BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Tariff Filing of KCP&L Greater Missouri Operations Company for Approval to Make Certain Changes in Its Charges for Steam Heating Service.	))))	**Case No. HR-2009-0092** Tariff No. YH-2009-0195

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UNANIMOUS STIPULATION AND AGREEMENT

COME NOW KCP&L Greater Missouri Operations Company ("GMO"), the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("Public Counsel"), and Ag Processing, Inc. ("AGP") (collectively, "the Signatories") and for their agreement to resolve all issues in this case, state as follows:

1. The Signatories agree the Commission should reject the proposed steam service tariff sheets GMO filed September 5, 2008 that initiated this general rate increase case. They further agree that the Commission should authorize GMO to file revised tariff sheets containing rate schedules for steam heating service designed to produce an increase in overall Missouri jurisdictional gross annual steam heating revenues, exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar fees or taxes, of $384,000. The Signatories agree the increase in steam heating service base rates of $384,000 shall be applied on an equal percentage basis to the non-fuel portion of the base rates. The revised tariff sheets are intended to become effective for service rendered on and after July 1, 2009 without the necessity for GMO to file any motion or other pleading to request their implementation for service provided on and after that date.

2. The Signatories agree that the contract constituting the current **Fuel Cost Customer/Utility Alignment Mechanism** (that was agreed to and recommended by the

Appendix A

parties in a Unanimous Stipulation And Agreement) approved by the Commission by its *Order Regarding Unanimous Stipulation and Agreement* issued February 28, 2006 in Case No. HR-2005-0450 that is commonly referred to as a Quarterly Cost Adjustment ("QCA Agreement") be modified or amended in the following particulars:

a. The base rate for the fuel component contained in the QCA Agreement shall be changed from $3.005 per MMBtu to $3.95 per MMBtu. As a result of this "rebasing," the energy charges per MMBtu contained on GMO's steam heating service tariff rate sheets to be submitted pursuant to paragraph 1 of this Unanimous Stipulation and Agreement shall increase by (and shall reflect an increase of) $1.1598 per MMBtu. Exemplar revised tariff sheets designed to implement this portion of this Unanimous Stipulation and Agreement and contract amendment are attached as Schedule 1.

b. The Signatories agree that the QCA quarterly rate adjustments GMO files shall be changed to reflect eighty-five percent (85%) of the actual fuel costs above or below the newly-agreed base of $3.95 per MMBtu for the fuel component contained in the QCA, rather than the current eighty percent (80%).

c. The Signatories agree that the input level of the QCA 12-month coal performance standard shall be amended from 2,184,104 MMBtus to 1,920,000 MMBtus, and the input level of the QCA three-month coal standard shall be amended from 495,695 MMBtus to 460,000 MMBtus. The nine- (9) and six- (6) month coal performance standards contained in the current QCA shall be removed. If the actual sales decrease below the test year sales level of 2,594,975 MMBtus, the Signatories agree the twelve-(12) month and three-(3) month coal performance standards shall be reduced in direct proportion, *i.e.* by multiplying the standard by actual sales (after annualization) and dividing the result by 2,594,975 MMBtus. However, if customer loads increase above the test year sales level of 2,594,975 MMBtus, the input levels of the QCA twelve-(12) month and three-(3) month standards will remain unchanged at 1,920,000 MMBtus and 460,000 MMBtus, respectively.

d. The QCA coal performance standards are based on expected normal availability of Lake Road Boiler #5. In the event of a major scheduled outage for system maintenance and improvement, such as occurred in the last quarter of 2008, the Coal Performance Standard shall be subject to further adjustment as agreed upon by the Signatories herein, to reflect the reduced availability of the coal-fired boiler resulting from the scheduled outage. As an example, should the coal-fired boiler be scheduled to be off line for 55 days in one quarter due to a major outage, the three-(3) month standard would be reduced to a level of 38.89% ((90-55)/90) of the three-(3) month standard. A corresponding adjustment of 84.93% ((365-55)/365) would be made to the twelve-(12) month standard.

