a request for voluntary curtailment, or requires mandatory curtailment, of consumption by such firm retail customers, Customer will (upon request by Company, made with as much advance notice as possible) request voluntary curtailment, or require mandatory curtailment, of consumption by its retail customers in the same proportion as requested or required of native firm retail customers of the Company or any affiliate. Further, in no event shall Customer be subject to curtailment or interruption to any greater degree than the simultaneous curtailment or interruption by the Company or any affiliate of its firmest service to any other wholesale customer(s), except to the extent that transmission system conditions would not warrant curtailment to other wholesale customers.
- b) Company undertakes an express obligation to plan for and acquire power supply resources to reliably meet Customer's electric needs. If, at any time and for any reason, the sources of power and energy intended for use by Company to provide power and energy to Customer are not sufficient to provide Customer's full requirements, Company is obligated to undertake all reasonable efforts to purchase replacement or emergency power in order to provide full requirements power and energy to Customer, provided that such power and energy is available and there is corresponding transmission available. Any costs incurred by Company in excess of the revenues it receives in accordance with the terms of this Agreement (including Appendix A) shall be borne by Company and not charged to Customer.

4. POINTS OF DELIVERY

- a) The Points of Delivery at the time of execution of this Agreement are Customer's two (2) existing delivery points at Company's Marion Substation.
- b) In the event that Customer constructs or otherwise obtains additional delivery points on Company's distribution or transmission system, such additional delivery points shall qualify as Points of Delivery for purposes of this Agreement.

5. DELIVERY OF POWER

- a) The power will be delivered as three-phase, 60-cycle, alternating current at 34.5 kV at the Point(s) of Delivery, unless delivery at higher voltage levels is appropriate pursuant to Section 4(b).
- b) Company's obligation to deliver and sell and Customer's obligation to receive and pay for power and energy will be based upon Customer's actual resale electric service load, as it may increase as a result of load growth or decrease due to retail choice (mandatory or voluntary) or otherwise.
- c) Notwithstanding Section 2.6 of the MBR Tariff, Company assumes responsibility for delivering all power and energy to Company's transmission system (as defined in Section 7(b)) for the benefit of Customer under this Agreement, including as necessary any scheduling or dispatching. Company shall assume responsibility for any energy imbalance charges incurred due to Company's failure to accurately match Customer's load. If any law, regulation, or regulatory authority having jurisdiction requires Company to incur costs for substantial additional equipment to accurately match Customer's load, then Company and Customer shall each bear one-half of the Customer's pro rata share of the costs of purchasing, installing and operating such equipment. The pro rata share shall be determined by comparing Customer's load to the total loads of all similarly situated customers (including retail customers as appropriate) on Company's system. However, Customer shall be allowed to pay its one-half pro rata share of the costs for such equipment over a twelve month period.

6. METERING

- a) Company will own, install, and maintain, at each of the Point(s) of Delivery, metering equipment suitable to measure Customer's 15 minute conjunctive peak demand (not necessarily coincident with Company's peak) in each month and the amount of energy delivered to Customer in each hour. All meters will be read on a monthly basis for purposes of determining charges for power and energy received under this Agreement.
- b) Company will test its metering equipment and maintain the accuracy of registration thereof in accordance with good utility practice. On request of Customer or Company, additional tests will be made by Company; each such test will be conducted at the expense of the party requesting such test, unless the results of the test demonstrate inaccuracy of greater than two percent, in which case Company shall bear the costs of the test. Representatives of both Customer or Company will be afforded reasonable opportunity to be present at all routine and special tests and upon occasions when any readings are taken from meters not producing a permanent record.
- c) If, upon any test conducted pursuant to paragraph (b) above, an inaccuracy in excess of two percent is found to exist, for whatever reason, a billing adjustment, without consideration of interest, will be made to compensate either Customer or Company for such inaccuracy. 1) If there is no indication as to when the meter became inaccurate, any such billing adjustment will be for 1/2 the time period elapsed since the prior accuracy test. 2). If it can be reasonably ascertained when a meter became inaccurate, the billing adjustment will be determined for the entire period of inaccuracy.

