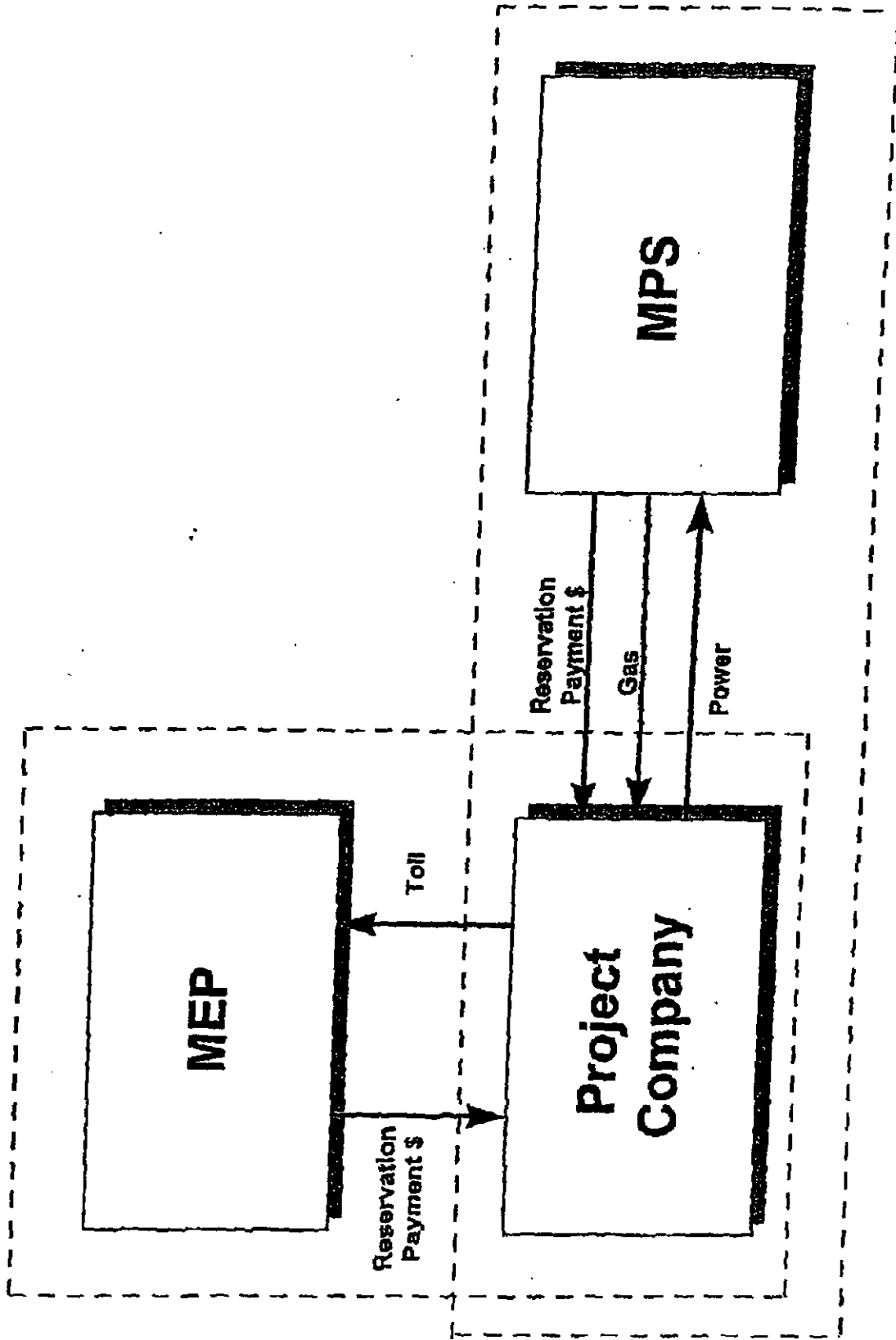