3. The rates reflected in the exemplar tariff sheets of attached Schedule 1 are part of this Unanimous Stipulation and Agreement and are agreed to implement the respective provisions of this Unanimous Stipulation and Agreement and have been calculated based on the billing determinants developed by Staff in this proceeding. Subject to all provisions herein, this Unanimous Stipulation and Agreement resolves all revenue requirement and all rate design issues in this case.

4. GMO agrees that it will not seek to implement an increase in the base (non-QCA) rates for steam service sooner than fourteen (14) months following the

effective date of the tariffs the Commission approves in this proceeding. Provided that GMO submits any revised base rate tariff with a proposed effective date that is as least as long as required by this provision and that the effective date is at least eleven (11) months after the filing date of the rate case which proposes revised base rate tariffs, then the Signatory Parties agree that they will not seek to suspend the effective date of the tariffs beyond the effective date that is proposed by GMO.

5. Any Signatory may file suggestions, a memorandum or other pleading in support of this Unanimous Stipulation and Agreement, and the other Signatories shall have the right to file suggestions, memoranda or other pleadings in response. The contents of any suggestions, memorandum or other pleading provided by Staff, GMO, Public Counsel or anyone else are its own.

6. This Unanimous Stipulation and Agreement is being entered into solely for the purpose of settling all of the issues in this case, and not for any other purpose. None of the Signatories shall be deemed to have approved or acquiesced in any question of Commission authority, accounting authority order principle, cost of capital methodology, capital structure, decommissioning methodology, ratemaking or procedural principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery, or prudence that may underlie this Unanimous Stipulation and Agreement, or for which provision is made in this Unanimous Stipulation and Agreement, unless otherwise expressly specified herein.

7. This Unanimous Stipulation and Agreement represents a negotiated settlement. Except as specified herein, the Signatories to this Unanimous Stipulation and

Agreement shall not be prejudiced, bound by, or in any way affected by the terms or conditions of this Unanimous Stipulation and Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket or any pending judicial review and/or appeal including, but not limited to Case No. EM-2007-0374; (c) in this proceeding should the Commission decide not to approve this Unanimous Stipulation and Agreement in the instant proceeding, or in any way condition its approval of same.

8. The provisions of this Unanimous Stipulation and Agreement have resulted from extensive negotiations among the Signatories and are interdependent. If the Commission does not unconditionally approve and adopt each and every term of this Unanimous Stipulation and Agreement without modification, it shall be void and none of the Signatories shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof, unless otherwise agreed to by the signatory parties.

9. If approved and adopted by the Commission, this Unanimous Stipulation and Agreement shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Unanimous Stipulation and Agreement and the operation of this Unanimous Stipulation and Agreement according to its terms and conditions.

10. This Unanimous Stipulation and Agreement is not a contract with the Commission. Acceptance of this Unanimous Stipulation and Agreement by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has according to governing law. Thus, nothing in this Unanimous Stipulation and Agreement is intended to impinge or restrict in any manner the exercise

by the Commission of any statutory right, including the right to access information, or any statutory obligation.

11. If the Commission does not unconditionally approve this Unanimous Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void thereon, neither this Unanimous Stipulation and Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any party has to a hearing on the issues presented by the Unanimous Stipulation and Agreement, for cross-examination, or for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Unanimous Stipulation and Agreement had not been presented for approval, and any suggestions, memoranda, testimony or exhibits that have been offered or received in support of this Unanimous Stipulation and Agreement shall thereupon become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever, unless otherwise agreed to by the Signatories.

12. If the Commission accepts each and every specific term of this Unanimous Stipulation and Agreement without modification or condition, each of the Signatories waives its respective rights to cross-examine witnesses pursuant to Section 536.070(2) RSMo 2000; to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 2000; to the reading of the transcript pursuant to Section 536.080.2 RSMo 2000; to seek rehearing pursuant to Section 386.500 RSMo 2000 and to judicial review

pursuant to Section 386.510 RSMo 2000. These waivers apply only to a Commission Order Approving Unanimous Stipulation and Agreement or other Report and Order approving this Unanimous Stipulation and Agreement issued in this proceeding, and do not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Unanimous Stipulation and Agreement. Additionally, and subject thereto, the prefiled testimony and exhibits of the witnesses for the Signatories shall be deemed admitted into the record of this proceeding as though timely introduced without objection.