7. TRANSMISSION AND ANCILLARY SERVICES

Delivery of power and energy over Company's transmission and distribution system and associated ancillary services required in connection with the service to be provided under this Agreement are not included in the rates set forth in Appendix A and are to be arranged for separately in accordance with the provisions of the applicable open access transmission tariff, as discussed below. Unless otherwise agreed in writing,

- a) Customer shall obtain and bear the cost of network service on the Company's transmission system under the Company's open

access tariff or successor transmission tariff or other arrangement allowed by the FERC.

- b) "Company's transmission system" shall include any successor transmission system, administered by a single Transmission Provider (pursuant to an open access tariff or other arrangement referenced above), resulting from events which shall include, but not be limited to one of the following: 1) a merger; 2) the Company's participation in an Independent System Operator (ISO), or similar arrangement in which an independent entity controls, but does not necessarily own, the Company's transmission system; and 3) a sale, lease, or any other disposition by the Company of its transmission facilities to an independent transmission company.
- c) Except as provided in Section 5(c), Customer shall obtain from Company (or a third party where permitted by pertinent tariff) and bear the cost of all ancillary services needed to supply Customer with electric power at Customer's Point(s) of Delivery. However, Customer's total charges determined in accordance with Appendix A shall be reduced by the amount of any charge for ancillary services relating to generation sources not currently required to be unbundled.
- d) The costs of transmission and ancillary services, if any, imposed upon Company by other transmission systems to import energy from off system suppliers or resources to Company's transmission system for purposes of supplying native load customers, including Customer under this Agreement, shall be borne by Company. The term "off system" shall mean any transmission system other than Company's transmission system.
- e) In designating resources to be used to provide service to Customer under this Agreement, Company shall not discriminate against Customer in any fashion. Specifically, Company shall not designate resources for the provision of service to Customer under this Agreement so as to disproportionately expose Customer to increased charges for transmission and/or ancillary services, as compared with other customers in Missouri purchasing firm retail or wholesale service from the Company or its affiliates.

8. DETERMINATION OF POWER AND ENERGY CHARGES

- a) Customer's monthly demand for billing purposes shall be Customer's maximum 15 minute integrated metered kilowatt demand during the month (whether or not that maximum demand is coincident with Company's monthly system peak demand). During any month in which Customer is served at more than one Point of Delivery, the demand measurements at the respective Points of Delivery shall be cumulated simultaneously to determine Customer's maximum demand.
- b) Unless estimating is required due to meter malfunction or failure, Customer's monthly kilowatt billing demand and billed kilowatthour energy usage shall be based upon actual meter readings .
- c) In the event that one or more of Customer's retail customers' power and energy are supplied by an entity other than Company during the term of this Agreement, as a result of retail access, Customer's metered demand and energy shall be reduced to reflect such an alternative source of power and energy. The amount of such reduction shall be based upon the actual metered demand (coincident with Customer's actual monthly billing demand interval as measured by Company) and energy of such retail customers. Customer shall meter such retail access customers in a manner comparable to the manner in which the Company meters comparable retail access customers on its system, and shall provide such metered coincident demand data to Company each month in a timely manner. Where Company utilizes load research techniques to estimate the coincident demands of various retail access customers on its system, Company will work with Customer to develop acceptable demand estimating procedures for Customer's comparable retail access customers to be used in lieu of Customer obtaining and providing actual monthly metered demands to Company.
- d) The charges to Customer each month, pursuant to the provisions of this Agreement, shall be the total of demand and energy charges, less any credits provided under Section 15. Monthly demand and energy charges to Customer shall be determined as the product of the monthly kilowatt billing demand and kilowatthour energy (determined in accordance with paragraphs (a) - (c) of this Section) and their respective demand and energy rates contained in Appendix A to this Agreement.

