

Conformed

AMENDATORY AGREEMENT
BETWEEN
THE EMPIRE DISTRICT ELECTRIC COMPANY
AND
ARKANSAS POWER & LIGHT COMPANY

This Amendatory Agreement is agreed to on this 4th day of
October , 1962, by and between The Empire District Electric Company
(Empire) and Arkansas Power & Light Company (Arkansas) to be a part of and
to revise, supplement, and amend, as set forth herein, that certain Interconnection
Agreement, dated October 8, 1941, between Empire and Arkansas, by making the follow-
ing changes:

1. Revised Article I, Term of Agreement, to read as follows:

ARTICLE II

Term of Agreement

The Interconnection Agreement is hereby amended by changing
"June 30th, 1972" in Article I thereof to "November 14, 1980", and
this Amendatory Agreement shall become effective as of the date
first written above and shall continue in effect in accordance with
the provisions of the Interconnection Agreement as amended herein-
above.

ARTICLE XIII

Facilities to be Provided

It is recognized that, at the present time, the systems of the
two parties are physically interconnected by a 161 kv inter-
connection at Ozark Beach Interconnection Substation near Forsyth,
Missouri.

It is understood and agreed that under the terms of this Agreement this interconnection shall continue to be operated and maintained unless by mutual consent the parties hereto should agree otherwise. If it shall be deemed desirable to establish one or more additional points of interconnections from time to time or at any time, the parties shall provide for such interconnection or interconnections by mutual agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendatory Agreement to be executed by their duly authorized officers, as of the day and year first above written.

ARKANSAS POWER & LIGHT COMPANY

By /S/ Ralph R. Pittman
Vice President

ATTEST:

By /S/ M. E. Nichols
Assistant Secretary

THE EMPIRE DISTRICT ELECTRIC COMPANY

By /S/ R. C. Allen
Vice President-Operations

ATTEST:

By /S/ J. P. Dodge
Secretary

SUPPLEMENT NO. 1
TO SERVICE SCHEDULE B,
ECONOMY INTERCHANGE SERVICE,
BETWEEN
ARKANSAS POWER & LIGHT COMPANY
AND
THE EMPIRE DISTRICT ELECTRIC COMPANY

This Supplement No. 1 is agreed to on October 4, 1962 to be a part of, and to revise, supplement, and amend, as set forth herein, Service Schedule B of that Interconnection Agreement (hereinafter referred to as Interconnection Agreement), dated October 8, 1941, between Arkansas Power & Light Company (Arkansas) and The Empire District Electric Company (Empire), making the following changes and additions:

1. Supplement Section 2, Term of Service Schedule, to read as follows:

SECTION 6
TERM

6.1 The term of this Supplement to Service Schedule B shall start on the date first above written, provided that no transactions shall take place hereunder unless and until Schedule E of the Interconnection Agreement is approved by all regulatory bodies having jurisdiction in the premises, and shall continue in effect until termination or expiration of the Interconnection Agreement; provided, further, that either party may terminate this Schedule effective at the end of the tenth or any subsequent Exchange Year as hereinafter defined, upon at least four years' advance written or telegraphic notice to the other. The term "Exchange Year" shall mean the year beginning with November 15 of one calendar year and ending with November 14 of the next calendar year. The first Exchange Year hereunder shall be that beginning with November 15, 1965.

- 6.2 Add Sections 7, 8, 9, and 10 as set forth below:

SECTION 7
RECOGNITION OF SCHEDULES OF INTERCONNECTION AGREEMENT
AND OF OTHER AGREEMENTS BETWEEN OTHER PARTIES

7.1 It is recognized that the Interconnection Agreement has in effect as parts thereof the following schedules:

- Service Schedule A - Limited Firm Power Service, *out* dated November 21, 1960
- Service Schedule B - Economy Interchange Service, $\frac{A+B}{2} = \text{cost}$ dated November 21, 1960
- Service Schedule C - Emergency Assistance Service, *o demand, 7.5 mills* dated November 21, 1960
- Min. 850 - 1300 hrs or above if agreeable*
Service Schedule E - Diversity Capacity Exchange, *No Dem, 2.5 mills* dated October 4, 1962
- Min. 50 hrs per wk. 8 hrs consec. + up & down*
Service Schedule G - Sale of Power, dated October 4, 1962 *cancelled 1967 Fall 1.25 dem 2.5 mills*
- Service Schedule H - Winter Period Power Sales, dated *1.25 per winter period or 1.25 per KW* October 4, 1962 *Eng. Same as Econ + 10.70 or .25 mill, whichever is lower.*

