

**FUEL ADJUSTMENT CLAUSE ELECTRIC**  
(Applicable to Service Provided June 4, 2011 and Thereafter)

DEFINITIONS**ACCUMULATION PERIODS, FILING DATES AND RECOVERY PERIODS:**

The two six-month accumulation periods each year through May 31, 2015, the two corresponding twelve-month recovery periods and the filing dates will be as shown below. Each filing shall include detailed work papers in electronic format to support the filing.

**Accumulation Periods**

June – November  
December – May

**Filing Dates**

By January 1  
By July 1

**Recovery Periods**

March – February  
September – August

A recovery period consists of the billing months during which the Cost Adjustment Factor (CAF) for each of the respective accumulation periods are applied to retail customer billings on a per kilowatt-hour (kWh) basis.

**COSTS AND REVENUES:**

Costs eligible for the Fuel Adjustment Clause (FAC) will be the Company's allocated Jurisdictional costs for the fuel component of the Company's generating units, including costs associated with the Company's fuel hedging program; purchased power energy charges, including applicable transmission fees; applicable Southwest Power Pool (SPP) costs, and emission allowance costs - all as incurred during the accumulation period. These costs will be offset by off-system sales revenues, applicable net SPP revenues, and any emission allowance revenues collected during the accumulation period. Eligible costs do not include the purchased power demand costs associated with purchased power contracts in excess of one year.

APPLICABILITY

The price per kWh of electricity sold to retail customers will be adjusted (up or down) periodically subject to application of the FAC mechanism and approval by the Missouri Public Service Commission.

The CAF is the result of dividing the Fuel and Purchased Power Adjustment (FPA) by forecasted retail net system input (RNSI) during the recovery period, rounded to the nearest \$.0001, and aggregating over two accumulation periods. A CAF will appear on a separate line on retail customers' bills and represents the rate charged to customers to recover the FPA.

## FUEL ADJUSTMENT CLAUSE (CONTINUED)

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FORMULAS AND DEFINITIONS OF COMPONENTS

$$\text{FPA} = 95\% * ((\text{TEC} - \text{B}) * \text{J}) + \text{C} + \text{I}$$

$$\text{CAF} = \text{FPA}/\text{RNSI}$$

$$\text{Single Accumulation Period Secondary Voltage CAF}_{\text{Sec}} = \text{CAF} * \text{XF}_{\text{Sec}}$$

$$\text{Single Accumulation Period Primary Voltage CAF}_{\text{Prim}} = \text{CAF} * \text{XF}_{\text{Prim}}$$

Annual Secondary Voltage CAF =

Aggregation of the Single Accumulation Period Secondary Voltage CAFs still to be recovered

Annual Primary Voltage CAF =

Aggregation of the Single Accumulation Period Primary Voltage CAFs still to be recovered

Where:

FPA = Fuel and Purchased Power Adjustment

CAF = Cost Adjustment Factor

95% = Customer responsibility for fuel variance from base level.

TEC = Total Energy Cost = (FC + EC + PP + TC - OSSR):

FC = Fuel Costs Incurred to Support Sales:

- The following costs reflected in Federal Energy Regulatory Commission (FERC) Account Numbers 501 & 502: coal commodity and railroad transportation, switching and demurrage charges, applicable taxes, natural gas costs, alternative fuel (i.e. tires and bio-fuel), fuel additives, quality adjustments assessed by coal suppliers, fuel hedging cost (hedging is defined as realized losses and cost minus realized gains associated with mitigating volatility in the Company's cost of fuel, including but not limited to, the Company's use of futures, options and over-the-counter derivatives including, without limitation, futures contracts, puts, calls, caps, floors, collars, and swaps), fuel oil adjustments included in commodity and transportation costs, broker commissions and fees associated with price hedges, oil costs, propane costs, ash disposal revenues and expenses, fuel used for fuel handling, and settlement proceeds, insurance recoveries, subrogation recoveries for increased fuel expenses in Account 501.

