

File 110-06
11-20-74

- CONTRACT NO. 293 -
- ~~APPROVED COPY~~
- *Extra*

U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION Kentucky 62 Big Rivers

THE WITHIN System Reserves Agreement dated January 1, 1974
between City of Henderson Utility Commission and Big Rivers
Electric Corporation.

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.

David A. H...

FOR THE ADMINISTRATOR

DATED _____

DAVID A. H...
Administrator

SYSTEM RESERVES AGREEMENT

THIS AGREEMENT made and entered into as of January 1, 1974, by and between CITY OF HENDERSON UTILITY COMMISSION (CITY) and BIG RIVERS ELECTRIC CORPORATION (BIG RIVERS), both having offices in Henderson, Kentucky.

WITNESSETH:

WHEREAS, the parties' electric systems are physically interconnected pursuant to the provisions of certain agreements dated September 1, 1965, April 1, 1968, August 1, 1970, and June 1, 1972, through which interconnections the parties operate their respective electric systems on an interconnected basis and transact power and energy exchanges as provided by such agreements, and

WHEREAS, by the provisions of said agreements each of the parties is required to maintain adequate reserve generating capacity on its system so as not to impose disproportionate demands upon the other for assistance in meeting the normal contingencies of operating its power system, and

WHEREAS, the parties desire to fix their responsibilities for providing reserve generating capacities and standby capacity for their respective electric systems for such time as their electric systems shall remain interconnected, or until the provisions of this agreement shall be amended or terminated as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein made, it is stipulated, covenanted and agreed by and between the parties as follows:

1. TERM:

1.1 This agreement shall become effective upon its execution by the parties, subject to approval of the Administrator of the Rural Electrification Administration as to BIG RIVERS' execution thereof, and shall continue thereafter, from year to year (each period from November 1 through October 31 being considered a contract year) until termination of the parties' agreements of September 1, 1965, April 1, 1968, August 1, 1970, and June 1, 1972, respectively.

2. CITY'S ELECTRIC SYSTEM:

2.1 CITY agrees during the term of this agreement to provide for its electric system, at all times during each contract year, a minimum generating capacity equal to its system peak load during such contract year plus fifteen per cent (15%). Such generating capacity shall be provided through (a) installed

*see 1998 Amendments
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and operable generation at CITY's Station One, (b) reserved generation from CITY's Station Two, and/or (c) firm capacity purchased or otherwise available from others.

2.2 Standby capacity for CITY's generating capacity (as generating capacity is defined in paragraph 2.1) shall be provided as follows:

(a) BIG RIVERS shall provide standby capacity for CITY's Station One in an amount equal to the lesser of (i) the maximum net send-out capacity of all operable generating units in Station One, or (ii) the amount that CITY's load exceeds its generating capacity available from sources other than its Station One. 37

(b) CITY shall provide standby capacity for its generating capacity reserved from Station Two in an amount equal to such reserved generating capacity. The standby capacity referred to in this subparagraph shall be provided out of the alternate generating unit of Station Two as provided in Section 5 of the parties' Power Sales

Contract dated August 1, 1970. In the event that the alternate generating unit of Station Two is unavailable for standby service by reason of scheduled or unscheduled outage, BIG RIVERS will, on a best efforts basis, provide or procure standby capacity for CITY's reserved generating capacity from Station Two, subject to the provisions of paragraph 4.3 of this agreement.

3. BIG RIVERS ELECTRIC SYSTEM:

3.1 BIG RIVERS agrees during the term of this agreement to provide for its electric system at all times during each contract year a minimum generating capacity equal to its system peak load during such contract year plus fifteen per cent (15%). Such generating capacity shall be provided through (a) installed and operable generation at BIG RIVERS' generating stations, (b) generating capacity purchased from CITY's Station Two pursuant to the parties' Power Sales Contract dated August 1, 1970, and/or (c) firm capacity purchased or otherwise available from others.

*see 1998 Amendment
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3.2 Standby capacity for BIG RIVERS' generating capacity (as generating capacity is defined in paragraph 3.1 hereof) shall be provided as

follows:

(a) BIG RIVERS shall provide out of its own generating units or by purchase or other availability from others, standby capacity equal to the greater of (i) the largest generating unit of BIG RIVERS' electric system at the time of execution of this agreement, or (ii) the largest generating unit of CITY's Station Two at the time of execution of this agreement.

(b) BIG RIVERS' generating capacity purchased or otherwise available from others shall be firm capacity with adequate standby being provided by the supplier.