7.2 It is further recognized that the parties hereto have in effect the following Service Schedules or Exhibits with companies not parties hereto which Service Schedules or Exhibits provide for Economy Energy or Economy Interchange transactions between the parties thereto.

- (a) Service Schedule C - Economy Energy Service, dated November 6, 1958, to Agreement between Empire and Kansas Gas and Electric Company, dated November 6, 1958.
- (b) Exhibit A - Intra-System Exchange and Interchange Service, to Agreement between Arkansas and Mississippi Power & Light Company and Louisiana Power & Light Company, dated June 1, 1951.
- (c) Service Schedule C - Economy Energy Service, to Agreement between Arkansas and Southwestern Electric Power Company, dated October 1, 1954.
- (d) Service Schedule C - Economy Energy Service, to Agreement between Arkansas and Oklahoma Gas and Electric Company, dated July 12, 1954.

SECTION 8
ALTERNATIVE METHOD OF ACCOUNTING, BILLING, AND
PAYMENT FOR ECONOMY ENERGY

8.1 It is recognized that Empire and Arkansas are participating along with other companies in the planning, construction, financing and operation of an extra-high voltage electric transmission system, as provided for in Section 7 of Schedule E of the Interconnection Agreement, providing a means, along with their other facilities, for Empire and Arkansas to purchase, sell, and exchange electric power and energy under the terms of the various Schedules to the Interconnection Agreement, including this Schedule B. It is further recognized that by reason of participation in the planning, construction, financing, and operation of such extra-high voltage facilities the parties hereto may under the terms and conditions set forth herein buy and sell Economy Energy and may use the alternative method of billing set forth hereunder.

8.2 It is recognized that due to operations under the provisions of the agreements specified in Section 7.2 above it may be desirable from time to time for the Buyer hereunder to sell Economy Energy to a third party or parties listed in Exhibit C of Schedule E under the provisions of one or more of such agreements specified in Section 7.2 at the same time that the Seller hereunder is supplying Economy Energy to the Buyer hereunder. If the parties hereto mutually agree to purchase and sell Economy Energy at such times for such purposes and under such conditions, such purchase and sale shall be accomplished as set out herein. It is understood and agreed that purchase and sale hereunder shall be entirely voluntary on the part of each party. It is understood and agreed that for purchase and sale under the terms of this Section 8.2 the alternative method of accounting, billing and payment as set out in Section 8.3 for such Economy Energy shall be applicable rather than the method set forth in Section 4 of this Schedule B.

8.3 For Economy Energy sales hereunder supplied at times and under conditions as set forth in Section 8.2, the alternative method of payment by Buyer to Seller shall be in accordance with the following formula when:

- (a) Buyer hereunder is making a simultaneous equivalent sale of Economy Energy (transmission losses considered) to a third party listed in Exhibit C of Schedule E and/or
- (b) Seller is making an equivalent simultaneous purchase of Economy Energy (transmission losses considered) from another party listed in said Exhibit C,

$$R = B \text{ plus } \frac{A - B}{2}$$

R = Rate per KWH for the specific block of energy purchased and sold hereunder.

A = Incremental cost of providing energy equivalent to the amount sold hereunder in accordance with the applicable category below; provided, that such incremental cost for the purposes hereof shall be adjusted for the change in transmission losses by reason of receipt of Economy Energy as compared with the transmission losses which would be incurred if no such Economy Energy sale occurred:

- (i) When Buyer hereunder is making a simultaneous equivalent sale of Economy Energy to a third party listed in Exhibit C of Schedule E, the incremental cost shall be that from the resources of such third party; except
- (ii) When Buyer hereunder is making a simultaneous equivalent sale of Economy Energy to a third party listed in Exhibit C of Schedule E and such third party is making a simultaneous equivalent sale of Economy Energy to a fourth party listed

in said Exhibit C, the incremental cost shall be that from the resources of such fourth party.