13. If the Commission has questions for representatives or witnesses of one or more of the Signatories, the Signatories shall make available, at any on-the-record session, their witnesses and attorneys for the issues settled by this Unanimous Stipulation and Agreement, provided that all of the Signatories are given adequate notice of the on-the-record session. The Signatories agree to cooperate in presenting this Unanimous Stipulation and Agreement to the Commission for approval, and shall take no action, directly or indirectly, in opposition to approval of this Unanimous Stipulation and Agreement.

14. This Unanimous Stipulation and Agreement embodies the entirety of the agreements between the Signatories in this case and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

WHEREFORE, for the foregoing reasons, the Signatories respectfully request that the Commission issue an Order approving the terms and conditions of this Unanimous Stipulation and Agreement.

Respectfully submitted,

STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

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/s/ James M. Fischer

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 13th day of May, 2009, to all counsel of record.

/s/ James M. Fischer
James M. Fischer

ADOPTION NOTICE
STEAM

On July 14, 2008, the transaction authorized by the Missouri Public Service Commission ("Commission") Report and Order dated July 1, 2008, in Case No. EM-2007-0374 closed. As a result, a wholly-owned subsidiary of Great Plains Energy Incorporated ("Great Plains Energy"), a Missouri corporation, was merged with and into Aquila, Inc. ("Aquila"), a Delaware corporation. Aquila was the surviving corporation. Once authorized by the Commission to do so, Aquila began doing business as KCP&L Greater Missouri Operations Company. Since that time, Aquila changed its name to KCP&L Greater Missouri Operations Company in accordance with §253 of the Delaware General Corporation Law. The company will continue doing business as KCP&L Greater Missouri Operations Company.

KCP&L Greater Missouri Operations Company hereby adopts, ratifies and makes its own in every respect, as if the same had been originally filed by it, all tariffs, schedules, and rules and regulations of Aquila, Inc. dba KCP&L Greater Missouri Operations Company filed with and approved by the Commission before the effective date of this tariff. KCP&L Greater Missouri Operations Company will operate in the area formerly served by Aquila, Inc. dba Aquila Networks – L&P using the name KCP&L Greater Missouri Operations Company.

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STEAM

STEAM SERVICE
STEAM

AVAILABILITY

Available for firm service from the Company's facilities to customers located in the vicinity of Lake Road Generating Station who shall contract to use this service for continuous periods of not less than two (2) years.

BASE RATE, MO981 Net two parts

1. Reserved Capacity Charge:
   For all BTU of Reserved Capacity, per month, per million BTU $428.04

Plus

2. Energy Charge per million BTU:
   For the first 300 million BTU's per million BTU's of reserved capacity $7.1651
   For all over 300 million BTU's per million BTU's of reserved capacity $5.9999

QUARTERLY COST ADJUSTMENT

The Energy Charge is subject to the Quarterly Cost Adjustment Rider.

LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES

See Company Rules and Regulations

LATE PAYMENT CHARGE

See Company Rules and Regulations

DETERMINATION OF RESERVED CAPACITY

The Reserved Capacity shall be the actual demand for the billing period but not less than eighty-percent (80%) of the highest actual demand established in the previous eleven (11) months, and in no case less than three (3) million BTU's per hour.

SPECIAL RULES

The pressure, temperature and heat content of all service under this schedule shall be only as specified by the Company.

Service will be furnished under, and this schedule shall be subject to Company Rules and Regulations.

STANDBY OR SUPPLEMENTARY SERVICE
STEAM

AVAILABILITY

Available for steam service to any customer who shall contract for a minimum monthly Reserved Capacity of three (3) mmBtu for a period of sixty (60) consecutive months, where the customer desires service as standby or supplementary to service provided by the customer's own facilities.