4. PAYMENTS:

4.1 There shall be no capacity charge for standby service to be provided CITY by BIG RIVERS under the terms of this agreement.

4.2 Electric energy delivered under this agreement shall be settled for by the return of the equivalent energy or, at the option of the supplying party, by payment. If the equivalent energy is returned, it shall be returned at times when load conditions of the receiving party are substantially

equivalent to the load conditions of such party at the time it delivered the energy; or, if such party elects to have equivalent energy returned under different conditions, it shall be returned in such amounts as will compensate for the difference in conditions. If payment is made as herein provided, it shall be made on the basis of out-of-pocket costs as set forth in Exhibit "A" hereof plus ten per cent (10%) of such out-of-pocket costs.

4.3 If the energy requested by CITY under this agreement is not available from BIG RIVERS' generating capacity for reasons beyond BIG RIVERS' reasonable control, but is available from other sources, BIG RIVERS will purchase the energy from such other sources in order to make the delivery to CITY, in which event the costs to the CITY for such energy shall be the actual, out-of-pocket purchase costs to BIG RIVERS for making such delivery, plus an adjustment for losses incurred over BIG RIVERS' electric system.

5. GENERAL PROVISIONS:

5.1 This agreement shall be subject to and governed by the terms and provisions of the parties' Interconnection Agreement dated

June 1, 1972, the terms and provisions of which are incorporated herein by this reference.

5.2 IF there is any conflict between the terms and provisions of this agreement and the terms and provisions of the parties' Interconnection Agreement dated June 1, 1972, then the terms of this agreement shall prevail to the extent of such conflict.

6. AMENDMENTS:

6.1 This agreement may be amended only by written amendment executed by both parties hereto, which execution on the part of BIG RIVERS shall be subject to approval of the Administrator of the Rural Electrification Administration.

7. PARTIES BOUND:

7.1 This agreement shall be binding upon the parties hereto, their respective successors and assigns.

7.2 Any sale or other disposition of either party's electric system, or any portion or portions thereof which shall affect the terms and provisions of this agreement, shall be made subject to the terms and provisions of this agreement.

IN WITNESS WHEREOF the parties have caused this agreement to be executed by their respective officers, duly authorized therefor, this the day and year first above written.

CITY OF HENDERSON UTILITY COMMISSION
CITY OF HENDERSON, KENTUCKY

By *John P. [Signature]*
Chairman

ATTEST:

Dudley A. Emerson
Secretary

BIG RIVERS ELECTRIC CORPORATION

By *Robert D. Green*
President

ATTEST:

Leah Brooks
Secretary

This Instrument Prepared By

WEST AND TERNES, CHARTERED
Attorneys at Law
Suite 380 Imperial Building
110 Third Street
Henderson, Kentucky 42420

EXHIBIT "A"

Out-of-Pocket Costs

DATE: June 1, 1972
FIRST PARTY: BIG RIVERS RECC
SECOND PARTY: CITY OF HENDERSON, KY.

For purposes of this agreement and the schedules attached hereto "out-of-pocket costs" shall mean the cost of fuels in the generating station or stations of the supplying party plus one mil per kwh, plus losses to point of delivery and plus any applicable startup charges. Cost of fuels as used herein shall include all fuel costs, handling charges and associated fuel charges includable within FPC Account 501.

IN WITNESS WHEREOF the parties have caused this schedule to be executed by their duly authorized officers on the date above referred to.

FIRST PARTY: BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION

By: Robert D. Green

Title: President

ATTEST:

By: Lloyd Brooks

Title: Secretary

SECOND PARTY: CITY OF HENDERSON UTILITY COMMISSION
CITY OF HENDERSON, KENTUCKY

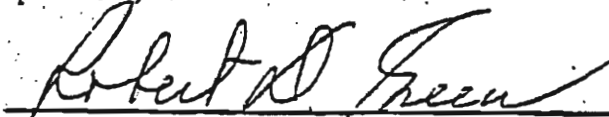
By: L. B. ...

Title: Chairman

EXCERPT FROM THE MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
APRIL 12, 1974

Upon motion of Texal Brooks, seconded by Robert D. Green, it was unani-
mously moved that Contract No. 293 between Henderson Municipal Power &
Light and Big Rivers be approved.

I, Robert D. Green, President
of the Board of Directors of Big
Rivers Electric Corporation hereby
certify that the above is a true
and correct excerpt from the
minutes of Regular Meeting of
said corporation held on
April 12, 1974.


Robert D. Green