

**SECOND AMENDMENT TO THE
AGREEMENT FOR THE SALE AND PURCHASE
OF RECLAIMED WATER
BETWEEN THE CITY OF BISBEE AND
FREEPORT-MCMORAN CORPORATION**

This Second Amendment to the Agreement for the Sale and Purchase of Reclaimed Water between the City of Bisbee and Freeport-McMoran Corporation is intended to amend the Agreement originally entered into by and between these parties dated January 1, 2015. The following designated Sections of that Agreement are hereby amended as indicated below. All other terms and conditions of this Agreement shall remain in full force and effect.

1. Section 4. Infrastructure, Delivery Point and Metering.

Section 4.1.1 is hereby amended by replacement of the existing language of this Section with the following:

Given the addition of the solar panel array by the City of Bisbee and a specific electric meter to determine the amount of electricity used for the purposes of the operation of the infrastructure for the delivery of Reclaimed water to Freeport, the monthly charges for this electric service starting January 01, 2015 will be determined as follows:

The City of Bisbee and Freeport have co-developed a calculator to distribute monthly electricity costs to each respective party. A copy of the calculator can be seen in Exhibit 1 of this Second Amendment. Below is a recapitulation of the function of the calculator:

1. All line item inputs from the monthly bill are entered into the calculator's respective sections.
2. The Freeport monthly quantity of electricity is assessed for the same period as the bill then entered into the calculator.
3. Each line item is classified into one of three categories:
 - a. "H" – These costs are not dependent on total power usage so these costs will be split equally between the City of Bisbee and Freeport.
 - b. "F" – Freeport will pay this item in full if and only if Freeport's total monthly power usage exceeds the net power usage when comparing power generated by the City of Bisbee solar panels and the City of Bisbee power demand. Should Freeport's power usage be less than the net power usage then these line items will be distributed proportionally to each site based on each party's power usage compared to total net power usage.

- c. "P" – These costs are proportional to power usage so these costs will be distributed to each party based on each respective party's power usage compared to total power usage.
4. The summary table collects the subtotals for each category of costs. These costs are then distributed to each respective party based on the nature of the classification.
5. The costs are then totaled for each party. The tax costs are then distributed to each group based on their fraction of the total bill.
6. The Administrative Service Charge will be reduced to \$187.50 per month and will be added to the Freeport portion of the bill.

2. Section 8. Effective Date and Term.

Section 8 is hereby amended by the substitution of the following language in this Section:

This Agreement shall be effective from and after the date of its initial execution by the Parties and shall remain in effect, unless otherwise terminated pursuant to the terms of this Agreement, until December 31, 2016.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on this 5th day of April, 2016.

CITY OF BISBEE, an Arizona municipal corporation



Ronald Oertle, Mayor

Attest:



Ashlee Coronado, City Clerk

Approved as to form:



Britt Hanson, City Attorney

FREEPORT-MCMORAN CORPORATION, a New York corporation

By: Ivan L. Huish

Name: IVAN L. Huish

Title: SN. Process leader

EXHIBIT 1: COPY OF CALCULATOR

Example with totals

June 2015		Gov Rule
COST OF NET ELECT		
Customer account charge	\$ 3.65	H
delivery service charge	\$ 44.39	F
demand charge	\$ 1,214.60	P
env benefits surcharge	\$ 375.05	P
federal env improvement surcharge	\$ 0.75	H
system benefits charge	\$ 20.31	F
power supply adjustment	\$ 6.07	F
metering	\$ 30.60	H
meter reading	\$ 1.97	H
billing	\$ 2.18	H
generation of electricity	\$ 611.36	F
federal transmission and ancillary services	\$ 304.32	P
federal transmission cost adjustment	\$ 181.82	P
four corners adjustment	\$ 45.34	P
LFCR adjustor	\$ 41.48	P
	\$ 2,883.89	
TAXES		
Regulatory assessment	\$ 5.72	
state sales tax	\$ 161.82	
county sales tax	\$ 14.54	
city sales tax	\$	
franchise fee	\$	
	\$ 182.08	