BASE RATE

Demand Charge per mmBtu

For each million Btu's of Reserved Capacity per month $795.86

Fixed Energy Charge per mmBtu

For each million Btu's per month $1.5853

Energy Fuel Charge per mmBtu

The energy fuel charge shall be determined based on the incremental cost of fuel for the period of actual energy usage.

Rental Charge per month

The Company and customer shall enter into a steam equipment rental contract and the customer shall agree to pay to the Company, in addition to his bill for service, a monthly rental charge therefore equal to one and three-fourths percent of the Company's total investment in all steam equipment solely dedicated to providing steam service to the customer.

QUARTERLY COST ADJUSTMENT

The Energy Charge is subject to the Quarterly Cost Adjustment Rider.

MINIMUM

The minimum monthly bill shall be the Demand Charge plus the Rental Charge.

LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES

See Company Rules and Regulations

LATE PAYMENT CHARGE

See Company Rules and Regulations

DETERMINATION OF RESERVED CAPACITY

The customer shall subscribe to a pre-specified demand level that shall be used in the calculation of the demand charge. In no case shall the specified reserved capacity be less than three (3) million BTUs per hour. The Company agrees to deliver, upon a minimum of six (6) hours notification, a demand level equal to, or less than, the subscribed demand level. If the customer requests and the Company delivers a demand greater than the subscribed level, the new actual demand delivered shall be used to calculate the monthly demand charge in the subsequent twenty-four (24) month period. At the end of the twenty-four (24) month period, if no higher demand has been delivered, the customer may again subscribe to a lower demand level. Delivery of a demand level that is higher than the subscribed level is subject to the Company's approval and the system conditions at the time of request. The Company does not assure delivery above the subscribed level.

CONTRACT SERVICE
STEAM

AVAILABILITY, MO982

Company may, in those instances in which it faces competition from an alternate supplier of industrial steam service or the possibility of self-generation of industrial steam by a customer, enter into a special rate contract(s) with the customer on such terms and conditions as may be agreed upon by Company and the customer which, in Company 's sole discretion, are deemed necessary to continue to maintain services to an existing customer, to reestablish service to a previous customer or to acquire new customers.

All such contracts shall be furnished to the Commission Staff and to the Office of the Public Counsel and shall be subject to the Commission's jurisdiction.

Unless otherwise specified or modified in the contract between the customer and Company, such service shall be subject to all other applicable Company rules, regulations, tariffs and General Terms and Conditions of Service applicable to industrial steam service on file with and approved by the Commission and as the same may be changed lawfully from time to time. The rates provided by any such contract shall not, however, exceed the tariffed rate which would otherwise be applicable nor be less than $6.1249 per mmBtu. Any such contract shall not bind the Commission for ratemaking purposes.

QUARTERLY COST ADJUSTMENT

The Energy Charge of any contract under this tariff is subject to the Quarterly Cost Adjustment Rider.

QUARTERLY COST ADJUSTMENT RIDER - STEAM
(Applicable to Service Provided Prior to July 1, 2009)

AVAILABILITY

This Quarterly Cost Adjustment (QCA) Rider applies to all sales of steam service provided under all steam rate schedules and contracts that occur prior to July 1, 2009.

The Company will file rate adjustments quarterly to reflect eighty percent (80%) of the change in the actual fuel costs above or below a base amount of $3.0050 per million BTU of thermal inputs. The sum of the Current Quarterly Cost Adjustment (CQCA), plus the three (3) preceding CQCAs, plus reconciling adjustments, if any, plus the Reconciliation Rate will be billed in addition to all other charges under applicable tariff provisions.

CALCULATIONS

Current Quarterly Cost Adjustment (CQCA):
The CQCA is the rate adjustment component designed to reflect the customer share of the variation in fuel cost for the most recent quarter. In the computation of the CQCA the numerator is the portion of fuel costs to be collected or refunded based on costs incurred for the previous quarter. The denominator is the number of annual billing units used to compute the rate component.

