

September 18, 1998

UTILICORP UNITED

**ENERGYONE**

Mr. Mike Proctor  
Assistant Manager  
Federal/State Projects  
Missouri Public Service Commission  
310 West High Street  
Jefferson City, MO 65101

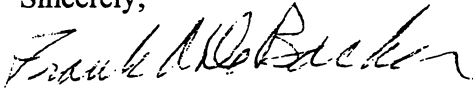
Mr. Ryan Kind  
Chief Utility Economist  
Office of Public Counsel  
Harry S. Truman Bldg., Ste. 250  
PO Box 7800  
Jefferson City MO 65102

Gentlemen:

Per my voicemail message from Ryan Kind of today, please find enclosed the letter issued to all bidders soliciting updates to their proposals and their responses to that request.

Please call me at 816-936-8639, if you have any questions or need additional information.

Sincerely,



Frank A. DeBacker

Attachment

cc: Gary Clemens  
John McKinney

August 25, 1998

**RE: Power Supply RFP for Missouri Public Service  
issued by UtiliCorp United Inc.**

Dear :

Your firm's proposal was one of eight received by UtiliCorp in response to the above referenced RFP. UtiliCorp is now in the final phase of its analysis of the proposals and will complete that analysis by mid-September.

During the last few months, the wholesale power market in the US has gone through a period of extreme volatility and high prices resulting in severe financial consequences for a number of firms and an increase in the perceived value of generation equipment. In light of these events, UtiliCorp desires to confirm the viability of the proposals under consideration.

The purpose of this letter is to:

- 1) Determine if your firm continues to be interested in providing power supply resources to Missouri Public Service (MPS).
- 2) Provide an opportunity for interested bidders to update or otherwise modify their original proposal.

Please respond to this letter if your firm continues to have an interest in providing power supply resources to MPS. Please include any pricing changes and/or other modifications to your firm's original proposal in your response. Finally, please include an expiration date for the proposal.

In order for your firm's proposal to continue to be considered, a written response to this letter must be received by the undersigned no later than 5:00 PM; September 4, 1998.

Sincerely yours,

Frank A. DeBacker  
Phone: (816) 936-8639  
Fax: (816) 936-8695  
Email: fdebacke2@utilicorp.com



NP Energy Inc.  
3650 National City Tower  
101 South Fifth Street  
Louisville, Kentucky 40202

502.560.5300  
502.560.5310 Fax

September 4, 1998

Frank A. DeBacker  
Utilicorp  
10700 East 350 Highway  
Kansas City, Missouri 64138

Dear Frank:

In response to your letter dated August 25, 1998, NP Energy would like to submit the following proposal as a replacement for our original proposal. This proposal, which is detailed in the attached term sheet, is summarized here. NPE sells 200-300 MWs of capacity to MPS for a 5-year term. MPS has the option to call energy at a heat rate of 10,600 btu/kWh. The energy is unit firm with a guaranteed equivalent availability of 90%, and no less than 98% in the summer months.

This proposal is based upon NPE or a qualified developer building generation. While we are confident in our analysis and the underlying fundamentals, we would like to stress that this proposal is contingent upon numerous site specific and equipment specific factors. If this proposal is of interest to you, we are prepared to quickly finalize our offer.

The consummation of this transaction is subject to the successful negotiation, approval and execution of a mutually agreeable definitive agreement, and NPE Board of Directors approval. As the market is constantly changing, NPE will advise you of any market fluctuations which may affect NPE's pricing.

Please feel free to call me with any questions at (502)560-5366. I look forward to talking with you. I will be out of the office the week of September 7<sup>th</sup>, but my colleague Terry Naulty will be available should you have any questions during that time. He can be reached at (502)560-5361.

Regards,

Sherry M. Perchik  
Regional Marketing Director

Attachments

## CONFIDENTIAL

### Capacity & Optional Peaking Energy Proposal Prepared for Missouri Public Service by NP Energy Inc. September 4, 1998

#### TIME PERIOD:

Start Date: June 1, 2001  
End Date: May 31, 2006

#### FIXED CAPACITY PRICE:

SPP Accredited Capacity: Yes  
Quantity: 200 – 300 MWs  
Price: \$4.00/kw-month capacity payment; escalated at 2.5% per year