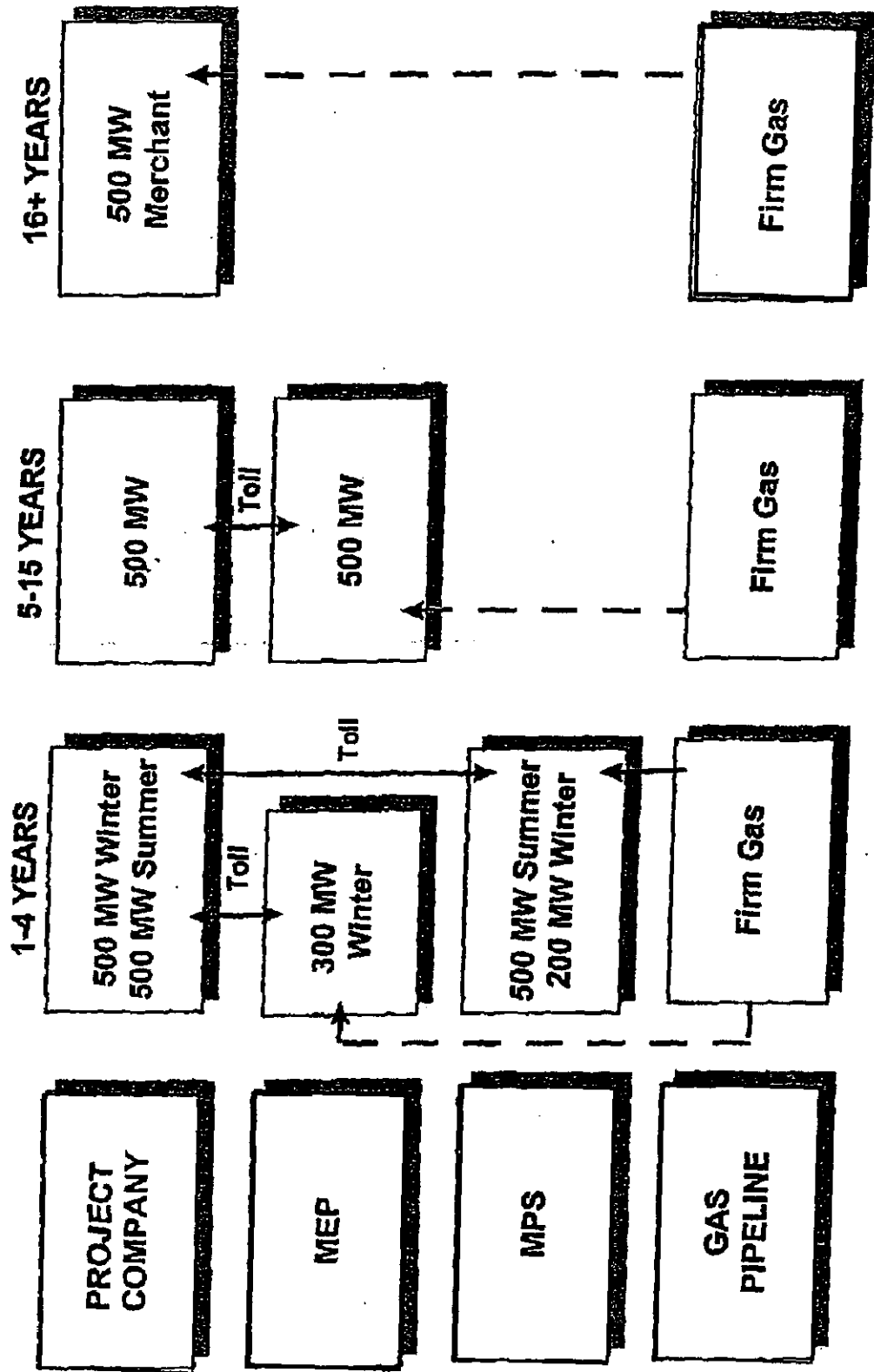


