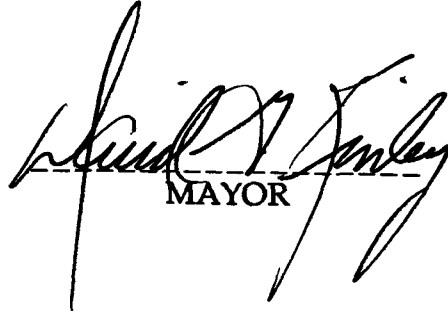


RESOLUTION R90 - 59

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY  
OF CONWAY, ARKANSAS:

That its Mayor and City Clerk-Treasurer are herewith  
empowered and directed to sign for and in behalf of the City of  
Conway a Second Amendment to the Agreement for Electric  
Peaking Power Service between the Arkansas Power & Light  
Company and the City of Conway, Arkansas. A copy of said  
amendment is attached and made a part of the Resolution.

ADOPTED this 11<sup>th</sup> day of December, 1990.

  
MAYOR

ATTEST:

  
CITY CLERK - TREASURER

SECOND AMENDMENT TO

AGREEMENT

FOR

ELECTRIC PEAKING POWER SERVICE

BETWEEN

ARKANSAS POWER & LIGHT COMPANY

AND

THE CITY OF CONWAY, ARKANSAS

SECOND AMENDMENT TO PEAKING POWER AGREEMENT

This Second Amendment to Peaking Power Agreement made as of this \_\_\_\_\_ day of December, 1990, by and between the City of Conway, Arkansas ("City") and the Arkansas Power and Light Company ("AP&L" or "Company"),

WITNESSETH THAT:

WHEREAS, AP&L and City have entered into an Agreement for Peaking Power Service ("Peaking Power Agreement") dated as of August 28, 1985, as amended by the First Amendment to Peaking Power Agreement dated as of the \_\_\_\_\_ day of August, 1986; and

WHEREAS, AP&L and City desire to extend the term of the Agreement for Peaking Power Service; and

WHEREAS, AP&L and City desire to define the provisions of the Agreement for Peaking Power Service for service applicable to such extended period;

NOW, THEREFORE, City and AP&L, in consideration of the mutual promises and covenants herein contained, do hereby agree to amend the Agreement for Peaking Power Service as follows:

1. Section 2. Peaking Power shall be amended in its entirety to read:

"2. Peaking Power. AP&L agrees to furnish Peaking Power to City and City agrees to receive and pay for such Peaking Power. The Peaking Capacity to be furnished during the

period from the effective date of this Peaking Power Agreement through December 31, 2000, shall be calculated as follows:

Peaking Demand shall become effective October 1 of each year using the following formula:

$$PD = (PYL - A) \times 0.5 + B$$

Where: PD = Monthly Peaking Demand in KW

PYL = Previous year maximum simultaneous demand (KW) adjusted for losses calculated in accordance with PCITA.

A = 78,392 KW

B = 25,000 KW

When, and as long as, each of the following levels of PYL is exceeded, the value of A and B above shall be increased by the amount indicated below:

<u>City</u>	<u>PYL</u>	<u>Increase to A &amp; B</u>
Conway	110,000 KW	5,000 KW
	126,500 KW	10,000 KW

Provided, however, that City agrees to Minimum Billing Quantities as shown below:

	<u>Peaking Demand</u>	<u>Formula Demand<sup>1</sup></u>
Conway	33,657 KW	14,650 KW

<sup>1</sup> Formula Demand refers to Production Service Billing Demand defined in Section 8 of Appendix A to the Power Coordination, Interchange and Transmission Agreement.

The Minimum Billing Quantity for the remaining term of this agreement shall be changed on any October 1 when the value of A and B are changed pursuant to the Peaking Demand formula set out above to the value of Peaking Demand and Formula Demand purchased in that month.

Any firm capacity purchase by City from other supplier(s) and delivered by the AP&L system will be subtracted from metered demand plus losses (see PYL definition above) before calculating Peaking Demand. City may provide any portion of its requirements from other sources or suppliers.

The Peaking Energy to be furnished during the period from the effective date of this Peaking Power Agreement through December 31, 2000, shall be 240 KWh per KW of Peaking Demand per month for the months of May through September."

2. Section 5. Rates and Charges shall be amended in its entirety to read:

"5. Rates and Charges. In exchange for the Peaking Capacity furnished by AP&L during the period from the effective date of this Peaking Power Agreement through December 31, 2000, City agrees to pay AP&L each of the 12 months of the year an amount equal to the Demand Charge and Energy Charge set out in Table 1 below for the demand and energy calculated for such months in accordance with the provisions of Section 2. "Peaking Power".

