

RECORDATION NO. 13087-E FILED

DEC 28 '99 1:32 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.
20006-2973

(202) 393-2266
FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

December 28, 1999

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Extension and Amendment Agreement, dated as of June 1, 1997, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Lease Agreement which was previously filed with the Commission under Recordation Number 13087-B.

The names and addresses of the parties to the enclosed document are:

Lessor: Mellon International Leasing Company
One Mellon Bank Center
Pittsburgh, PA 15258

Lessee: Houston Lighting and Power Company
(successor to Utility Fuels, Inc.)
1111 Louisiana, 10th Floor
Houston, TX 77002

A description of the railroad equipment covered by the enclosed document is:

four hundred nineteen (419) gondola cars (consisting of 440 set forth on the Schedule attached hereto subject to 21 casualties set forth in the Agreement)

R.S

Mr. Vernon A. Williams
December 28, 1999
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Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Alvord", written in a cursive style.

Robert W. Alvord

RWA/bg
Enclosures

SCHEDULE 1
THE EQUIPMENT

<u>Type</u>	<u>Quantity</u>	<u>Road Numbers -Both Inclusive</u>
105-ton 4240 cu. ft. gondola coal cars	440	UFIX 19001 - UFIX 19110 UFIX 20001 - UFIX 20110 UFIX 21001 - UFIX 21110 UFIX 22001 - UFIX 22110

DEC 28 '99

1:82 PM

EXTENSION AND AMENDMENT AGREEMENT
SURFACE TRANSPORTATION BOARD

THIS EXTENSION AND AMENDMENT AGREEMENT, dated as of June 1, 1997, is entered into by and between Mellon Financial Services Corporation #4 (formerly known as Mellon International Leasing Company and herein, "**Mellon**") and Houston Lighting and Power Company (successor to Utility Fuels, Inc., herein "**Houston**").

WHEREAS, Mellon, as Lessor, and Houston, as Lessee, are parties to a Lease of Railroad Equipment, dated as of April 1, 1981 (the "**Lease Agreement**"), pursuant to which Lessor leased to Lessee certain Units (capitalized terms used herein without definition shall have the meanings assigned to them in the Lease Agreement); and

WHEREAS, the Term of the Lease Agreement with respect to the Units expires on August 1, 1997, and Lessee desires to extend the Lease Agreement with respect to the Units as hereinafter identified and to amend the Lease Agreement to provide other rights and obligations with respect to such Units, and Lessor is willing to agree to such renewal and amendments on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual covenants hereinafter contained and intending to be legally bound hereby, the parties hereto agree as follows.

1. This Agreement shall apply to the 419 Units (the "**Remaining Units**") described in Appendix A of the Lease Agreement and bearing the identification numbers set forth in such Appendix A, other than the following Units: 19015; 21080; 19055; 22031; 21026; 22081; 19037; 19059; 20070; 21010; 21028; 21096; 21097; 22009; 22110; 19091; 19010; 20003; 19002; 21038; and 21030, and other than any other Unit that suffers a Casualty Occurrence prior to August 2, 1997.

2. Lessee hereby agrees to continue the lease of the Remaining Units from Lessor under the Lease Agreement for a term beginning on August 2, 1997, and ending on August 1, 2007 (the "**Extension Term**").

3. During the Extension Term, Lessee shall pay to Lessor as rental for each Remaining Unit, twenty (20) semiannual rental payments of One Thousand Eighty Seven and 20/100 Dollars (\$1,087.20) each ("**Extension Rent**"). Extension Rent shall be paid in arrears on February 1, 1998, August 1, 1998, and each February 1 and August 1 to and including August 1, 2007.

4. Effective upon commencement of the Extension Term, Appendix B to the Lease Agreement is deleted and replaced with Appendix B attached hereto as Annex I. Effective upon commencement of the Extension Term, the reference to "30% of the Purchase Price of such Unit" on page L-13 of the Lease Agreement is deleted and replaced with "Six Thousand Four Hundred Dollars (\$6,400.00)".

5. Effective upon commencement of the Extension Term, Section 7.5 of the Lease Agreement is amended by deleting the words "equal to that percentage of the Purchase Price of such Unit".

6. Effective upon commencement of the Extension Term, Section 7.9 of the Lease Agreement is amended by deleting the final sentence in the paragraph at the top of page L-19 and replacing it with the following: "The Termination Value as of the Termination Date on which payment is to be made shall be the amount set forth in Appendix C hereto opposite such date multiplied by the number of Remaining Units then subject to the Lease Agreement."

7. Effective upon commencement of the Extension Term, Appendix C to the Lease Agreement is deleted and replaced with Appendix C attached hereto as Annex II.

