

April 22, 2005

Arkansas Electric Cooperative Corporation enters into agreement to buy power plant at Wrightsville

Little Rock, Ark. — April 22, 2005 — Arkansas Electric Cooperative Corporation (AECC) has reached an agreement with certain Mirant Corp.-related entities to purchase a 548-megawatt natural gas-fired power plant in Wrightsville, Ark.

The plant, which was placed in temporary shutdown status by Atlanta-based Mirant Corp. last year, is under the jurisdiction of the U.S. Bankruptcy Court for the Northern District of Texas, Fort Worth Division. On Thursday, March 17, Mirant, which has filed for Chapter 11 bankruptcy protection, submitted a motion with the court seeking to sell the power plant to AECC. Attached to the motion is an asset purchase and sale agreement signed on Feb. 24, 2005, by AECC and Mirant-related entities in which AECC has agreed to pay \$85 million for the plant.

The motion was granted in an order entered on April 6. If other parties submit qualified bids for the plant on or before May 16, pursuant to the order an auction will be held on May 23 and a hearing on the sale will be conducted on May 25, 2005. If AECC has the winning bid, AECC expects that the sale could be completed by September 2005.

The proposed sale is contingent on approval by the court, as well as the Arkansas Public Service Commission (APSC), the Federal Energy Regulatory Commission and the Rural Utilities Service (RUS).

“This was an excellent opportunity for AECC to acquire a new state-of-the-art generation resource at a price well below today’s cost of construction,” said Gary Voigt, president and chief executive officer of AECC, a Little Rock-based wholesale electricity supplier. Voigt added that AECC is purchasing the plant to meet the future generation needs of AECC’s member-cooperatives, which provide retail electricity to farms, homes and businesses in Arkansas and surrounding states.

AECC has filed an application for an \$85 million loan from the Federal Financing Bank, which would be guaranteed by the RUS, to pay for the plant. AECC, which currently has a rate adjustment application pending before the APSC, doesn’t anticipate the immediate need to further adjust its wholesale electricity rates to cover the purchase of the plant. The pending rate adjustment application was filed by AECC last October and seeks a 5 percent increase in AECC’s wholesale rates in response to rising costs in the cooperative’s business operations.

With the plant, AECC would have 2,977 megawatts of generating capacity. AECC owns and operates three hydropower plants on the Arkansas River, three natural gas/oil-fired plants, one natural gas-fired plant, and owns/leases portions of three coal-fired plants. During the past 18 years, AECC has invested more than \$514 million in expansion and

upgrades to its generation capacity. The plant investments have been made gradually, while rates to its members have been reduced.

AECC is owned by 16 of the state's 17 electric distribution cooperatives. AECC, the distribution cooperatives and Little Rock-based Arkansas Electric Cooperatives, Inc., (AECI), a statewide service organization, are known collectively as the Electric Cooperatives of Arkansas. The 17 distribution cooperatives serve about 440,000 members across Arkansas and in surrounding states.

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