TABLE 1

Peaking Power Rates

<u>Effective Date</u>	<u>Demand Charge</u>	<u>Energy Charge</u>
1/1/1991	\$ 2.39	\$.04776
10/1/1992	2.46	.04919
10/1/1993	2.53	.05067
10/1/1994	2.61	.05219
10/1/1995	2.69	.05375
10/1/1996	2.77	.05537
10/1/1997	2.85	.05703
10/1/1998	2.94	.05874
10/1/1999	3.02	.06050
10/1/2000	3.12	.06232"

3. Section 7. Term shall be amended in its entirety to read:

"7. Term. Once effective, this Agreement shall remain in effect until December 31, 2000. The parties retain the right to terminate the PCITA pursuant to its terms as set out in Section 3 thereof but hereby agree not to terminate such agreement prior to December 31, 2000.

AP&L and the City agree that rates for service specified herein shall remain in effect for the term specified in this Section 7 and shall not be subject to change through application to the Federal Energy Regulatory Commission pursuant to the provisions of Section 205 of the Federal Power Act or as it may be amended absent the Agreement of both parties hereto."

4. Regulatory Approvals. This Second Amendment to Peaking Power Agreement and the rates and charges herein are contingent upon approval without modification by any and all State or Federal regulatory bodies having jurisdiction thereof. AP&L and City agree to cooperate to gain timely approval of this Second Amendment to Peaking Power Agreement.

IN WITNESS WHEREOF, this Second Amendment to Peaking Power Agreement has been executed as of the date first mentioned above for and on behalf of the City of Conway, Arkansas by its Mayor and his signature witnessed by the City Clerk of Conway, Arkansas and the seal of said City attached hereto, and further this Second Amendment to Peaking Power Agreement has been executed as of the date first mentioned above for and on behalf of Arkansas Power and Light Company by its Senior Vice President and his signature witnessed by an Assistant Secretary of said Company and the seal of said Company attached hereto.

CITY OF CONWAY, ARKANSAS

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

ARKANSAS POWER & LIGHT COMPANY

By K.R. Breeden  
Kenneth R. Breeden  
Senior Vice President *KRB*

ATTEST:

Shirley C. Hunter  
Assistant Secretary

CONWAY CORPORATION  
 Summary of Peaking Alternatives  
 December, 1990

ap&ismry.wk1

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Totals
<b>CURRENT CONTRACT EXTENDED</b>											
Costs (\$000)	\$5,095	\$5,937	\$6,735	\$7,570	\$8,445	\$9,383	\$10,411	\$11,491	\$12,640	\$13,846	\$91,553
<b>PROPOSED CONTRACT</b>											
Costs (\$000)	\$4,812	\$5,396	\$6,127	\$6,896	\$7,719	\$8,335	\$9,282	\$10,273	\$11,334	\$12,190	\$82,364
Savings (\$000)	\$283	\$541	\$608	\$674	\$726	\$1,048	\$1,129	\$1,218	\$1,306	\$1,656	\$9,189

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Totals
<b>CURRENT CONTRACT</b>											
Costs (\$000)	\$5,095	\$5,937	\$6,735	\$7,570	\$8,445	\$13,028	\$13,850	\$15,073	\$16,376	\$17,736	\$109,845
<b>PROPOSED CONTRACT</b>											
Costs (\$000)	\$4,812	\$5,396	\$6,127	\$6,896	\$7,719	\$8,335	\$9,282	\$10,273	\$11,334	\$12,190	\$82,364
Savings (\$000)	\$283	\$541	\$608	\$674	\$726	\$4,693	\$4,568	\$4,800	\$5,042	\$5,546	\$27,481







