

NLR set to make electric switch

Power will come from Plum Point

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Much of the power flowing to North Little Rock Electric Department customers will be coming from a new source starting Wednesday.

Plum Point, the coal-fired power plant near Osceola in northeast Arkansas, will start delivering about 40 percent of North Little Rock's electricity when it comes online Wednesday, city utility General Manager Mike Russ said Friday.

Ratepayers won't notice any change, but could see their electric rates fall next year as a result. North Little Rock Electric has about 37,000 customers, including 6,500 in Sherwood.

"All it means is we start receiving power from Plum Point at one minute, or one second, really, after midnight Sept. 1," Russ said.

Mayor Patrick Hays has said the new plant's cost to the city utility could help further reduce electric rates to ratepayers in 2011. The City Council approved in this year's city budget a 5 percent reduction for residential customers and a 3 percent reduction to business and industrial customers that took effect April 1.

"I am optimistic that we'll be able to reduce our rates again for 2011," Hays said in an e-mail Friday during an out-of-state trip. "How much is too much of an unknown at this time.

"There are several important factors that will impact our ability to reduce rates, and they are yet to firm up to a point that presently gives me an ability to project next year's opportunities," Hays continued. "I remain hopeful that we will be able to achieve at least a similar reduction for 2011 that we achieved this year."

North Little Rock has been buying almost 85 percent of its power from NRG Energy of Princeton, N.J., since April 1 when the city changed wholesale electric providers to obtain a lower cost.

Remaining power comes from the city's Murray Dam Hydroelectric Plant and other minor sources.

"That will probably drop to about 40-44 percent of how much our power is coming from [NRG]," Russ said. "We will be getting power first from our hydroelectric plant and 60 megawatts of power from Plum Point. NRG, our wholesale provider, will have to make up the rest."

NRG is contracted to sell to North Little Rock at \$53.96 per megawatt hour through 2013. Buying from Plum Point will cost "slightly less" than \$53 per megawatt hour, according to projections, Russ said.

The city projected, during budget discussion last winter, paying \$14 million less annually with NRG than it has paid under its former wholesale power contract the past three years.

The savings allowed the city to include a \$10 million transfer from the utility's ratepayer revenue to the city's \$53.49 million general budget that pays for city services, public safety and workers' salaries. The amount was an increase of \$4.7 million over the utility's transfer in 2009.

"It's not a substantial savings," Russ said of Plum Point's rate, adding that he was spending Friday working on the utility's 2011 budget. "Plum Point will be basically the same price we're getting from NRG."

The City Council approved in October the purchase of up to 61 percent of its wholesale electric power from NRG beginning April 1.

It was estimated that the city would buy the minimum of 22 percent of its power from Plum Point, according to utility documents at the time.

Under its power contract that ended March 31, North Little Rock was paying an average of \$75 per megawatt hour to Constellation Energy of Baltimore.

That contract doubled the city's previous power costs, resulting in the City Council raising customers' rates by 38 percent for the average residence starting in December 2006.