#### ENERGY PRICE (applies for all hours of term):

MPS will have the option to call energy at \$1.00/MWh (escalates at 2%) plus the product of a heat rate of 10,600 btu/kWh (at most efficient point) times the fuel cost. MPS can supply the gas, or NPE can supply the gas. If NPE supplies the gas, MPS will pay either a) a mutually acceptable index, adjusted for delivery to the facility, if the power is scheduled by 10:00 AM CPT, or otherwise b) the actual gas cost for energy scheduled after 10:00 AM CPT and up until 1 hour prior to hour of flow

#### START/STOP COSTS

No charge will be assessed for the first 50 starts/stops per year. A \$2,500 charge per start will be assessed thereafter

#### DELIVERY POINT/TRANSMISSION:

The facility will be connected to the MPS transmission system, and will deliver energy at transmission level voltages. NPE and MPS will work cooperatively to optimally site the facility

#### NATURE OF SERVICE:

Unit Firm

#### ENERGY AVAILABILITY:

Annual equivalent availability will be guaranteed to be no less than 90%, and no less than 98% (with 47% of MWh in on-peak hours) in the summer months of June – September

# NORAM

## ENERGY SERVICES POWER MARKETING DEPARTMENT

1111 LOUISIANA STREET, 8<sup>th</sup> FLOOR  
HOUSTON, TX 77002

P.O. BOX 4455  
HOUSTON, TX 77210-4455

### MEMO

DATE: 9/4/98  
TO: FRANK DeBachen  
CO.: UtiliCorp  
FROM: Terry D. Lane (P) 713.207.5117 (F) 713.207.9626  
(E-mail) tdlane@noram.com

Thanks for your letter dated 8/25/98 regarding the Power Supply RFP for MFS. Houston Industries is definitely interested in being a part of the RFP process. At this time, we will leave in place the proposal we originally submitted. We may be interested in supplying more than 100 MW. As I mentioned in follow-up correspondence, we are anticipating supplying from a facility to be constructed in Wood River, IL. We are also interested in discussing the possibility of building in MFS territory to serve the entire RFP requirement. Houston Industries has committed to building or acquiring generation assets in strategic locations. Supplying the MWs needed in this RFP fits well in that strategy.

We are hopeful that we will make whatever start list you agree at and that we can begin detailed discussions soon. And thanks again for the opportunity to respond. Still look forward to hearing from you.

SCHEDULE FAD-15

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**BASIN ELECTRIC  
POWER COOPERATIVE**

1717 EAST INTERSTATE AVENUE  
BISMARCK, NORTH DAKOTA 58501-0564  
PHONE: 701/223-0441  
FAX: 701/224-5336



August 26, 1998

Mr. Frank A. DeBacker  
UtiliCorp United  
10700 East 350 Highway  
Kansas City, MO 64138

Dear Mr. DeBacker:

This letter is in response to your August 25, 1998 letter regarding your RFP process for Missouri Public Service power supply.

Basin Electric continues to have an interest in providing power supply resources to Missouri Public Service. The terms and conditions outlined in my July 2, 1998 letter to Mr. Kiah Harris remain valid, however, Basin Electric continues to reserve the right to withdraw this offer at any time.

Sincerely,

  
Robert L. McPhail  
General Manager

tsc/ms

cc: Wayne Backman  
David Raatz  
Tom Christensen

SCHEDULE FAD-15

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September 4, 1998

Carolina Power & Light Company  
PO Box 1551  
411 Fayetteville Street Mall  
Raleigh NC 27602

Mr. Frank A. DeBacker  
Utilicorp United / EnergyOne  
10700 East 350 Highway  
Kansas City, MO 64138

*Re:* Price increase to proposal dated July 2, 1998

Dear Mr. DeBacker:

CP&L does have a continued interest in supplying peaking capacity and energy to Missouri Public Service. However, we can no longer meet the year 2000 requirement. The first in service date available would be in the year 2001. CP&L will also have to increase our prices by fifteen percent. The specifics of our proposal also will require assistance from Missouri Public Service on site location and development.

The consummation of the proposals provided herein is subject to the execution of a mutually agreeable contract and the approval of our respective management. By accepting these proposals for review, Utilicorp Energy Group agrees that these proposals in their entirety shall remain confidential, except as required to be disclosed by law and only to the extent required by law. CP&L shall be notified prior to any release of information contained in these proposals. This offer will expire on September 30, 1998. Please let me know if these conditions are not acceptable to Utilicorp Energy Group.

We appreciate the opportunity to update and modify our original proposal and look forward to hearing from you in the future. Please do not hesitate to call me at 919-546-5267 if you have any questions.

Yours truly,

*Karla Haislip* 

Karla Haislip  
Bulk Power Marketer