EXHIBIT 3

ap&ltst2.wk1

CONWAY A.P. & L. PEAKING PROPOSAL 1990 25 MW, 30 MW & 35 MW RESERVED BASED ON 1990 ACTUAL PEAK		3.2% GROWTH								
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
KW METERED PEAK DEMAND	94,833	97,868	101,000	104,232	107,567	111,009	114,561	118,227	122,010	125,914
DEMAND INCLUDE LOSSES (1)	98,769	101,930	105,192	108,558	112,031	115,616	119,315	123,133	127,073	131,139
LESS PEAKING DEMAND:										
BASE PEAKING DEMAND	25,000	25,000	25,000	25,000	25,000	30,000	30,000	30,000	30,000	35,000
50% OF PRIOR YEAR (2)	8,657	10,189	11,769	13,400	15,083	14,320	16,112	17,962	19,871	19,341
PEAKING DEMAND	33,657	35,189	36,769	38,400	40,083	44,320	46,112	47,962	49,871	54,341
PEAK % OF PYL	35%	36%	36%	37%	37%	40%	40%	40%	41%	43%
NET	65,112	66,742	68,423	70,158	71,948	71,297	73,203	75,172	77,203	76,799
NET DEMAND WITH RESERVES	81,390	83,427	85,529	87,698	89,935	89,121	91,504	93,964	96,503	95,998
ENTITLEMENT	66,740	66,740	66,740	66,740	66,740	66,740	66,740	66,740	66,740	66,740
FORMULA DEMAND	14,650	16,687	18,789	20,958	23,195	22,381	24,764	27,224	29,763	29,258
DEMAND COSTS (IN \$1000):										
PEAK	\$965	\$1,017	\$1,093	\$1,175	\$1,265	\$1,441	\$1,544	\$1,653	\$1,773	\$1,990
FORMULA	\$1,874	\$2,177	\$2,500	\$2,844	\$3,212	\$3,161	\$3,569	\$4,002	\$4,464	\$4,476
TOTAL DEMAND COST	\$2,839	\$3,194	\$3,593	\$4,019	\$4,477	\$4,602	\$5,113	\$5,655	\$6,237	\$6,466
COST PER KW	\$4.90	\$5.13	\$5.39	\$5.64	\$5.90	\$5.75	\$6.01	\$6.27	\$6.53	\$6.45
MEGAWATT HOURS										
BASE SALES	378,644	390,761	403,265	416,169	429,486	443,230	457,413	472,050	487,156	502,745
SALES INCLUDE LOSSES (1)	394,358	406,978	420,000	433,440	447,310	461,624	476,396	491,640	507,373	523,609
ENTITLEMENT ENERGY	350,785	351,746	350,785	350,785	350,785	351,746	350,785	350,785	350,785	351,746
SALES LESS ENTITLEMENT	43,573	55,232	69,215	82,655	96,525	109,878	125,611	140,855	156,588	171,863
PEAKING ENERGY (3)	40,389	42,226	44,123	46,080	48,100	53,183	55,334	57,554	59,845	65,209
FORMULA ENERGY	3,184	13,006	25,092	36,575	48,425	56,695	70,277	83,301	96,743	106,654
ENERGY COSTS (IN \$1000):										
PEAKING	\$1,929	\$2,017	\$2,170	\$2,335	\$2,510	\$2,859	\$3,064	\$3,282	\$3,515	\$3,945
FORMULA	\$44	\$185	\$364	\$542	\$732	\$874	\$1,105	\$1,336	\$1,582	\$1,779
TOTAL ENERGY COSTS	\$1,973	\$2,202	\$2,534	\$2,877	\$3,242	\$3,733	\$4,169	\$4,618	\$5,097	\$5,724
COST PER KWH	\$0.04528	\$0.03987	\$0.03661	\$0.03481	\$0.03359	\$0.03397	\$0.03319	\$0.03279	\$0.03255	\$0.03331
TOTAL DEMAND & ENERGY COSTS	\$4,812	\$5,396	\$6,127	\$6,896	\$7,719	\$8,335	\$9,282	\$10,273	\$11,334	\$12,190
1) LOSSES EQUAL 1.0415										
2) 50% OF PRIOR YEAR REMAINING DEMAND										
3) PEAKING DEMAND * 240 KWH/KW * 5 MONTHS										
PEAKING DEMAND RATE/KW	\$2.39	\$2.46	\$2.53	\$2.61	\$2.69	\$2.77	\$2.85	\$2.94	\$3.03	\$3.12
PEAKING ENERGY RATE/KWH	\$0.04776	\$0.04919	\$0.05067	\$0.05219	\$0.05376	\$0.05537	\$0.05703	\$0.05874	\$0.06050	\$0.06232
PEAKING ESCALATOR	3%									
FORMULA DEMAND RATE/KW	\$10.66	\$10.87	\$11.09	\$11.31	\$11.54	\$11.77	\$12.01	\$12.25	\$12.50	\$12.75
FORMULA ENERGY RATE/KWH	\$0.013959	\$0.014238	\$0.014523	\$0.014813	\$0.015109	\$0.015411	\$0.015719	\$0.016033	\$0.016354	\$0.016681
FORMULA ESCALATOR	2%									