CQCA = Customer Share of Fuel Cost Variation for the Preceding Quarter divided by Annual Billing Determinants

Or, CQCA = $$\frac{[AM \times (FCPM_{pq} - FCPM_{b})] \times FI_{pq}}{BD_{p12} + BDA_{f12}}$$

Or, using spreadsheet software math conventions, except substituting variables for cell references:

CQCA = $((AM * (FCPM_{pq} - FCPM_{b})) * FI_{pq})$ /
$IF (OR (BD_{pq} > BD_{pq-4} * 1.05, BD_{pq} < BD_{pq-4} * .95), BD_{p12} + BDA_{f12}, BD_{p12})$

Where:

CQCA= Current Quarterly Cost Adjustment
AM= Alignment Mechanism = 80%
$FCPM_{pq}$= Fuel Cost per million BTU on input for the preceding quarter
$FCPM_{b}$= Base Fuel Cost per million BTU on input = $3.0050
FI_{pq} = Fuel Input (million BTUs of fuel input to the steam system) during the preceding quarter
BD_{pq}= Billing Determinants (million BTU delivered to retail customers) for the preceding quarter
BD_{pq-4}= Billing Determinants for the corresponding quarter one (1) year prior to the preceding quarter
BD_{p12}= Billing Determinants for the preceding four (4) quarters
BDA_{f12}= Billing Determinants Adjustment for the following year; provided, however, that this term shall be zero (0) unless BD_{pq} varies by more than five percent (5%) up or down from BD_{pq-4} and Company determines that an adjustment is appropriate.

Note: Billing determinants shall reflect usage corresponding to the period of fuel cost computations, regardless of the "billing" or "revenue month" in which such usage is billed.

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

Reconciling Adjustments and the Reconciliation Rate:

At the end of the twelve (12) months of collection of each CQCA, the over- or under-collection of the intended revenues (the numerator of the CQCA) will be applied to customers' bills through a Reconciliation Rate. The Company shall use a collection/refund/credit amortization period of twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA, except that the amount shall not be multiplied by the Alignment Mechanism again. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.

DETAILS

1. The cost of fuel will be the amounts expensed in account 501. The amounts expensed will continue to be based on the cost definitions currently used for the inclusion of costs in these accounts and on the currently used cost allocation methods, as explained in some additional detail: the cost of gas will include the cost of physical gas deliveries and financial instruments associated with gas delivered in the quarterly period. The cost of coal expenses to account 501 will continue to reflect the average cost of coal inventory and the cost allocation method(s) including but not limited to the following:

The fuel allocation is performed on a daily basis as is done in actual operations at the Lake Road Generating Station. Fuel expense is allocated based on the following equations:

$$F_S = [\, S / (\, E + S \,) \,] \times F$$
$$F_E = F - F_S$$

Where,

F is total 900-PSI boiler fuel
F_S is 900-PSI boiler fuel allocated to industrial steam sales
F_E is 900-PSI boiler fuel allocated to the electric turbines
S is industrial steam sales steam mmBtu from boilers
E is 900-PSI electric turbine steam mmBtu from boilers

The remaining fuel not allocated to the industrial steam sales system in the first equation is allocated to the electric system as shown in the second equation. Because the variable "F" shown above includes fuel burned for Lake Road plant auxiliary steam, fuel consumed for that purpose is properly allocated between the electric and industrial steam sales systems.

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

2. There shall be defined minimum amounts of coal generation. The BTUs from coal, for the purposes of the Quarterly Cost Adjustment mechanism shall be the actual BTUs for the computation period, provided however, that in any period of computation for a rate adjustment, the BTU attributed to coal shall not be less than 495,695 million for the most recent three (3) months, shall not be less than 1, 052,814 million for the most recent six (6) months, shall not be less than 1,617,803 million for the most recent nine (9) months, and shall not be less than 2,184,104 million for the most recent twelve (12) months. If coal generation falls below any defined minimum amount, additional coal generation will be imputed for the computation period up to the defined minimum that produces the largest adjustment and the amount of gas fired generation for the computation period will be reduced for the purposes of the Quarterly Cost Adjustment by a like amount. The cost attributed to any coal BTU imputed as a result of this coal performance standard shall be either the cost used for BTU burned during the period that is the basis for the adjustment (the 3, 6, 9, or 12 month standard) or the cost from the most recent quarter in which coal was burned, whichever is less. The gas cost associated with any reduction in gas BTU occasioned by any coal imputation will be the average gas cost per BTU for the time period that is used to price any imputed coal usage. The Company agrees that it will not seek an accounting authority order for fuel costs incurred, but not recovered, due to operation of this minimum coal provision.