9. BILLING AND PAYMENT

- a) Notwithstanding Section 4.1 of the MBR Tariff, Company shall invoice Customer each month for power provided in the previous month, with charges being calculated in accordance with Section 8 above. Bills are due and payable on the fifteenth calendar day following the invoice date.
- b) Notwithstanding Section 4.2 of the MBR Tariff, Payment shall be made by cash, check of Customer, or electronic transfer; and interest on amounts unpaid after the due date shall accrue at the interest rate authorized by the FERC for refunds pursuant to 18 CFR § 35.19a.
- c) Notwithstanding Section 4.4 of the MBR Tariff, if Customer disputes the correctness of a bill, Customer shall pay the entire bill and may submit to Company a written statement detailing the items disputed. If Company and Customer are unable to agree upon the disputed items, either Company or Customer may exercise its available legal or administrative remedies with respect to such items. In the event that it is determined that Customer has underpaid or overpaid the correct amount of a bill, Customer shall pay or Company shall refund the amount of underpayment or overpayment with interest (as provided in paragraph (b) above) from the original due date of the bill.

10. EFFECTIVE TERM

- a) This Agreement shall become binding and effective upon execution by the parties, although the power deliveries hereunder will take place only during the "Effective Term" as defined in this Section. The Effective Term of this Agreement, and power deliveries hereunder, shall commence as of the beginning of the hour ending at 1:00 A.M. Central Prevailing Time ("CPT") on January 1, 1998. Unless the Agreement is terminated early pursuant to paragraph (c) below, or terminated for cause by either party in accordance with paragraph (b) below, the Effective Term, and power deliveries hereunder, shall end at midnight CPT on December 31, 2008.
- b) In the case of the following events of default, the non-defaulting party, in addition to whatever other remedies may be available, may terminate this Agreement prior to the end of the Effective Term, upon sixty days' written notice:

- i) Company's continued or repeated failure, unexcused by Force Majeure (as defined in Section 11), to deliver continuous electricity to meet Customer's full requirements; or
 - ii) Customer's failure to pay the entirety of any bill within sixty days of its due date, or breach of Section 2 of this Agreement.
- c) In the event any material term, covenant or condition of this Agreement, or any amendment hereto, or the application of any such term, covenant or condition shall be modified or held invalid, illegal or unenforceable as to any party or circumstances, by any court or regulatory authority having jurisdiction, Company and Customer shall conduct good faith negotiations for the purpose of reaching a mutually acceptable written agreement to replace the modified or deleted provision(s) with provision(s) which will most nearly accomplish the purpose and intent of the modified or deleted provision(s). If Company and Customer cannot reach such written agreement, the party aggrieved by the modification or deletion of the provision(s) may terminate this Agreement prior to the end of the Effective Term, upon sixty days' written notice.
- d) The Company and Customer agree that there are no intended power supply commitments or financial obligations between the Company and Customer upon termination of this Agreement, other than those specifically referenced herein. The Customer reserves its right under FERC's regulations at that time to seek rates, terms and conditions for power supply from any source including the Company. Notwithstanding the first sentence of this paragraph, at least 36 months prior to the end of the Effective Term, the Customer and Company will begin discussions and negotiations for a power supply arrangement beyond the term of this Agreement.

11. FORCE MAJEURE

Notwithstanding Section 5.2 of the MBR Tariff, in case either Company or Customer should be delayed in or prevented from performing or carrying out any of the agreements, covenants or obligations made by and imposed upon the parties by virtue of this Agreement, either in whole or in part, by reason of or through strike, work stoppage of labor, failure of contractors or suppliers of materials (including fuel), failure of equipment, environmental restrictions, riot, fire, flood, invasion, civil war, commotion, insurrection, military or usurped power, order of any Court granted in any *bona fide* adverse legal proceedings, or action, or of any civil or military

authority either *de facto* or *de jure*, explosion, Act of God or the public enemies, or any cause reasonably beyond its control and not attributable to its neglect; then, and in such case or cases, such party shall not be liable to the other party for or on account of any loss, damage, injury, or expense resulting from or arising out of such delay or prevention; provided, however, that the party suffering such delay or prevention shall use due diligence to attempt to remove the cause or causes thereof, and provided, further, that neither party shall be required by the foregoing provisions to add to or upgrade any facilities, or to settle a strike or labor dispute except when, according to its own best judgment, such action seems advisable. Interruption by any transmission provider (other than the network service separately arranged for by Customer) shall not be deemed to be Force Majeure unless (a) Company shall have made arrangements with such transmission provider for firm transmission, as defined under the transmission provider's tariff or contract, of the energy to be delivered hereunder and (b) such interruption is due to an interruption or curtailment in accordance with the transmission provider's tariff or contract. Force Majeure shall not excuse Company's non-delivery of power and energy hereunder unless Company is, simultaneously, proportionately curtailing native firm retail and/or firm wholesale customers in accordance with the terms of Section 3(a), and unless Company has fulfilled its obligations under Section 3(b).

