

Supp I to AWW Agreement

DISTRIBUTION	
General Manager	<input type="checkbox"/>
Rates & Tariff	<input checked="" type="checkbox"/>
Finance Manager	<input type="checkbox"/>
Chief Engineer	<input type="checkbox"/>
Generation Mgr.	<input type="checkbox"/>
Operation Mgr.	<input type="checkbox"/>
Sys. & Com. Mgr.	<input type="checkbox"/>
Attorney	<input type="checkbox"/>
Power Mgr.	<input type="checkbox"/>
Cust. Serv. Mgr.	<input type="checkbox"/>
APA/AWL Agreement	<input checked="" type="checkbox"/>

Agreement for Public Water Supply and Energy Generation from Eklutna Lake, Alaska

Supplemental Agreement No. 1

Interim Compensation, Allocation and Operating Procedures

1. Purpose. Supplemental Agreement No. 1 (SA-1) supplements the February 17, 1984 "Agreement for Public Water Supply and Energy Generation from Eklutna Lake, Alaska." SA-1 provides an interim period during which compensation for reduced energy production at Eklutna Power Project will consist of energy recovered and returned to Alaska Power Administration (APA) and cash. These interim arrangements recognize that the compensation methods contemplated in Section III.4. and Exhibit C of the 1984 Agreement will be inappropriate while water diversions for Eklutna Water Project (EWP) constitute a very small fraction of the available water supply.
2. Interim Period. For the interim period beginning with initial operation of the Eklutna Water Project in 1988, and ending September 30, 1993, the compensation requirements in paragraph III.4. for the return of energy "in kind" is suspended and Exhibit C (except for paragraphs IV.8. and 9. of Exhibit C concerning unused portions of Municipality of Anchorage [MOA] water allocations and reservoir spillage) will not be applicable. During this interim period, the compensation and allocation provisions described below will apply; provided that the interim period will terminate on such date before September 30, 1993, on which water diversion for the Eklutna Water Project will have exceeded 12,000 acre-feet over a period of 12 calendar months.
3. Interim Allocation Procedures.
  - a. Prior to August 1 of each year, MOA will furnish to APA its estimates of monthly diversions for the next water year (October 1 - September 30).
  - b. Prior to September 1 of each year, APA will establish a water allocation from Eklutna Lake equal to the MOA estimates and so advise MOA. APA will operate the Power Project in a manner to assure that MOA's allocation is available for use by Eklutna Water Project.
  - c. MOA shall, when possible, give notice to APA of any unusual increase or decrease of its demands for water not included in the daily schedule or annual diversion plan.

4. Metering.

- a. MOA will furnish APA such information as is necessary for making any computation required for the purposes of the contract. MOA and APA will cooperate in exchanging other additional information as may be reasonably useful for their operations.
- b. The metered value of each meter shall be the measurement automatically recorded by the meter, but if not so recorded, shall be the measurement as determined by APA. (See paragraph 5d.)
- c. If any measurements are to be adjusted for losses, the adjustments shall be made by using factors, or by compensating meters, as agreed upon by APA and MOA. If changes in conditions occur which substantially affect any such loss factor or compensation, it will be changed to conform to the changed condition.
- d. APA may at any time install a meter to make the measurements required for any computation or determination mentioned in the contract and if such a meter is installed, its measurements shall be used for the computations or determinations.
- e. MOA will, at its expense, test its meters mentioned in this agreement at least once every year using industry standard calibrating and test equipment, and if requested to do so by APA, will make additional tests or inspections of the meters. The expense of additional tests or inspections shall be paid by APA unless they show the meters to be inaccurate. MOA will give 20 working days notice of the time when any test or inspection is to be made so APA may have representatives present. Meters found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering within thirty days of detecting an error.

5. Meter Readings and Billing.

- a. On the first working day of each month, MOA will read flow and watt-hour meters and report the meter readings showing water flow from the lake and recovered energy delivered to APA and/or taken from the system. APA shall receive meter readings from the water flow meters and watt-hour meters shown in exhibit A (delivery points). The electrical energy recovered and delivered to APA shall be metered by revenue accuracy equipment, i.e., CT, PT, and kwh meters, at the MEA metering point

of the MOA system. The total amount of energy put into the MEA distribution system shall be credited as power recovered and returned to APA.