3. The Company will make quarterly rate filings with the Commission to adjust the Quarterly Cost Adjustment Rider. Each quarterly rate adjustment will include the fuel costs from the preceding quarter. The Current Quarterly Cost Adjustment factors will be calculated by dividing the fuel costs by the preceding twelve (12) month billing determinants; provided, however, that in the event that steam BTU billing units in a computation period increase or decrease by more than five percent (5%) compared to the corresponding period one year earlier Company may make an adjustment to the historic billing determinants for use in the denominator of the Current Quarterly Cost Adjustment rate computation. Each Quarterly Cost Adjustment will remain in effect for twelve (12) months.

4. There are provisions for prudence reviews and the true-up of revenues collected with costs intended for collection. The reconciliation account shall track, adjust and return true-up amounts and any prudence amounts not otherwise refunded. Fuel costs collected in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the reconciliation account for collection unless a separate refund is ordered by the Commission. A reconciliation rate shall be established at a level designed to bring the reconciliation account to zero over a period of not less than twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA, except that the amount shall not be multiplied by the Alignment Mechanism again. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.

5. The quarterly rate adjustments will not include carrying costs related to the timing of fuel cost recovery.

QUARTERLY COST ADJUSTMENT RIDER - STEAM
(Applicable to Service Provided July 1, 2009 and Thereafter)

AVAILABILITY

This Quarterly Cost Adjustment (QCA) Rider applies to all sales of steam service provided under all steam rate schedules and contracts that occur on or after July 1, 2009.

The Company will file rate adjustments quarterly to reflect eighty-five percent (85%) of the change in the actual fuel costs above or below a base amount of $3.9500 per million BTU. The sum of the Current Quarterly Cost Adjustment (CQCA), plus the three (3) preceding CQCAs, plus reconciling adjustments, if any, plus the Reconciliation Rate will be billed in addition to all other charges under applicable tariff provisions.

CALCULATIONS

Current Quarterly Cost Adjustment (CQCA):
The CQCA is the rate adjustment component designed to reflect the customer share of the variation in fuel cost for the most recent quarter. In the computation of the CQCA the numerator is the portion of fuel costs to be collected or refunded based on costs incurred for the previous quarter. The denominator is the number of annual billing units used to compute the rate component.

CQCA = Customer Share of Fuel Cost Variation for the Preceding Quarter divided by Annual Billing Determinants

Or, CQCA = $\frac{[AM \times (FCPM_{pq} - FCPM_{b})] \times FI_{pq}}{BD_{p12} + BDA_{f12}}$

Or, using spreadsheet software math conventions, except substituting variables for cell references:
CQCA = $((AM * (FCPM_{pq} - FCPM_{b})) * FI_{pq}) /$
$IF (OR (BD_{pq} > BD_{pq\text{-}4} * 1.05, BD_{pq} < BD_{pq\text{-}4} * .95), BD_{p12} + BDA_{f12}, BD_{p12})$

Where:
CQCA= Current Quarterly Cost Adjustment
AM= Alignment Mechanism = 85%
$FCPM_{pq}$= Fuel Cost per million BTU for the preceding quarter
$FCPM_{b}$= Base Fuel Cost per million BTU = $3.9500
FI_{pq} = Fuel Input (million BTUs of fuel input to the steam system) during the preceding quarter
BD_{pq}= Billing Determinants (million BTU delivered to retail customers) for the preceding quarter
$BD_{pq\text{-}4}$= Billing Determinants for the corresponding quarter one (1) year prior to the preceding quarter
BD_{p12}= Billing Determinants for the preceding four (4) quarters
BDA_{f12}= Billing Determinants Adjustment for the following year; provided, however, that this term shall be zero (0) unless BD_{pq} varies by more than five percent (5%) up or down from $BD_{pq\text{-}4}$ and Company determines that an adjustment is appropriate.