12. LIABILITY

- a) Notwithstanding Section 5.3 of the MBR Tariff, Company and Customer each hereby releases, indemnifies and holds harmless the other from and against any and all liability, loss, damage and expense arising, or alleged to arise, from, or incident to, injury or damage to persons or property occasioned by, or in connection with, its own facilities or the production or flow of electric power by or through such facilities, except to the extent that such injury or damage is due to the negligence, gross negligence or willful misconduct of the other party, its agents, servants or employees.
- b) In no event shall Company or Customer be liable to the other for any indirect, special, incidental or consequential damages with respect to any claim arising out of this Agreement.

13. ASSIGNABILITY

This Agreement shall inure to the benefit of, and be binding upon, the respective successors and assigns of Customer and Company. No assignment of this Agreement shall be made by a party, except to a wholly owned subsidiary or successor to substantially all of the party's

business (or in Customer's case, the electric distribution system), without the written consent of the other party, provided that such consent shall not be unreasonably withheld. However, the assignment thereof by a party shall not relieve the party, without the written consent of the other party, of any obligation to provide, or to accept and pay for, as the case may be, the services contracted for hereunder.

14. MODIFICATIONS TO CONTRACT AND REGULATORY AUTHORITY

- a) Except as provided in paragraph (b) below, this Agreement may be modified only by written amendment executed by the authorized representatives of both parties. No agent has power to amend, modify, alter or waive any provision of this contract, or to bind Company or Customer by making any promises or representations not contained herein.
- b) The parties expressly acknowledge that the rates set forth in Appendix A and the other terms and conditions of this Agreement are intended to remain fixed throughout the entire term of this Agreement, except as expressly provided herein. Consistent with Section 4.3 of the MBR Tariff, should any federal, state, or local tax be levied upon the electric power, energy, or service to be provided in connection with this Agreement, or upon the provider of service as measured by the power, energy, or service, or the revenue therefrom, such tax shall be added to the bill and shall be paid by Customer. However, such tax shall not include any replacement for an existing tax which has been eliminated.
- c) The Company may not seek unilateral changes to this Agreement under Section 205 of the Federal Power Act absent agreement of both parties. In the event either party seeks any contract changes under Section 206 of the Federal Power Act, it is the intent of the parties that such changes be permitted only if the moving party meets the "public interest" test under the FERC's *Mobile Sierra* doctrine.
- d) This Agreement is subject to approval by the regulatory authorities having jurisdiction. This Agreement is also subject to applicable federal, state, and local laws, ordinances, rules and regulations. Nothing herein contained shall be construed as a waiver of any right to question or contest any such law, ordinance, rule, regulation or asserted regulatory jurisdiction.

15. ECONOMIC DEVELOPMENT PROVISION

In order to assist Customer in its efforts to attract new industrial, commercial, and/or residential customers or facilities expansion for existing retail customer(s), or to retain existing industrial, commercial, and/or residential customers, Company will make available to Customer the provisions of any economic development or load retention tariffs then available to Missouri customers of the Company or its affiliates (such tariffs to be referred to as "EDR" tariffs). In the event that one or more of Customer's retail customers qualify, and request their power and energy service from Customer pursuant to the provisions of the Company's applicable EDR tariffs, Customer shall so notify Company, and the rates specified in Appendix A to this Agreement shall be adjusted to reflect the EDR tariff provisions for the applicable demand and energy of said retail customer. The amount of such adjustment (or credit) shall be based upon the actual metered kilowatt demand (coincident with Customer's actual monthly billing demand interval as measured by Company) and the kilowatthour energy of such retail customer. Customer shall meter such retail EDR customers in a manner comparable to the manner in which the Company meters comparable retail EDR customers on its system and shall provide such metered coincident demand data to Company each month in a timely manner. Where Company utilizes load research techniques to estimate the coincident demands of retail EDR customers on its system, Company will work with Customer to develop acceptable demand estimating procedures for Customer's comparable retail EDR customers to be used in lieu of Customer obtaining and providing actual monthly metered demands to Company.