Power Structure of Project Company



Contract Structure of Project Company



C. Development Risks & Requirements

Task & Timeline to Achieve Financeable Project

Capital Budget (\$mm)	Operating Expense NPV (\$mm)	Task	Timeline		Aquila Personnel
			Initiate	Complete	
\$0.2	NA	Land Acquisition	Dec-98	Jan-99	Kreimer
\$2.0	NA	Legal Assistance	Dec-98	NA	Freeman
\$0.2	NA	Air & Construction Permits	Jan-99	Jul-99	Kreimer/Sherman
\$12.8	NA	Turbine Reservation	Dec-98	Jan-99	Kreimer
\$(8.0)	NA	PPAs	Dec-98	Jan-99	Gocke
\$0.1	NA	Land Survey/Analysis	Jan-99	May-99	Kreimer
\$23.0	\$59.8	Financing	Jan-99	Oct-99	Bruhn
\$5.6	NA	Water Supply and Pipeline	Feb-99	Jul-99	Tech Support*
\$1.5	\$29.3	Fuel Gas Supply and Pipeline	Jan-99	May-99	Aquila specialist (TBD)
\$5.6	NA	Electrical Interconnection	Jan-99	Sep-99	Tech Support
\$172.4	NA	EPC Contract	Apr-99	Jul-99	Sherman/Kreimer
\$2.0	\$19.2	O&M Agreement	Apr-99	Sep-99	Tech Support
\$6.2	\$35.6	Major Maintenance Agreement	Apr-99	Sep-99	Sherman/Kreimer
\$223.6	\$143.9	TOTAL			

*Tech Support likely to be contract labor.



Internal Development Team

Executive Sponsor: V. J. Horgan
Project Manager: Max Sherman
Technical Lead: Dave Kreimer
Project Analyst: Becky Sandring
Technical Support (2): Rented, through Engineering Consultant on a project or part-time basis

Fuel Specialist: Aquila personnel (or rented)
Legal: Rob Freeman
Finance: Mike Bruhn
Structure: Joe Gocke
Administrative Support: TBD

Development Trade-Offs

- The timing of MPS' request for energy and capacity needs has forced an **expedited timetable for development**
- UCU/MEP has not developed a generation project in over 25 years, strongly favoring the **selection of experienced partners to assist us in the successful development of the proposed project**
- Given MEP's relative lack of experience and the aggressive timeline for action, it is imperative that MEP be granted **direct access to strategic partners and advisors**
- It is anticipated that the **experience gained** through this project will greatly accelerate MEP's ability to pursue future development opportunities

Development Process Combustion Turbine Reservation

Estimated total cost for two "F" class CTs:	\$64 million
Required delivery date to meet 6/2001 start:	September 2000
Turbine reservation date requirement:	ASAP
Reservation payment within first 2 weeks:	5% of total = \$3.2 million
Next reservation payment within first 60 days:	10% of total = \$6.4 million (cum. \$9.6 million)
Reservation payment estimated for July 1999:	5% = \$3.2 million (cum. \$12.8 million)
Critical issues on reservation:	Manufacturing slot may not be available; Ensure transferability to other MEP project
Risk:	Possible forfeiture of reservation payment if order/delivery fails to proceed.

Project Partners

Legal:

Lead Project Counsel

Chadbourne Parke
(Keith Martin)

FERC Counsel

Hogan & Harlson
(John Mathis)

State Counsel & MPS Counsel;
Gas Supply and Transportation

Blackwell Sanders
(Jerry Coffey/John Brundgardt)

Financial:

Debt/Capital Markets Advisor

TBD

Operating &
Engineering:

Design, Development and
Construction

Black & Veatch
Burns & MacDonald

Accounting/Tax:

Accounting Advisor

Arthur Anderson

R

D. Regulatory/Legal Assessment

Legal/Regulatory State of Missouri

- Project bid as "unit contingent", and thus requires state approval of PPA (regulators will view this as an EWG transaction with regulated affiliate, regardless if power marketing entity is in middle of transaction)
- Regulatory risk may be reduced by pursuing state approval immediately, rather than assuming avoidance of state review on the basis of transactional structure
- Must enlist consensus/support of UtiliCorp experts on state regulatory review of the PPA (McKinney/Hamilton)
- Initiate project development efforts commensurate with pursuit of State approval, and mitigate the regulatory risk by negotiating turbines with the OEM

Legal/Regulatory

FERC

- Must obtain Exempt Wholesale Generator (EWG) status for the project entity
- Must obtain approval of EWG/nonregulated affiliate transaction (i.e., the MEP long term PPA)
- Must obtain approval of the EWG (or APC/MEP)/regulated affiliated transaction (i.e., the 4 year term PPA with MPS)
- These filings would be made upon completion of the State approval process
- State/Federal regulatory approval is condition precedent to financial close

