

October 17, 2013  
Five o'clock P.M.  
North Little Rock City Hall Council Chambers  
300 Main Street  
North Little Rock, Arkansas

A Special Call meeting of the North Little Rock City Council scheduled for Thursday, October 17, 2013, was called to order at 5:01 p.m. by the honorable Mayor JOE A. SMITH. The roll having been called and the following Aldermen answered to their names: DEBI ROSS, BETH WHITE, MAURICE TAYLOR, LINDA ROBINSON, STEVE BAXTER, BRUCE FOUCTCH, CHARLIE HIGHT, and MURRY WITCHER (7/0), a quorum was declared. City Clerk Diane Whitbey and Assistant City Attorney Matt Fleming were also present.

Mayor Smith announced a Special Call scheduled for this date.

October 14, 2013 (via email)

Subject: Special Call for Thursday, October 17, 2013

Honorable Members of the North Little Rock City Council:

The purpose of this e-mail is to advise you that Mayor Smith has called a special meeting of the North Little Rock City Council at 5:00 p.m., on Thursday, October 17, 2013, at City Hall Council Chambers, North Little Rock, Arkansas. The following will be on the agenda:

- 1) AN ORDINANCE APPROVING A CONTRACT TO PURCHASE ELECTRIC POWER, WAIVING COMPETITIVE BIDDING; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES.

Sponsor: Mayor Joe A. Smith

A copy of the proposed ordinance is attached hereto for your reference. (The contract itself (Exhibit "A") is not available at the time of filing but will be provided prior to the city council meeting.)

Pursuant to Sec. 2-48(2) of the North Little Rock Municipal Code, you are entitled to 72 hours' *electronic* notice of this meeting. Please acknowledge receipt of this e-mail as soon as possible by replying to the same. A copy of your reply will automatically be sent to City Clerk Diane Whitbey.

City Attorney C. Jason Carter  
By: Matthew W. Fleming  
Deputy City Attorney

Special Call O-13-97 (ORDINANCE NO. 8579 – MAYOR SMITH)

AN ORDINANCE APPROVING A CONTRACT TO PURCHASE ELECTRIC POWER, WAIVING COMPETITIVE BIDDING, DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES, was

read. On the motion of Alderwoman Ross and seconded by Alderman Witcher, and by consent of all members present, the rules were suspended and the ordinance was placed on its second reading (7/0). On the motion of Alderwoman Ross and seconded by Alderman Baxter, and by consent of all members present, the rules were again suspended and the ordinance was placed on its third and final reading (7/0). The ordinance was read a third and final time.

Alderman Taylor entered the council chambers at 5:03 p.m.

Interim General Manager North Little Rock Electric Department (NLRED) C. Jason Carter provided the following Summary 2013 Electric Power Contract: *As in previous years, this contract will result in the largest annual expenditure of the City. Many key terms will differ from previous years since the effective date is anticipated to roughly coincide with the launch of the Midcontinent Independent System Operator (MISO) market in Arkansas. This new market constitutes a major shift in Arkansas' electric industry. It presents new opportunities, as well as risk and uncertainty. NLRED has sought to responsibly navigate this marketplace with a balanced approach to cost and risk, reflective of the City's Integrated Resource Plan. Under the proposed contact, NLRED would begin managing the production of its generation resources in the market. When City generation resources produce excess energy, that energy would be sold in the market at market prices. When those resources produce insufficient energy, the City would purchase replacement energy from the market at market price. This approach is intended to reduce costs and allow NLRED to experience market participation while minimizing exposure to price volatility. The term of the contract would be three years (this term was selected because it would allow the new MISO market to stabilize and allow NLRED to better understand the market before proceeding with another round of power contracting). The delivery point of power under the contract is MISO's Indiana Hub which was selected as a particularly favorable point of transaction due to a large number of potential bidders and favorable congestion analysis. The competitive process used to solicit contract proposals is substantially the same as the process used in 2009. Prior to 2009, the City followed the state bidding process for purchasing electricity and incurred a staggering price increase. The City responded by altering the procurement process to competitive price solicitations through multi-party negotiation. In December 2008, the City adopted Ordinance No. 8122 defining "Wholesale Power Negotiator" to be a professional service. In 2009, the City relied upon the advice of its negotiator, GDS Associates, Inc (GDS), to waive formal bidding and enter into a power contract that dramatically reduced costs for NLRED customers. The City has followed the same process, with the advice of GDS, to procure the current proposal. The City*

*has benefitted from the anticipated MISO market through increased competition and reduced pricing. The City will incur financial obligations to ISO and others for their respective roles in administering the system and marketplace. These obligations can be estimated, but are currently unknown. Also, the cost of congestion on the bulk transmission system is uncertain. During the next three years, the City must continue developing and implementing strategies that properly balance cost and risk in order to provide dependable power to our customers at an affordable price.* The city started soliciting Requests for Proposals earlier this year. Mr. Garrett Cole, (Advisor) GDS Associates, Inc. said they sought energy only. In the past, energy, capacity and other MISO services were sought. The main commodity and component is wholesale costs. Over 10 different entities responded to the initial RFP. The list was narrowed down to three suppliers: NRG (current supplier), BT Energy and NextEra Energy. Prices provided at noon today were: BT Energy at 4179 MWh, NRG at 4182 MWh, and NextEra Energy at 4191 MWh. The recommendation is to continue with NRG which is the current supplier. There is no expected delay in moving into the market December 19, 2013, with NRG. All three bidders were within a few cents of each other (which would be around a \$30,000.00 difference over the term of the contract). Alderman Witcher asked if flow-gate changes or restraints in the transmission system were anticipated. He also asked where (North Little Rock's) power would be metered from. Mr. Garrett said Entergy would be responsible. Alderman Foutch referenced page 27 of the Agreement and asked about the cost (Excess Entergy Charge/Credit to Buyer = 100,000 x) \$50.00 – (contract price) per MWh. Mr. Garrett said it is an example or calculation of Excess Load Invoicing only and not relevant to the actual agreement. He then referenced either a credit or charge for excess energy. Alderman Witcher said this indicates no fuel adjustment component. Mr. Garrett said that was correct. This is a market fixed price (energy only contract). Savings should be known within three to six months. Mayor Smith said the average market price of power will fluctuate daily. On the motion of Alderwoman Ross and seconded by Alderman Witcher, and by consent of all members present the ordinance was amended as follows:: *insert* NRG (POWER MARKETING LLC) *in Sections 2 and 3* (8/0). A motion to adopt as amended was made by Alderwoman Ross and seconded by Alderman Hight. On the motion of Alderwoman Ross and seconded by Alderman Baxter, and by consent of all members present, the ordinance was again amended as follows:: *attach Exhibit "A" POWER SUPPLY AGREEMENT provided this date* (8/0). On the motion of Alderman Witcher and seconded by Alderman Hight, and the roll having been called, and all members present, having voted in the affirmative, the ordinance was unanimously adopted as amended (8/0). Emergency clause unanimously adopted (8/0).

There being no further business to come before the Council, and on the motion of Alderman Witcher and seconded by Alderwoman Ross, and by consent of all members present, the meeting was adjourned at 5:24 p.m. (8/0), until the next regularly scheduled meeting to be held on Monday, October 28, 2013, at six thirty o'clock p.m. in the City Council Chambers in City Hall, located at 300 Main Street, North Little Rock, Arkansas.

APPROVED: \_\_\_\_\_  
MAYOR JOE A. SMITH

ATTEST: \_\_\_\_\_  
DIANE WHITBEY, CITY CLERK