16. MAINTENANCE OF EQUIPMENT

Customer and Company each shall at all times maintain all wiring and other electric equipment and facilities owned by it in accordance with good utility practice.

17. PROTECTION OF COMPANY'S PROPERTY

Customer hereby agrees that no one except employees of Company shall be allowed to make any internal or external adjustments of any meter or any other piece of apparatus which shall be the property of Company. Customer shall be responsible for tampering, interfering with, breaking of seals of meters, or other equipment of Company installed on Customer's premises, and will be held liable for same according to law.

18. ACCESS TO PREMISES

Company will have the right of access to Customer's premises at all reasonable times, with reasonable notice, and accompanied by a representative or employee of Customer, for the purpose of installing, reading, inspecting, maintaining or repairing any meters, devices or other equipment and facilities used in connection with Company's supply of electric service, or for the purpose of removing its property as permitted under this Agreement.

19. PROTECTION OF SERVICE

Company may refuse to render service to Customer for the operation of any device that has a detrimental effect upon the service rendered to Company's other customers. Company, however, will endeavor to cooperate with Customer when consulted concerning the intended use of any electric device, which may have such detrimental effect, proposed to be served from Customer's system. Where Customer permits service from its system to unusual or extraordinary intermittent loads or loads subject to violent fluctuations, Company reserves the right to require Customer to furnish, at its own expense, suitable equipment to reasonably limit such intermittence or fluctuation.

20. LOAD MANAGEMENT

In order to facilitate Customer's load management activities and initiatives, Company will provide Customer with a load signal at the Points of Delivery.

21. VALUE-ADDED SERVICES

Customer may, without any additional charge or expense, avail itself of up to 100 man-hours per year of technical consulting and advisory services. In addition, Company will provide technical support and information to Customer, without any additional charge or expense, relating to start-up project management, engineering, and installation services for use of CellNet automatic meter reading equipment for Customer's electric customers.

22. GOVERNING LAW

The interpretation and performance of this Agreement shall be in accordance with and controlled by the law of the State of Missouri, except as to matters governed by federal law.

23. NATURE OF CUSTOMER'S OBLIGATION

The obligations of Customer under this Agreement shall be conditional obligations to be payable out of the revenues received from the sale of electricity to Customers' retail customers only when earned by or due Company in accordance with the provisions of this Agreement and shall not be construed to be general obligations of the City of Hannibal or a debt of the City of Hannibal within the meaning of the Constitution and Law of the State of Missouri.

24. WAIVERS

Any waiver at any time by either Company or Customer of its rights with respect to a default under this Agreement or with respect to any other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement shall not be deemed a waiver of such right.

25. NOTICES

Unless otherwise agreed, any notice, request, demand, or statement which may be given to or made upon either Company or Customer by the other under this Agreement shall be in writing, and shall be considered delivered when the same is either (a) personally delivered to, or (b) deposited in the United States mail, by certified mail with a return receipt, postage prepaid, and properly addressed to, the representative last identified by the receiving party as the appropriate recipient for such notice. Until changed in accordance with this Section, the appropriate recipients are as follows:

Sr. Vice President - Energy Supply Services
Union Electric Company
P.O. Box 66149
St. Louis, MO 63166-6149

City of Hannibal Board of Public Works
#3 Industrial Loop Drive
Hannibal, Missouri 63401
(573) 221-8050
Fax: (573) 221-7522

26. ENTIRE AGREEMENT

This Agreement, including Appendix A hereto, contains the entire agreement between Company and Customer in respect of the subject matter hereof, and there are no other understandings or agreements between Company and Customer in respect thereof.

27. HEADINGS

The descriptive headings of the sections of this Agreement have been inserted for convenience of reference only and shall not modify or restrict any of the terms and provisions thereof.

28. FURTHER ASSURANCES

From time to time after the execution of this Agreement, each party shall execute such instruments, upon the request of the other, as may be necessary or appropriate, to carry out the intent of this Agreement.