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- The following costs reflected in FERC Account Number 547: natural gas generation costs related to commodity, oil, transportation, storage, fuel losses, hedging costs, fuel additives, fuel used for fuel handling, and settlement proceeds, insurance recoveries, subrogation recoveries for increased fuel expenses, broker commissions and fees in Account 547.

EC = Net Emissions Costs:

- The following costs reflected in FERC Account Number 509 or any other account FERC may designate for emissions expenses in the future: Emission allowances costs and revenues from the sale of SO<sub>2</sub> emission allowances.

PP = Purchased Power Costs:

- Purchased power costs reflected in FERC Account Number 555: Purchased power costs, settlement proceeds, insurance recoveries, and subrogation recoveries for increased purchased power expenses in Account 555, excluding capacity charges for purchased power contracts with terms in excess of one (1) year.

TC = Transmission Costs:

- Transmission costs for Off System Sales included in FERC Account Number 565 except for the Crossroads facility.

OSSR = Revenues from Off-System Sales:

- Revenues from Off-system Sales shall exclude full and partial requirements sales to Missouri municipalities that are associated with GMO.

B = Base energy costs are costs as defined in the description of TEC (Total Energy Cost). Base Energy costs will be calculated as shown below:

$$\text{L\&P NSI} \times \text{Applicable Base Energy Cost}$$

$$\text{MPS NSI} \times \text{Applicable Base Energy Cost}$$

J = Energy retail ratio = Retail kWh sales/total system kWh

Where: total system kWh equals retail and full and partial requirements sales associated with GMO.

C = Under / Over recovery determined in the true-up of prior recovery period cost, including accumulated interest, and modifications due to prudence reviews

I = Interest on deferred electric energy costs calculated at a rate equal to the weighted average interest paid on short-term debt applied to the month-end balance of deferred electric energy costs

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RNSI = Forecasted recovery period net system input in kWh, at the generator

XF = Expansion factor by voltage level

XF<sub>Sec</sub> = Expansion factor for lower than primary voltage customers

XF<sub>Prim</sub> = Expansion factor for primary and higher voltage customers

NSI = Net system input (kWh) for the accumulation period

The FPA will be calculated separately for L&P and MPS, and by voltage level, and the resultant CAF's will be applied to customers in the respective divisions and voltage levels.

APPLICABLE BASE ENERGY COST

Company base energy costs per kWh:

\$0.01895 for L&P.

\$0.02280 for MPS

TRUE-UPS AND PRUDENCE REVIEWS

There shall be prudence reviews of costs and the true-up of revenues collected with costs intended for collection. FAC 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 FAC for collection unless a separate refund is ordered by the Commission. True-ups occur at the end of each recovery period. Prudence reviews shall occur no less frequently than at 18 month intervals.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 Original Sheet No. 127.10  
 Canceling P.S.C. MO. No. 1 Sheet No. \_\_\_\_\_  
**KCP&L Greater Missouri Operations Company** For Territories Served as L&P and MPS  
**KANSAS CITY, MO 64106**

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COST ADJUSTMENT FACTOR

		MPS	L&P
Accumulation Period Ending			
1 Total Energy Cost (TEC)			
2 Base energy cost (B)	-		
3 First Interim Total			
4 Jurisdictional Factor (J)	*		
5 Second Interim Total			
6 Customer Responsibility	*	95%	95%
7 Third Interim Total			
8 Adjustment for Under / Over recovery for prior periods and Modifications due to prudence reviews (C)	+		
9 Interest (I)	+		
10 Fuel and Purchased Power Adjustment (FPA)			
11 RNSI	÷		
12 Fourth Interim Total			
13 Current period CAF <sub>Prim</sub> (= Line 12 * XF <sub>Prim</sub> )			
14 Previous period CAF <sub>Prim</sub>	+		
15 Current annual CAF <sub>Prim</sub>			
16 Current period CAF <sub>Sec</sub> (= Line 12 * XF <sub>Sec</sub> )			
17 Previous period CAF <sub>Sec</sub>	+		
18 Current annual CAF <sub>Sec</sub>			

Expansion Factors (XF):

<u>Network:</u>	<u>Primary</u>	<u>Secondary</u>
MPS	1.0419	1.0712
L&P	1.0421	1.0701