- (iii) When Buyer hereunder is not making a simultaneous equivalent sale of Economy Energy to a third party listed in said Exhibit C the incremental cost shall be that from the resources of Buyer.

B = Incremental cost of providing energy equivalent to the amount sold hereunder in accordance with the applicable category below; provided, that such incremental cost for the purposes hereof shall be adjusted for the change in transmission losses by reason of delivery of Economy Energy as compared with the transmission losses which would be incurred if no such Economy Energy sale occurred:

- (i) When Seller is meeting its Economy Energy commitment to Buyer from resources other than a simultaneous equivalent purchase from a party listed in Exhibit C of Schedule E the incremental cost shall be that from resources available to Seller.
- (ii) When Seller hereunder is buying Economy Energy from a third party listed in Exhibit C of Schedule E in order to fulfill Economy Energy sales hereunder, the incremental cost shall be the cost to such third party from the resources available to it, except
- (iii) When Seller hereunder is making a simultaneous equivalent purchase of Economy Energy from a third party listed in Exhibit C of Schedule E in order to fulfill Economy Energy

sales transactions hereunder, and said third party is making a simultaneous equivalent Economy Energy purchase from a fourth party listed in said Exhibit C the incremental cost shall be that from the resources of such fourth party.

The incremental costs for the calculation of "A" and "B" above shall be the costs as calculated at the time of mutual agreement between the parties as to the conditions of the specific Economy Energy transaction.

It is understood and agreed that if additional expense other than transmission losses should be incurred by Seller in any transactions covered in (a) and (b) hereinabove, Seller shall be compensated for such additional expense and the resulting necessary changes in incremental costs pertaining to such transactions shall be handled in accordance with criteria established by the Operating Committee.

It is understood and agreed for the purposes of calculations under this alternative method of billing that the combined systems of Arkansas, Mississippi Power & Light Company, Louisiana Power & Light Company, and New Orleans Public Service Inc., commonly referred to as the MSU System, shall be considered as one electric system or company.

SECTION 9
LOSSES AND ADDITIONAL EXPENSE

9.1 The adjustments for transmission losses including the losses as calculated for the purposes of computation of payments in Section 8.2 and any amounts for additional transmission expense as set forth in Section 8.3 shall be determined by criteria established by the Operating Committee.

SECTION 10
APPROVAL OF REGULATORY AUTHORITIES

10.1 This Supplement No. 1 to Service Schedule E shall not be effective unless and until approved by all regulatory bodies having jurisdiction in the premises.

IN WITNESS WHEREOF, the parties hereto have caused this Amendatory Agreement to be executed by their duly authorized officers, as of the day and year first above written.

ARKANSAS POWER & LIGHT COMPANY

By /S/ Ralph R. Pittman
Vice President

ATTEST:

By /S/ M. E. Nichols
Assistant Secretary

THE EMPIRE DISTRICT ELECTRIC COMPANY

By /S/ R. C. Allen
Vice President-Operations

ATTEST:

By /S/ J. P. Dodge
Secretary

APL FPC #14
EDE FPC #45

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INTERCONNECTION AGREEMENT

ARKANSAS POWER & LIGHT COMPANY

THE EMPIRE DISTRICT ELECTRIC COMPANY

OCTOBER 8TH, 1941

Including

Schedule A - 10/8/41 - *Cancelled 11-1-65*
(letter dated 11-16-65)
Emergency Service

Schedule B - 10/8/41
Economy Interchange Service

Schedule C - 10/8/41 - *Superseded by Sched "ES" - 1971*
(letter dated 11-19-70)
Secondary Interchange Service
(Superseding Schedules Attached)

Schedule ES
Emergency Service

Schedule RE
Replacement Energy Service

INTERCONNECTION AGREEMENT
ARKANSAS POWER & LIGHT COMPANY
THE EMPIRE DISTRICT ELECTRIC COMPANY

THIS AGREEMENT, made this 8th day of October, 1941,
by Arkansas Power & Light Company, hereinafter sometimes called
Arkansas Company, an Arkansas Corporation, and The Empire
District Electric Company, a Kansas Corporation, duly licensed
to and transacting the business of an electrical utility in the
State of Missouri, hereinafter sometimes called Missouri Company,

