



May 21, 1998

Mr. Ryan Kind
Chief Utility Economist
Office of Public Council
Harry S. Truman Bldg.
P.O. Box 7800
Jefferson City, MO 65112

RE: Missouri Public Service Request for Proposal

Dear Mr. Kind:

Enclosed please find the final copy of the Request for Proposal (RFP) for Missouri Public Service (MPS). The RFP will be issued today, May 21, 1998.

Per the comments received from your office and the staff of the Missouri Public Service Commission (MPSC), UtilityCorp United Inc. will not submit a bid in response to the RFP. In order to assure all stakeholders that the process is equitable, we are having all proposals submitted to Burns & McDonnell who will record the receipt of and open all proposals.

You will note that we have extended the solicitation period an additional two years. All proposals for the two additional contract periods must include buyout provisions which would allow MPS to terminate the contract for changes in either the wholesale or retail markets.

Thank you for your input.

Sincerely,

Frank A. DeBacker
Vice President, Fuel & Purchased Power

Enclosure

cc: John McKinney
Melissa Klote

May 21, 1998

UTILICORP UNITED

ENERGYONE

Mr. Mike Proctor
Chief Energy Economist
Electric Department
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Missouri Public Service Request for Proposal

Dear Mr. Proctor:

Enclosed please find the final copy of the Request for Proposal (RFP) for Missouri Public Service (MPS). The RFP will be issued today, May 21, 1998.

Per the comments received from your office and the staff of the Office of Public Council, Utilicorp United Inc. will not submit a bid in response to the RFP. In order to assure all stakeholders that the process is equitable, we are having all proposals submitted to Burns & McDonnell who will record the receipt of and open all proposals.

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Sincerely,



Frank A. DeBacker
Vice President, Fuel & Purchased Power

FD:at

Enclosure

cc: John McKinney
Melissa Klote

Request for Proposals
for
Resource Specific
Capacity & Energy
for
Missouri Public Service

Issued: May 22, 1998

SCHEDULE FAD-10

Page 3 of 7

Spring, 1998

A. General

UtiliCorp Energy Group is issuing this Request For Proposal (RFP) on behalf of Missouri Public Service (MPS), a division of UtiliCorp United Inc. (UCU).

MPS is an integrated electric and gas utility located in western Missouri and is a member of the Southwest Power Pool and the MOKAN power pool.

The following RFP is for both annual and seasonal **Resource Specific Capacity and Energy** resources. Financially firm energy proposals will not be accepted.

Resource Specific means the successful bidder must state the actual power supply resource(s) that will provide the capacity and energy requested. The resource(s) need not be stated in the proposal; however, the resource(s) must be named and listed in any contract which may result from this solicitation.

This RFP is not a contract. Any contract(s) which may result from this RFP shall be in accordance with mutually agreeable, specific terms and conditions developed between UtiliCorp and the successful bidder(s). In addition, any contract(s) resulting from this RFP shall be subject to the approval of all regulatory bodies having jurisdiction.

UtiliCorp reserves the right to reject any or all proposals at its sole discretion.

Proposals shall be marked confidential and three copies shall be sent to Kiah Harris at the following address. Proposals must be received no later than 5:00p.m. C.D.S.T., July 3, 1998.

Kiah Harris
Manager, Business Analysis and Consulting
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114

B. Contract Capacities and Periods

Proposals are requested for the seasonal and annual capacity amounts shown in Table 1. Note that UCU may purchase less than the amounts shown in Table 1.

Proposals for contract periods beginning June 1, 2002 or later must include a buyout option. The price of the option shall be stated in \$/MW-mo.

Note that while the annual capacity amounts represent the total resource need, the amounts listed under the three headings are not mutually exclusive. For example, assuming that appropriate proposals are submitted, UCU may

elect to purchase one of the following or similar portfolios to meet the needs of MPS from 6/1/2000 - 5/31/2001, each of which would satisfy the total need of 325 MW:

- 100 MW of Jun-May capacity, 50 MW of Oct-May capacity and 175 MW of Jun-Sep capacity; or,
- 325 MW of Jun-Sep capacity and 75 MW of Oct-May capacity; or,
- 325 MW of Jun-May capacity.

Table 1: MPS Capacity Need

<u>Contract Period</u>		<u>Capacity Amount (MW)</u>		
<u>From</u>	<u>To</u>	<u>Seasonal Capacity</u>		<u>Annual Capacity</u>
		<u>Jun-Sep</u>	<u>Oct-May</u>	<u>Jun-May</u>
6/1/2000	5/31/2001	Up to 325	Up to 75	Up to 325
6/1/2001	5/31/2002	Up to 500	Up to 250	Up to 500
6/1/2002	5/31/2003	Up to 575	Up to 300	Up to 575
6/1/2003	5/31/2004	Up to 650	Up to 350	Up to 650

C. Point(s) of Delivery

The point(s) of delivery shall be the interconnection point(s) of the MPS transmission system with the Eastern Interconnection.

D. Capacity Pricing

Capacity price at the point(s) of delivery **must** be stated in \$/MW-mo, fixed for the applicable contract term. Proposals in which the capacity price varies in each month of the contract period are acceptable.

E. Energy Pricing

Bidders are encouraged to submit creative pricing proposals. The energy price must be for energy delivered at the Point(s) of Delivery. Energy prices may be fixed or based on regionally recognized indices. The energy pricing methodology must enable UtiliCorp to determine the energy price prior to submitting a purchase schedule per Section H below.

Bidders may propose a variety of energy pricing methodologies which may include, but are not limited to, the following elements:

On peak/off peak price
Monthly price
Resource heat rate

Constant price
Index price
Resource variable O&M costs

The bidder shall provide any formula(s) used to calculate the energy price. The bidder shall include the values of any constants and a definition of all variables which make up the formula(s).

F. Buyout Option

A buyout option price must be provided for each contract period beginning on or after June 1, 2002. The pricing of the option shall be stated in \$/MW-mo applicable to those months remaining in the contract period subsequent to exercising the option.

G. Transmission

The successful bidder shall provide firm transmission service from the proposed resource(s) to the Point(s) of Delivery.

H. Scheduling

Proposals which allow hourly schedule changes are preferred; however, UCU will consider any and all scheduling proposals. Bidders shall state what scheduling requirements are proposed. At a minimum, proposed requirements on the following items must be included in bidders proposal:

- Resource Start up costs, if applicable
- Minimum purchase schedule
- Minimum load factor & measuring period
- Maximum load factor & measuring period
- Minimum schedule block
- Initial schedule submittal procedure
- Subsequent schedule change procedure
- Energy Block Requirements (ie: 7x24, 5x16, etc.)

I. Availability

Bidders **must** state and define the guaranteed availability level for the resource(s) that will provide the capacity and energy proposed.

The successful bidder **will be required** to reimburse UtiliCorp any incremental cost incurred to acquire replacement capacity and energy due to the bidder's failure to meet its availability guarantees.

Bidders shall provide the proposed maintenance schedule for unit contingent resource(s).

J. Contact

For additional information regarding this RFP, contact Frank A. DeBacker as follows:

Ph: (816) 936-8639
Fax: (816) 936-8695
E-mail: fdebacke2@utilicorp.com