Note: Billing determinants shall reflect usage corresponding to the period of fuel cost computations, regardless of the “billing” or “revenue month” in which such usage is billed.

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

Reconciling Adjustments and the Reconciliation Rate:

At the end of the twelve (12) months of collection of each CQCA, the over- or under-collection of the intended revenues (the numerator of the CQCA) will be applied to customers' bills through a Reconciliation Rate. The Company shall use a collection/refund/credit amortization period of twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA, except that the amount shall not be multiplied by the Alignment Mechanism again. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.

DETAILS

1. The cost of fuel will be the amounts expensed in account 501. The amounts expensed will continue to be based on the cost definitions currently used for the inclusion of costs in these accounts and on the currently used cost allocation methods, as explained in some additional detail: the cost of gas will include the cost of physical gas deliveries and financial instruments associated with gas delivered in the quarterly period. The cost of coal expenses to account 501 will continue to reflect the average cost of coal inventory and the cost allocation method(s) including but not limited to the following:

The fuel allocation is performed on a daily basis as is done in actual operations at the Lake Road Generating Station. Fuel expense is allocated based on the following equations:

$$F_S = [\ S / (\ E + S\ )\ ] \times F$$
$$F_E = F - F_S$$

Where,

F is total 900-PSI boiler fuel
F_S is 900-PSI boiler fuel allocated to industrial steam sales
F_E is 900-PSI boiler fuel allocated to the electric turbines
S is industrial steam sales steam mmBtu from boilers
E is 900-PSI electric turbine steam mmBtu from boilers

The remaining fuel not allocated to the industrial steam sales system in the first equation is allocated to the electric system as shown in the second equation. Because the variable "F" shown above includes fuel burned for Lake Road plant auxiliary steam, fuel consumed for that purpose is properly allocated between the electric and industrial steam sales systems.

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

2. Coal Performance Standard.

a. There shall be defined minimum amounts of coal generation. The BTUs from coal, for the purposes of the Quarterly Cost Adjustment mechanism shall be the actual BTUs for the computation period, provided however, that in any period of computation for a rate adjustment, the BTU attributed to coal shall not be less than 460,000 million for the most recent three (3) months, and shall not be less than 1,920,000 million for the most recent twelve (12) months. If coal generation falls below any defined minimum amount, additional coal generation will be imputed for the computation period up to the defined minimum that produces the largest adjustment and the amount of gas fired generation for the computation period will be reduced for the purposes of the Quarterly Cost Adjustment by a like amount.

b. For purposes of determining whether any such coal generation imputation is necessary, the 1,920,000 million BTU twelve-month coal performance standard and the 460,000 million BTU three-month coal performance standard will be reduced proportionately to the extent aggregate sales volumes (BD_{p12}) (billing determinants for the preceding twelve months) are less than 2,594,975 million BTUs. Should aggregate sales volumes exceed 2,594,975 million BTUs, the 1,920,000 million BTU twelve-month coal performance standard and the 460,000 million BTU three-month coal performance standard will remain unchanged.

c. In the event of a major scheduled outage for system maintenance and improvement, such as occurred in the last quarter of 2008, the Coal Performance Standard shall be subject to further adjustment as agreed upon by the Signatories herein, to reflect the reduced availability of the coal-fired boiler resulting from the scheduled outage. In such case, the three-month and twelve-month coal performance standards will be further adjusted proportionately as agreed to reflect any reduced availability of the Lake Road Boiler 5. As an example, should the coal-fired boiler be scheduled to be off line for 55 days in one quarter due to a major outage, the three-(3) month standard would be reduced to a level of 38.89% ((90-55)/90) of the three-(3) month standard. A corresponding adjustment of 84.93% ((365-55)/365) would be made to the twelve-(12) month standard.