W I T N E S S E T H

WHEREAS, Arkansas Company has made and is making
arrangements for the construction of a transmission line suit-
able for operation at a nominal voltage of 154 kv extending from
the Norfolk Dam Substation of Arkansas Company to the Ozark Beach
Substation of Missouri Company and,

WHEREAS, it will be possible, when the construction of
said transmission line is completed, to effect a transmission
interconnection of substantial capacity between the respective
electric systems of the parties hereto, which interconnection
will make possible important benefits to each of the two systems,
to the regions served by each and to the public interest generally,
and,

WHEREAS, among the benefits to be derived from such an
interconnection will be more effective use of generating facilities,
further economies in production of electric energy, better assurance
of service in emergencies, wider outlet for hydro-electric power
and energy available from or through other interconnected systems,
and ability to meet more promptly the unexpected demands for electric
service which may arise in connection with the national defense pro-
gram,

NOW, THEREFORE, the parties do hereby agree as follows:

ARTICLE I - TERM OF AGREEMENT

This Agreement shall become effective as of the execu-
tion hereof and shall continue in effect until June 30th, 1972,
and thereafter unless or until terminated on such date or any

Nov 14, 1960
see annex
dated 10-4-62

subsequent June 30th by either party by written notice to the other party given not less than two years in advance of the intended date of termination.

ARTICLE II - FACILITIES TO BE PROVIDED

Arkansas Company will proceed immediately, with due diligence, and complete the construction of its 154 kv transmission line extending from its Norfolk Dam Substation to the Ozark Beach Substation of Missouri Company and agrees to complete said line within eight months from the date hereof, subject to delays caused by government priorities. Arkansas Company will keep the Missouri Company advised as to the progress being made in the construction of said line and the time when it is estimated said line will be completed.

Missouri Company will, as soon as practicable after execution of this Agreement, take immediate steps to design and construct suitable and adequate facilities at its Ozark Beach Substation so that, when said transmission line from the Norfolk Dam Substation to the Ozark Beach Substation is completed, the two systems can be electrically interconnected.

Throughout the term of this Agreement, Missouri Company will, so far as practicable, operate its Ozark Beach-Aurora transmission line at 154 kv, nominal voltage, or at such other voltage as may be agreed to from time to time by the Operating Committee. Nothing herein shall be construed to obligate Missouri Company to replace or to reconstruct its high voltage transformers at its Ozark Beach and Aurora Substations in order to make 154 kv, nominal voltage, operation possible. Throughout the term of this Agreement, each party hereto will maintain or cause to be maintained its portion of the interconnecting facilities in accordance with good practice.

ARTICLE III - SERVICES TO BE RENDERED

Inasmuch as the various specific services to be rendered in furtherance of the purposes of the parties in establishing the aforesaid interconnection will vary from time to time during the term hereof, and the terms, arrangements and rates applicable to such services must necessarily depend on the conditions from time to time existing, it is intended that such specific services and the terms, arrangements and rates applicable thereto will be set forth in Service Schedules from time to time formulated between the parties hereof, which Service Schedules when executed by the parties hereof will become parts of this Agreement during the periods fixed by their respective terms. Three initial Service Schedules, designated Service Schedule A, Service Schedule B and Service Schedule C, are attached hereto and are hereby made parts hereof.

ARTICLE IV - OPERATING COMMITTEE

Each party will appoint one representative to act for it in matters pertaining to the interconnected operation of the respective electric systems and in the operating arrangements for the interchange or delivery of power under or pursuant to this Agreement, said two representatives being hereinafter referred to collectively as the Operating Committee. Each party will evidence such appointment by written notice to the other party, and by similar notice either party may at any time change its representative on the Operating Committee.

Either party, by written notice to the other party, may withhold or withdraw from its representative on the Operating Committee authority to act for it in respect of matters specified in such notice, provided it designate in such notice another representative to act for it in respect

of such matters. Any representative, by written notice to the other representative, may authorize a substitute to act in his place in matters specified in such notice.