Governing Rules	Symbol	Description
50/50 Costs	H	City of Bisbee and FCX will split these costs equally
Full FCX Cost*	F	FCX will pay the full cost of this line item if and only if the FCX kWh usage is greater than the net electricity reading.
Proportional Cost - pre credit usage	P	Line items will be split based on the proportion of kWh used by each group

*IFF FCX kWh > Net Electricity - if not then the cost will be a proportional to the post credit kWh

APS Bill Amounts	kWh
Total Electricity from APS kWh	38,040
Total Electricity credited, kWh	31,200
Net Electricity, in kWh	6,840
FCX Power Use kWh	10,450
City of Bisbee Power, kWh (pre credit)	27,590

if Net is positive	Category	% kWh, pre	% kWh, post	Sum	FCX Portion	City of Bisbee Portion
	H			\$ 39.15	\$ 19.58	\$ 19.58
	F			\$ 682.13	\$ 682.13	\$
	P			\$ 2,162.61	\$ 594.09	\$ 1,568.52
	Sub Total			\$	\$ 1,295.80	\$ 1,588.09
	Tax Proportion				45%	55%
	Tax Amount			\$	\$ 81.81	\$ 100.27
	Total			\$	\$ 1,377.61	\$ 1,688.36
	Processing Fee			\$	\$ 187.50	\$
	Grand Total			\$	\$ 1,565.11	\$ 1,688.36

Example with formulas

June 2015		Gov Rule
COST OF NET ELECT		
Customer account charge	3.65	H
delivery service charge	44.39	F
demand charge	1214.6	P
env benefits surcharge	375.05	F
federal env improvement surcharge	0.75	F
system benefits charge	20.31	F
percent supply adjustment	6.07	F
metering	30.6	H
meter reading	1.97	H
billing	2.18	H
generation of electricity	611.36	F
federal transmission and ancillary services	304.32	P
federal transmission cost adjustment	181.82	P
four-corners adjustment	45.34	P
LFGR adjuster	41.48	P
	=SUM(B5:B22)	
TAXES		
Regulatory assessment	5.72	
state sales tax	161.82	
county sales tax	14.54	
city sales tax	0	
franchise fee	0	
	=SUM(B26:B30)	

Governing Rules	Symbol	Description
50/50 Costs	H	City of Blaine and FCX will split these costs equally
Full FCX Cost*	F	FCX will pay the full cost of this line item if and only if the FCX kWh usage is greater than the net electricity reading
Proportional Cost - pre credit usage	P	Line items will be split based on the proportion of kWh used by each group

*IFF FCX kWh > Net Electricity ... if not then the

APS Bill Amounts	kWh
Total Electricity from APS	38040
Total Electricity credited	31200
Net Electricity in kWh	=F8-F9
FCX Power Use, kWh	10450
City of Blaine Power, kWh (pre credit)	=F8-F12

if Net is positive		kWh pre	-F12/F8	-F13/F8
Category	Sum	-IFF(F12>F10 F12/F10)	FCX Portion	City of Blaine Portion
H	=SUM(B9:B12 B15:B17)	-F19*F5		F19*F5
F	=SUM(B9:B14 B18)	-IFF(F12>F10 F20 F20*(G17))		=0 F12-F10 0 F20*(H17)
P	=SUM(B10:B11 B19:B22)	=F21*G16		F21 H16
	Sub Total	=SUM(G19:G23)		=SUM(H19:H23)
	Tax Proportion	=G22/SUM(\$G\$22:\$H\$22)		=I22/SUM(\$I\$22:\$H\$22)
	Tax Amount	=B31*G23		B31*H23
	Total	=SUM(G24:G25)		=SUM(H24:H25)
	Processing Fee	187.5		0
	Grand Total	=SUM(G25:G26)		=SUM(H25:H26)