8. Section 13.1 of the Lease Agreement is amended by deleting the references to "7.3756%" on page L-30 and replacing them with "6.75%".

9. Section 16.1 of the Lease Agreement is deleted. Following expiration of the Extension Term, Lessee's options shall be as set forth in Sections 16.2 or 17 of the Lease Agreement.

10. All of the terms and conditions of the Lease Agreement shall apply to Lessee, Lessor and the Remaining Units during the Extension Term, except as modified herein.

IN WITNESS WHEREOF, the parties hereto have caused this Extension and Amendment Agreement to be executed and delivered by their duly authorized representatives on the date set forth below, but as of the day and year first written above.

**HOUSTON LIGHTING & POWER
COMPANY**

By: Carla J. Mitcham

June 19, 1997

**MELLON FINANCIAL SERVICES
CORPORATION #4**

By: 

Michael F. Marks
Vice President
June 30, 1997

APPENDIX B TO LEASE**Casualty Values
for each Remaining Unit**

<u>Casualty Payment Dates</u>	<u>Casualty Value</u>
February 1, 1998	\$18,564.43
August 1, 1998	18,214.55
February 1, 1999	17,819.65
August 1, 1999	17,386.30
February 1, 2000	16,916.12
August 1, 2000	16,412.89
February 1, 2001	15,878.42
August 1, 2001	15,314.47
February 1, 2002	14,722.96
August 1, 2002	14,102.47
February 1, 2003	13,452.86
August 1, 2003	12,772.67
February 1, 2004	12,061.71
August 1, 2004	11,321.56
February 1, 2005	10,555.67
August 1, 2005	9,764.73
February 1, 2006	8,953.34
August 1, 2006	8,118.24
February 1, 2007	7,261.47
August 1, 2007	6,400.00

APPENDIX C TO LEASE**Termination Values
for each Remaining Unit**

<u>Termination Dates</u>	<u>Termination Value</u>
February 1, 1998	\$18,564.43
August 1, 1998	18,214.55
February 1, 1999	17,819.65
August 1, 1999	17,386.30
February 1, 2000	16,916.12
August 1, 2000	16,412.89
February 1, 2001	15,878.42
August 1, 2001	15,314.47
February 1, 2002	14,722.96
August 1, 2002	14,102.47
February 1, 2003	13,452.86
August 1, 2003	12,772.67
February 1, 2004	12,061.71
August 1, 2004	11,321.56
February 1, 2005	10,555.67
August 1, 2005	9,764.73
February 1, 2006	8,953.34
August 1, 2006	8,118.24
February 1, 2007	7,261.47
August 1, 2007	6,400.00

REED SMITH SHAW & MCCLAY LLP

Writer's Direct Numbers:
Phone 412-288-3306
Fax 412-288-3063
wjsmith@rsm.com

435 SIXTH AVENUE
PITTSBURGH, PENNSYLVANIA 15219-1886
PHONE: 412-288-3131
FAX: 412-288-3063

To Whom It May Concern:

Reference is made to that certain Lease of Railroad Equipment, dated as of April 1, 1981 (the "Lease Agreement"), between Mellon International Leasing Company, as Lessor, and Utility Fuels, Inc. ("Utility Fuels"), as Lessee, which Lease Agreement was filed with the predecessor of the Surface Transportation Board on May 8, 1981, at 3:35 p.m. and assigned recordation number 13087-B.

On behalf of Mellon Financial Services Corporation #4 (f/k/a Mellon International Leasing Company and herein, "Mellon"), the undersigned, as counsel to Mellon, hereby certifies that attached hereto is a true and correct copy of an Extension and Amendment Agreement, dated as of June 1, 1997 (the "Extension Agreement"), between Mellon and Houston Lighting and Power Company (successor to Utility Fuels, and herein "HLP"), which Extension Agreement extends the term of and amends the Lease Agreement, as more fully set forth therein.

Sworn, this 27th day of December 1999.


William J. Smith, as counsel
to Mellon Financial Services
Corporation #4

COUNTY OF ALLEGHENY)
COMMONWEALTH OF PENNSYLVANIA) SS

On this the 27th day of December 1999, before me personally appeared William J. Smith, to me personally known, who being by me duly sworn, says that he is counsel to Mellon Financial Services Corporation #4, that the foregoing instrument was signed by him in such capacity, and that the statement set forth above is true and correct.


Notary Public

Notarial Seal
Lois Ann Schwarzmill, Notary Public
Pittsburgh, Allegheny County
My Commission Expires Oct. 25, 2001
Member, Pennsylvania Association of Notaries