- b. APA will submit bills to MOA on or before the tenth day of each month, for water furnished during the preceding month and payments will be due and payable by MOA on the first day of the month immediately succeeding the date each bill is submitted.
- c. If MOA fails to pay any bill when due, a charge for late payment of two percent (2%) of the amount unpaid shall be added thereto and thereafter, an additional charge of one and one-half percent (1 1/2%) of the principal sum unpaid shall be added on the first day of each succeeding calendar month until the amount due, including late charges, is paid in full. APA shall have the right, upon not less than fifteen (15) day's advance written notice to discontinue furnishing water to MOA for nonpayment of bills and to refuse to resume same so long as any part of the amount due remains unpaid. During such a discontinuance, water shall be reallocated among APA customers.
- d. If any meter mentioned in this contract fails to register, or if the measurement made by such meter during a test made as provided in this exhibit varies by more than one percent from the measurement made by the standard meter used in such test, adjustment shall be made correcting all measurements made by such inaccurate meter for (a) the actual period during which such inaccurate measurements were made if such period can be determined, or (b) if not, the period immediately preceding the test of such meter which is equal to one-half the time from the date of the last preceding test of such meter; provided, however, that the period during which such correction is to be made shall not exceed six months. Such corrected measurements shall be used to recompute the amounts due from MOA for the water made available under this contract during such period and shall be used, when applicable, in future billings to MOA. If the total amount due from MOA for such period as recomputed varies from the total amount due as previously computed, the amount of the variance shall be paid within 30 days after the recomputation is made.
- e. Each party shall have the right to read, at all reasonable times, any and all meters mentioned in this contract which are installed on the property of the

other. APA shall have the right to inspect the MOA installation. The inspection will be conducted during normal working hours.

- f. Except as otherwise expressly provided, ownership of any equipment installed by APA or MOA on the property of the other shall be and remain the property of the installing party.

6. Interim Compensation Arrangements.

- a. On the basis of the data furnished in 5(a) above, and the actual average kilowatt-hours per acre-foot (kwh/AF) recorded at the Powerplant for that month, APA will determine the net reduction in electrical energy generation because of the water used for the Water Project.
- b. MOA will compensate APA monthly for such net reductions in generation and for APA's actual monthly cost of administering the 1984 agreement. The monthly charge to MOA for administering the agreement shall be one hundred and fifty dollars (\$150) per month including overhead.
- c. The rate of compensation for reduced energy generation shall be set quarterly by APA in consultation with Anchorage Municipal Light and Power Department. Such rate will be communicated in writing to MOA on or before the first day of each quarter, to be effective for the next 3 calendar months. The initial rate applicable between the start of Water Project operations and September 30, 1988 shall be 3.18 cents per kilowatt hour.

7. Maintenance Scheduling.

- a. By October 1 of each year, MOA will provide APA an annual maintenance schedule of major equipment outages affecting water delivery or energy recovery. MOA will provide APA notification three days in advance of unscheduled equipment outages affecting water delivery or energy recovery which becomes necessary during the year. Notification to APA shall be given within 24 hours of an emergency equipment failure which affects water deliveries or energy recovery.
- b. By October 1 of each year, APA will provide MOA an annual maintenance schedule of major equipment outages affecting water delivery.

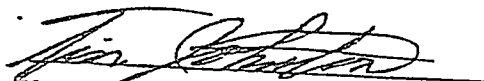
- c. Maintenance on the MOA water system which requires operation or maintenance of the ring follower valve, butterfly valve or bypass valve at the intake shall require an interconnect system clearance from APA. Switching or tagging this equipment for outages shall adhere to the procedures outlined in the "Power System Clearance Procedure" manual published by the Bureau of Reclamation and Western Area Power Administration. APA will place, verify, operate equipment (if required) and remove the interconnect clearance for maintenance following the procedures of the "Power System Clearance Procedure" manual.
- d. Maintenance of the APA or MOA tunnel requiring the APA intake structure bulkhead gate to shut off water shall be scheduled a minimum of 6 months in advance unless it is an emergency. The party requesting maintenance shall provide for the installation of the bulkhead gate.
- e. APA may temporarily interrupt or reduce deliveries of water to MOA in case of system emergencies, or in order to perform maintenance work on the APA system. Except in case of emergency APA will give MOA notice of any such interruption or reduction including the reason and probable duration of the interruption.

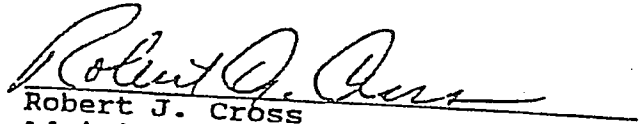
8. Acceptance.