The two representatives on the Operating Committee shall be of equal authority, and all decisions made or directions given by the Operating Committee must be unanimous. In the event of disagreement within the Operating Committee with respect to questions arising under this Agreement, the matter or matters at issue, after reference to the respective managements may, upon demand of either party, be submitted to arbitration in the manner provided for in Article X hereof.

In the event that from time to time power and energy may to advantage be exchanged or sold between the parties upon bases not provided for in Service Schedules currently in effect and in circumstances such that arrangements must be made promptly in order to realize such advantage, or in case of emergencies, temporary arrangements for individual transactions may be made by the Operating Committee, provided, however, that no continuing commitment involved in arrangements so made by the Operating Committee shall extend for a longer period than thirty days.

ARTICLE V - SERVICE CONDITIONS

The systems of the parties shall normally be operated electrically interconnected, except as otherwise from time to time arranged between the parties, provided, however, that either party may effect interconnections with other systems, and in the event that it is found that such interconnections cannot be successfully maintained, while the systems of the parties hereto are electrically interconnected, and it is substantially to the advantage of one party to maintain such other interconnections, such party may temporarily, during such hours of the day as may be reasonable, disconnect its system from that of the other party to this Agreement.

The parties hereto recognize that difficult operating and technical problems may arise in the control of the frequency and in the control of the flow of power and of reactive kilovolt

amperes over the transmission systems of both parties and over other interconnections of both of them and that successful interconnected operation can only be accomplished through the cooperation of their respective operating departments. Such operating departments will cooperate with each other and with the operating departments of other interconnected systems in attempting to control the frequency and the flow of power and reactive kilovolt amperes from any one system to any other one of the interconnected systems so that as nearly as practicable the delivery and receipt of power and energy shall be accomplished as provided for in the agreements in effect. Except as otherwise from time to time arranged, neither party shall be obligated, in connection with any delivery of power, to carry reactive current for the other party when to do so would interfere with service in its system, would limit the use of the interconnecting facilities, or would require operation by the sender of generating equipment not normally operated.

Unintentional interchange between the systems of the parties, resulting from operation of the systems electrically interconnected, during periods as to which no service between the systems or a scheduled amount of interchange is intended, shall in so far as practicable be kept in balance from hour to hour, and any unbalance at the end of any such period shall be carried forward for balancing during a subsequent period.

ARTICLE VI - METERING

Power and energy interchanged hereunder or delivered by either party to the other under the provisions of this Agreement shall be measured in such manner and at such location as may be set forth in the Service Schedule applicable to the transaction.

All metering equipment required for the purposes of this Agreement shall be provided and maintained in accordance with good practice by the owner of the property upon which such metering equipment is located. The aforesaid metering equipment shall be tested by the owner at suitable intervals

and its accuracy of registration maintained in accordance with good practice. On request of either party concerned, special tests shall be made. Representatives of the other party shall be afforded opportunity to be present at all routine or special tests and upon occasions when any readings for purposes of settlements hereunder are taken.

If at any test of metering equipment an inaccuracy shall be disclosed exceeding two per cent, the account between the parties hereof for service theretofore supplied shall be adjusted to correct for the inaccuracy disclosed, such adjustment to apply to a period of thirty days prior to the date of the test or to the period during which such inaccuracy may be determined to have existed, whichever period be the shorter. Should any metering equipment at any time fail to register, or should the registration thereof be so erratic as to be meaningless, the power and energy delivered shall be determined from the best available data.

In addition to meter records, each of the parties will keep such log sheets and other records as may be needed to afford a clear history of the various amounts of power and energy involved in transactions hereunder and to effect such differentiations as may be needed in connection with settlements in respect of such transactions. The originals of all of such meter records and other records shall be open to inspection by representatives of each party.

As promptly as practicable after the end of each month, each party will render to the other party a statement setting forth appropriate data from meter registrations and other sources in such detail and with such segregations as may be needed for operating records or for settlements hereunder. Each party will also furnish appropriate data from

meter registrations or from other sources on such time bases as are established by the Operating Committee, when such data are needed for operating records or for settlements.

