

RESOLUTION NO. 2026 - 06

**A RESOLUTION ACCEPTING AN OFFER FOR ASSIGNMENT OF RIGHTS
AND OBLIGATIONS UNDER THE INDEPENDENCE COMBINED CYCLE
GAS PLANT OWNERSHIP AGREEMENT; AND FOR OTHER PURPOSES**

WHEREAS, the City of Osceola, Arkansas (the “City”) owns and operates a municipal utility to furnish services for the benefit of the residents, businesses, and others as it has for over 110 years; and

WHEREAS, as requested by the City and authorized by Order No. 11 of Docket No. U-2903 (renumbered as 77-003-U) issued on January 4, 1980 by the Arkansas Public Service Commission, the City acquired a one-half of one percent (0.5%) undivided interest in the Independence Steam Electric Station (“Independence”) that is also owned by other municipal electric utilities (Jonesboro City Water and Light, the City of Conway, Arkansas, and the City of West Memphis, Arkansas), cooperative electric utilities (Arkansas Electric Cooperative Corporation and East Texas Electric Cooperative Corporation), and investor-owned electric utilities (Entergy Arkansas LLC and Entergy Mississippi LLC) as joint tenants; and

WHEREAS, Independence must cease burning coal by December 31, 2030, based on an order issued by the United States District Court of the Eastern District of Arkansas; and

WHEREAS, the municipal and cooperative owners of Independence plan to construct a new combined-cycle natural gas plant to be located on excess land at Independence (“Replacement Generator”) as evidenced by the Independence Combined Cycle Gas Plant Ownership Agreement (“Ownership Agreement”) that was executed by the City pursuant to Ordinance No. 2025-07 approved by the Osceola City Council on or about December 15, 2025; and

WHEREAS, the Replacement Generator is expected to produce electricity on January 1, 2031, to coincide with the retirement of the existing Independence coal plant; and

WHEREAS, the City has a full requirements wholesale power contract with Mississippi County Electric (“MCEC”) that extends through January 1, 2038, thereby diminishing the value of the Replacement Generator to the City for its first seven (7) years of operation; and

WHEREAS, the City has solicited offers to purchase its rights and obligations under the Ownership Agreement to be received by January 30, 2026; and

WHEREAS, the City has received a favorable offer to purchase its rights and obligations under the Ownership Agreement as shown on Exhibit A; and

WHEREAS, under Article 11 of the Ownership Agreement, other participants in the Ownership Agreement have a first right of refusal to match any offer to purchase.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Osceola, Arkansas that:

SECTION 1: The City hereby expresses its intent to accept the offer attached hereto as Exhibit A for the assignment of all rights and obligations under the Ownership Agreement. Pursuant to Section 11.2.2 of the Ownership Agreement, the City shall promptly transmit to the other parties

to the Ownership Agreement written notice of the City's intention to sell upon terms and conditions shown on Exhibit A.

SECTION 2: The Mayor and City Clerk are hereby authorized to execute any and all documents as may be deemed necessary or advisable to assign all rights and obligations under the Ownership Agreement according to the terms shown in Exhibit A.

SECTION 3: This resolution shall be effective upon approval.

PASSED AND APPROVED THIS 30th DAY OF January, 2026.

APPROVED: _____

Mayor Joe Harris, Jr.

ATTEST: _____

Jessica Griffin, City Clerk

A RESOLUTION OF THE BENTON PUBLIC UTILITIES COMMISSION

WHEREAS, the Independence Steam Electric Station (“Independence”) is a coal-fired electric generating unit (“EGU”) located in Independence County, Arkansas that has been ordered by the United States District Court of the Eastern District of Arkansas to cease burning coal by December 31, 2030; and

WHEREAS, owners of Independence, including the City of Osceola, Arkansas (“Osceola”), have agreed to construct a natural gas combined cycle EGU on excess property at Independence that will utilize the existing interconnection between Independence and the bulk electric system to deliver power to the owners on January 1, 2031 (“Replacement Generator”) as described in an agreement that has been lawfully executed by the owners (“Ownership Agreement”); and

WHEREAS, substantial effort is already underway toward the construction of the Replacement Generator; and

WHEREAS, Osceola has a full-requirements wholesale power contract through January 1, 2038; and

WHEREAS, Osceola has solicited offers for the purchase of all rights and obligations to which Osceola is entitled under the Ownership Agreement; and

WHEREAS, the Benton Public Utilities Commission (“BPUC”) has analyzed the advantages, costs, and risks of the Ownership Agreement and desires to respond to Osceola with an offer to purchase its rights and obligations as described in this Resolution; and

WHEREAS, BPUC acknowledges that, pursuant to the terms of the Ownership Agreement, any offer by BPUC to purchase Osceola’s interests will be subject to a first right of refusal by other owners.

NOW, THEREFORE, BE IT RESOLVED BY THE BENTON PUBLIC UTILITIES COMMISSION THAT:

1. The Benton Public Utilities Commission (“BPUC”) hereby offers to the City of Osceola, Arkansas (“Osceola”) the amount of five million dollars (\$5,000,000.00) for the assignment of all rights and obligations of Osceola under the Independence Combined Cycle Gas Plant Ownership Agreement to be paid according to the following schedule:

a. Within 20 days of acceptance:	\$ 2,000,000.00
b. Within 110 days of acceptance:	\$ 1,000,000.00
c. Within 200 days of acceptance:	\$ 1,000,000.00
d. <u>Within 290 days of acceptance:</u>	<u>\$ 1,000,000.00</u>
TOTAL:	\$ 5,000,000.00

2. In conjunction with the offer described above, BPUC further offers to Osceola that, if the assignment of Osceola's right and obligations under the Ownership Agreement is consummated, BPUC will additionally:

- a. Reimburse Osceola for such amount, if any, that Osceola pays according to the Ownership Agreement prior to the completion of the assignment contemplated in this Resolution.
- b. Include a provision in assignment documents between BPUC and Osceola that BPUC will negotiate in good faith with Osceola for the buy-back of Osceola's interests in the Replacement Generator to occur on or after January 1, 2038; *provided that*, neither party shall be obligated to complete such buy-back.

3. The General Manager is directed to promptly transmit a copy of this resolution to Osceola.

DATE ADOPTED: 1/20/2026

VOTE: 4-1 For

CHAIR: 