29. COUNTERPARTS

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

30. COMPUTATION OF TIME

In computing any period of time prescribed or allowed by this Agreement (other than the beginning and ending dates of a billing month), the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next business day which is neither a Saturday, Sunday, nor legal holiday.

31. LIMITATION

This Agreement is not intended to and shall not create rights of any character whatsoever in favor of any person, corporation, association, or entity other than the parties to this Agreement, and the obligations herein assumed are solely for the use and benefit of the parties to this Agreement, their successors in interest, or assigns (in accordance with Section 13).

32. SURVIVORSHIP OF OBLIGATIONS

The termination of this Agreement shall not discharge any party from any obligation it owed to the other party under this Agreement by reason of any transaction, loss, cost, damage, expense or liability which shall occur or arise prior to such termination. It is the intent of the parties that any such obligation owed (whether the same shall be known or unknown as of the termination of this Agreement) shall survive the termination of this Agreement. The parties also intend that the indemnification and limitation of liability provisions contained in Section 12 of this Agreement shall remain operative and in full force and effect, regardless of any termination of this Agreement, except with respect to actions or events occurring or arising after such termination is effective.

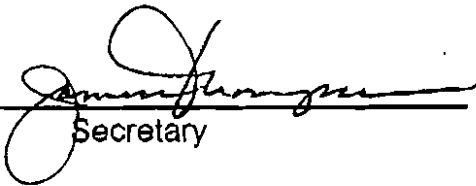
33. CANCELLATION OF EXISTING AGREEMENT

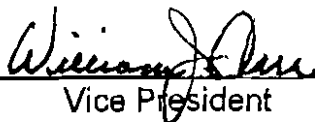
As of the Effective Date, this Agreement supersedes and cancels the parties' October 4, 1988 Wholesale Electric Service Agreement and all related supplements and amendments thereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officers or representatives, as of the day and year written first above.

Attest:

UNION ELECTRIC COMPANY

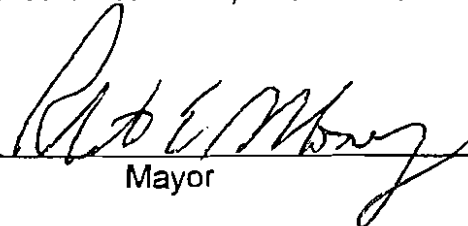

Secretary

By: 
Vice President

Attest:

CITY OF HANNIBAL, MISSOURI


City Clerk

By: 
Mayor

**APPENDIX A
TO SERVICE AGREEMENT UNDER MARKET BASED POWER SALES
TARIFF
BETWEEN UNION ELECTRIC COMPANY AND
CITY OF HANNIBAL, MISSOURI**

The rates to be used in developing charges to the City of Hannibal pursuant to Section 8 of the Agreement shall be:

(a) for the period January 1, 1998 through December 31, 2008, \$7.50 per kilowatt/month of demand during the months of June, July, August and September, and \$5.50 per kilowatt/month in all other months,

(b) charges per kilowatthour of energy as follows:

1998 -- \$ 0.01650
1999 -- \$ 0.01650
2000 -- \$ 0.01675
2001 -- \$ 0.01700
2002 -- \$ 0.01725
2003 -- \$ 0.01750
2004 -- \$ 0.01775
2005 -- \$ 0.01800
2006 -- \$ 0.01825
2007 -- \$ 0.01850
2008 -- \$ 0.01875.

These rates are to cover all aspects of the service provided by Company pursuant to the Agreement, and such rates shall include compensation for production costs associated with demand and energy losses, all costs of sulfur dioxide emissions allowances, and all production equipment and facilities required for the provision of service. However, such rates shall exclude transmission, distribution, and ancillary services as described in Section 7(a)-(c). The rates set forth above may be changed only in accordance with Section 14 of the Agreement, and as noted below.

If any Missouri municipal utility or electric cooperative enters into a power sales contract for full requirements service with Company within 6 months of the execution of this Agreement, which contains terms and conditions similar to this Agreement but provides the service at lower rates for capacity and/or energy than the rates in this Appendix A, then the Customer's Appendix A rates shall be reduced commensurately.