ARTICLE VII - BILLINGS AND PAYMENTS

All bills for amounts owed by one party to the other hereunder shall be due on the 15th day of the month following the monthly or other period to which such bills are applicable or on the 10th day following receipt of bill, whichever be the later. The standard periods for the purpose of settlements hereunder shall be calendar months. Unless otherwise agreed upon by the Operating Committee, such standard periods shall be calendar months commencing on the first day of the month. Interest on unpaid amounts shall accrue at 6% per annum, unless some other rate is arranged in respect of specific transactions, from the date due until the date upon which payment is made.

ARTICLE VIII - LIABILITY

Each party will defend, indemnify, and save harmless the other party against liability, loss, costs and expenses on account of any injury or damage to persons or property occasioned on or adjacent to its facilities on its own property or right-of-way unless it be proven that such injury or damage was caused by the sole negligence of the other party; provided, however, that each will defend, indemnify and save harmless the other party against liability, loss, costs and expenses resulting from injury to or death of its own employees, where such injury or death arises out and in the course of employment, whether or not such employees be harmed on the property of, or on or adjacent to the facilities of, the other party.

ARTICLE IX - UNCONTROLLABLE FORCES

Neither party shall be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of uncontrollable forces. The term "uncontrollable forces" shall be deemed for the purposes hereof to mean storm, flood, lightning, earthquake, fire explosion, failure of facilities, civil disturbance, labor disturbance, sabotage, war, national emergency, restraint by court or by public authority, or other causes beyond the control of the party affected, which such party could not reasonably have been expected to avoid by exercise of due diligence and foresight and by provision of reserve facilities in accordance with good practice. Either party unable to fulfill any obligation by reason of uncontrollable forces will exercise due diligence to remove such disability, if practicable, with reasonable dispatch.

ARTICLE X - ARBITRATION

In case the parties hereto shall be unable to agree upon any question arising hereunder, such question shall be referred for settlement to three arbitrators, one appointed by Arkansas Company, one appointed by Missouri Company and the third appointed by the two so chosen.

The party desiring arbitration shall notify the other of its appointment of an arbitrator and if the other party shall fail within the period of ten (10) days thereafter to appoint its arbitrator, or in case any two arbitrators appointed as herein provided shall fail for a period of ten (10) days after their appointment to select a third arbitrator, either of the parties hereto may make written application to the then Judge of the United States District Court having jurisdiction of the Eastern District of Missouri for the appointment of an

arbitrator or arbitrators necessary to make up the number of three and the parties hereto hereby consent to such appointment.

Such arbitrators, before entering upon their duties, shall make oath that they have no interest of any kind in either of the parties hereto, or in the subject matter of the arbitration, and that they will faithfully and honestly discharge the duties committed to them.

The matter in dispute shall be submitted in writing to such arbitrators immediately upon the completion of their appointment and the parties hereto shall do all things necessary to make proper submission thereof according to the character of the controversy as required by the arbitrators.

The decision in writing signed by a majority of the arbitrators in respect to the matters submitted to them shall be final and conclusive and each of the parties hereto agrees to accept and abide by the same.

Missouri Company and Arkansas Company shall each pay one-half (1/2) of the cost of any arbitration hereunder.

ARTICLE XI - WAIVERS

Any waiver at any time by either party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay short of the statutory period of limitation in asserting or enforcing any right shall not be deemed a waiver of such right.

ARTICLE XII - COMMISSION APPROVAL

This Agreement and all obligations hereunder are expressly conditioned upon the granting of such approval and authorization by any Commission, or other regulatory body, whose approval or authorization may be required by law.

ARTICLE XIII - ASSIGNMENT

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers, as of the day and year first hereinbefore written.

ARKANSAS POWER & LIGHT COMPANY

SIGNED

BY C. S. Lynch

Executive Vice President

Attest:

SIGNED

L. Garteit

Secretary

THE EMPIRE DISTRICT ELECTRIC COMPANY

SIGNED

BY D. C. [illegible]

Vice President

Attest:

[illegible]

Asst. Secretary