MOA and APA have executed this Supplemental Agreement on this 24 day of August, 1988.

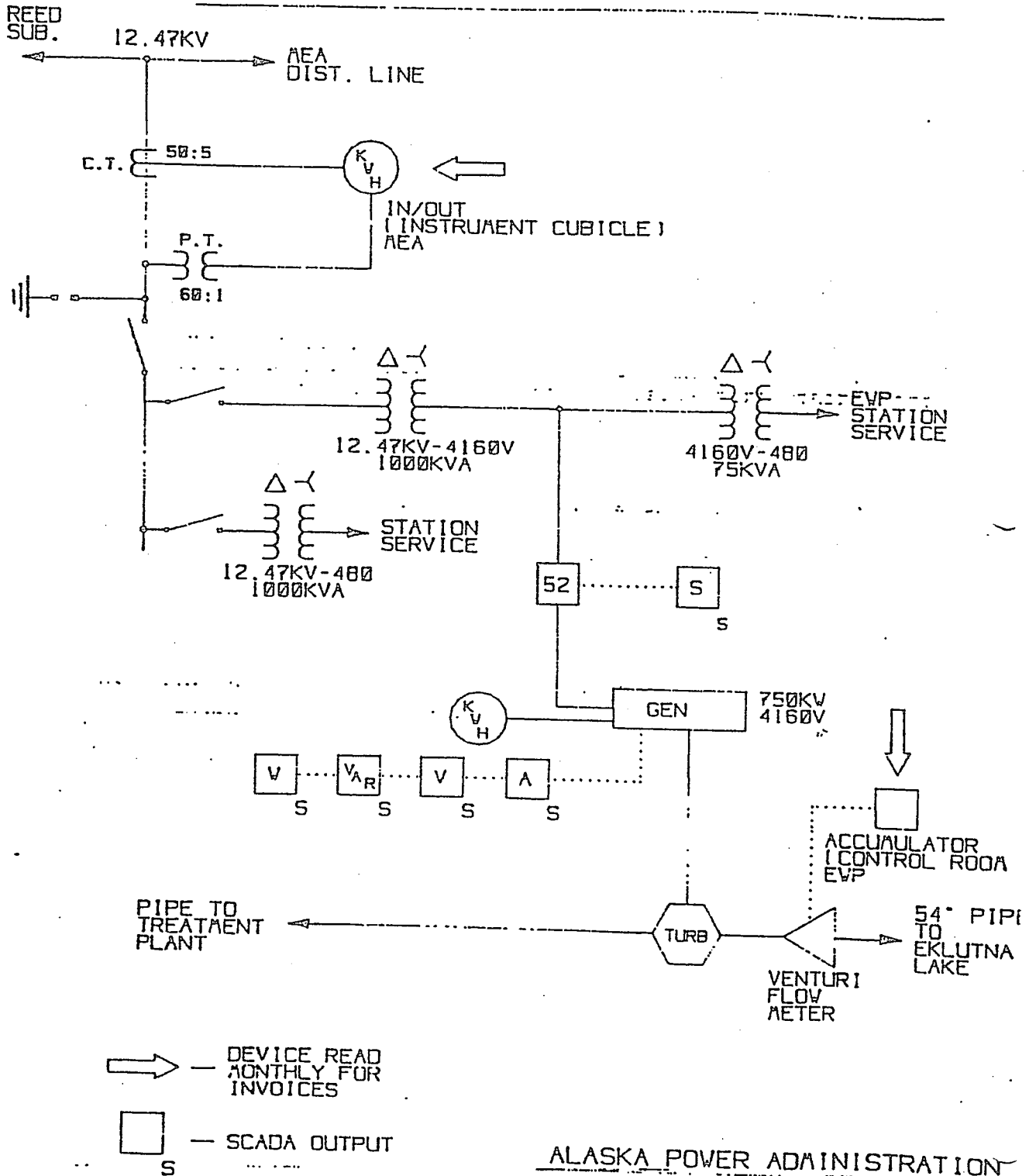
Municipality of Anchorage

United States Department of Energy  
Alaska Power Administration

  
Tim Johnston  
General Manager  
Anchorage Water and  
Wastewater Utility

  
Robert J. Cross  
Administrator

# EXHIBIT A - DELIVERY POINT



ALASKA POWER ADMINISTRATION  
 EXHIBIT "A"  
 EKLUTNA WATER  
 TREATMENT FACILITY