d. Coal used in Lake Road Boiler 5 includes both high BTU coal and low BTU coal. These coals are blended for use in the boiler. If natural gas is less expensive than either coals used in Lake Road Boiler 5 and can be effectively used to lower the overall cost of fuels, then the BTU quantity of natural gas burned which would have otherwise been coal will be treated as coal BTU in determining the coal BTU used in comparison to the coal performance standard.

e. The cost attributed to any coal BTU imputed as a result of this coal performance standard shall be either the cost used for BTU burned during the period that is the basis for the adjustment (the 3 or 12 month standard) or the cost from the most recent quarter in which coal was burned, whichever is less.

f. The gas cost associated with any reduction in gas BTU occasioned by any coal imputation will be the average gas cost per BTU for the time period that is used to price any imputed coal usage.

g. The Company agrees that it will not seek an accounting authority order for fuel costs incurred, but not recovered, due to operation of this minimum coal provision.

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

3. The Company will make quarterly rate filings with the Commission to adjust the Quarterly Cost Adjustment Rider. Each quarterly rate adjustment will include the fuel costs from the preceding quarter. The Current Quarterly Cost Adjustment factors will be calculated by dividing the fuel costs by the preceding twelve (12) month billing determinants; provided, however, that in the event that steam BTU billing units in a computation period increase or decrease by more than five percent (5%) compared to the corresponding period one year earlier Company may make an adjustment to the historic billing determinants for use in the denominator of the Current Quarterly Cost Adjustment rate computation. Each Quarterly Cost Adjustment will remain in effect for twelve (12) months.
4. There are provisions for prudence reviews and the true-up of revenues collected with costs intended for collection. The reconciliation account shall track, adjust and return true-up amounts and any prudence amounts not otherwise refunded. Fuel costs collected in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the reconciliation account for collection unless a separate refund is ordered by the Commission. A reconciliation rate shall be established at a level designed to bring the reconciliation account to zero over a period of not less than twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA, except that the amount shall not be multiplied by the Alignment Mechanism again. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.
5. The quarterly rate adjustments will not include carrying costs related to the timing of fuel cost recovery.
6. In consideration of the sharing provision of this Rider, and the intent to rely on an alignment of customer and Company interests in efficient operations, a two (2) step approach to the review of prudence review will be followed. In Step One, Commission Staff will review to ascertain:
   6.1. that the concept of aligning of Company and customer interests is working as intended; and,
   6.2. that no significant level of imprudent costs is apparent.
7. This review may be entirely a part of surveillance activity. Customers will be given timely notice of the results of the Step One review no later than 75 days after the end of each year. In consideration of Step One results, the Staff may proceed with Step Two, a full prudence review, if deemed necessary. A full prudence review, if pursued, shall be complete no later than 225 days after the end of each year. Such full prudence review shall be conducted no more often than once every twelve (12) months and shall concern the prior twelve (12) month period or calendar year only, provided however that the full prudence review addressing the first partial year, if pursued, will be included with a full prudence review of the first full calendar year of operation of this rate mechanism.
8. Any customer or group of customers may make application to initiate a complaint for the purpose of pursuing a prudence review by use of the existing complaint process. The application for the complaint and the complaint proceeding will not be prejudiced by the absence of a full (Step Two) prudence review by Staff.
9. Pursuant to any prudence review of fuel costs, whether by the Staff process or the complaint process, there will be no rate adjustment unless the resulting prudence adjustment amount exceeds 10% of the total of the fuel costs incurred in an annual review period.

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

RATE:

Current Quarterly Cost Adjustment Table:

Period	First Effective Date	Last Effective Date	CQCA (by Quarter)

Reconciliation Table:

Period	First Effective Date	Months	Last Effective Date	Monthly Recon (by Quarter)

Quarterly Cost Adjustment Table:

Period	First Effective Date	Last Effective Date	Monthly QCA

Credits are shown in parentheses, e.g. ($.05).