E. Finance Risks

AQUILA ENERGY 29

Finance Risks

<u>Risk</u>	<u>Reason</u>	<u>Implication</u>
Project financeable	Fatal flaw in development or risk management from lending perspective	Power plant is not constructed; MEP loses development expenditures; MPS loses installed capacity
Project financing is delayed	Delay in completion of development activities, which could be for any of many reasons	MEP must fund construction activity until financing complete-\$50 million capital requirement after 6 months
Equity can not be syndicated	Equity syndication should happen so long as project financing is completed, unless MEP asking premium is high (i.e. IRR to investor is out of market)	Project Company's highly leveraged balance sheet is consolidated into UCU
Debt funding terms unfavorable	Risk management poorly constructed; Debt market rates move away	NPV declines
Cost overruns	Under-estimate or unknown condition	NPV declines

III. Project Economics

AQUILA ENERGY 31

A. Commodity Assumptions

AQUILA ENERGY 32

Capacity Assumptions

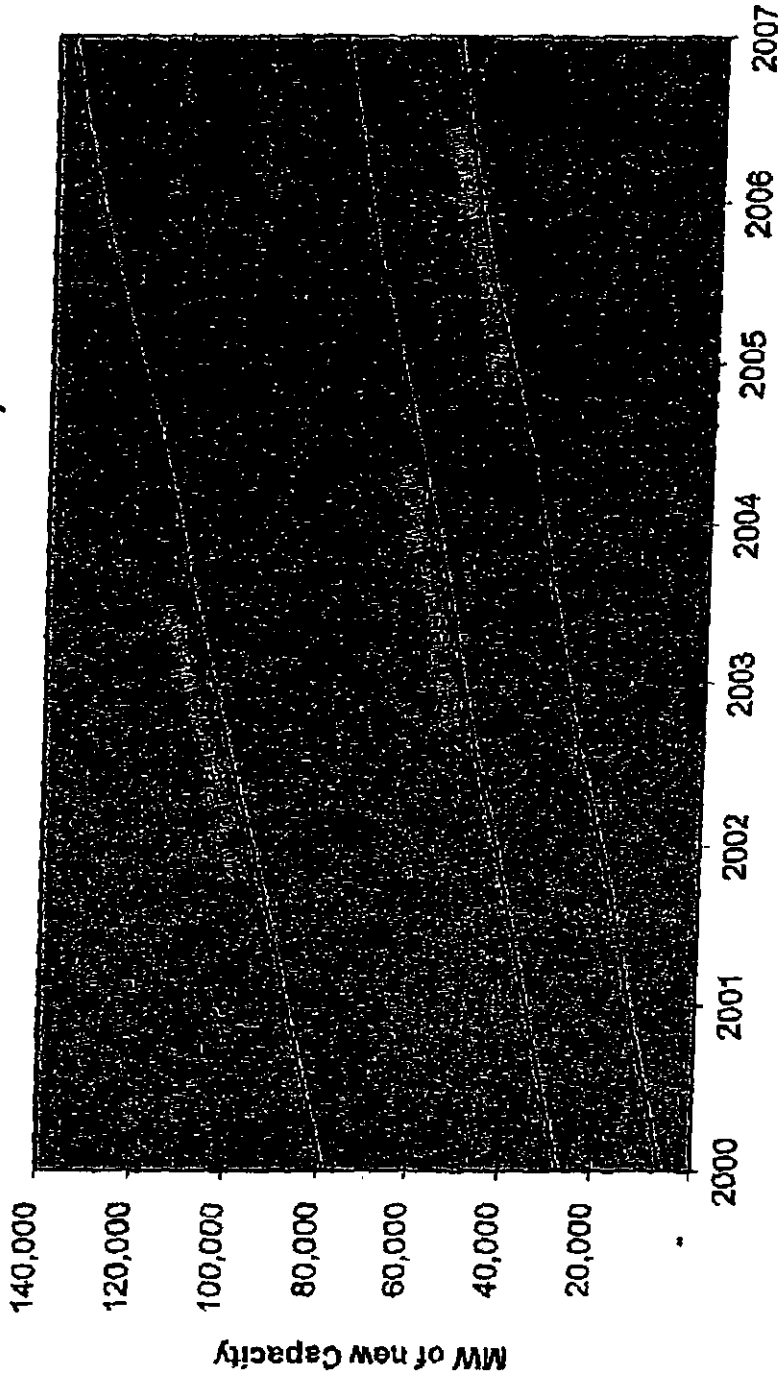
Reserve Margin Maintained in 5 NERC Region Area*

High Case	20%
Base Case	10%
Low Case	5%

*SPP, MAPP, MAIN, ECAR, SERC

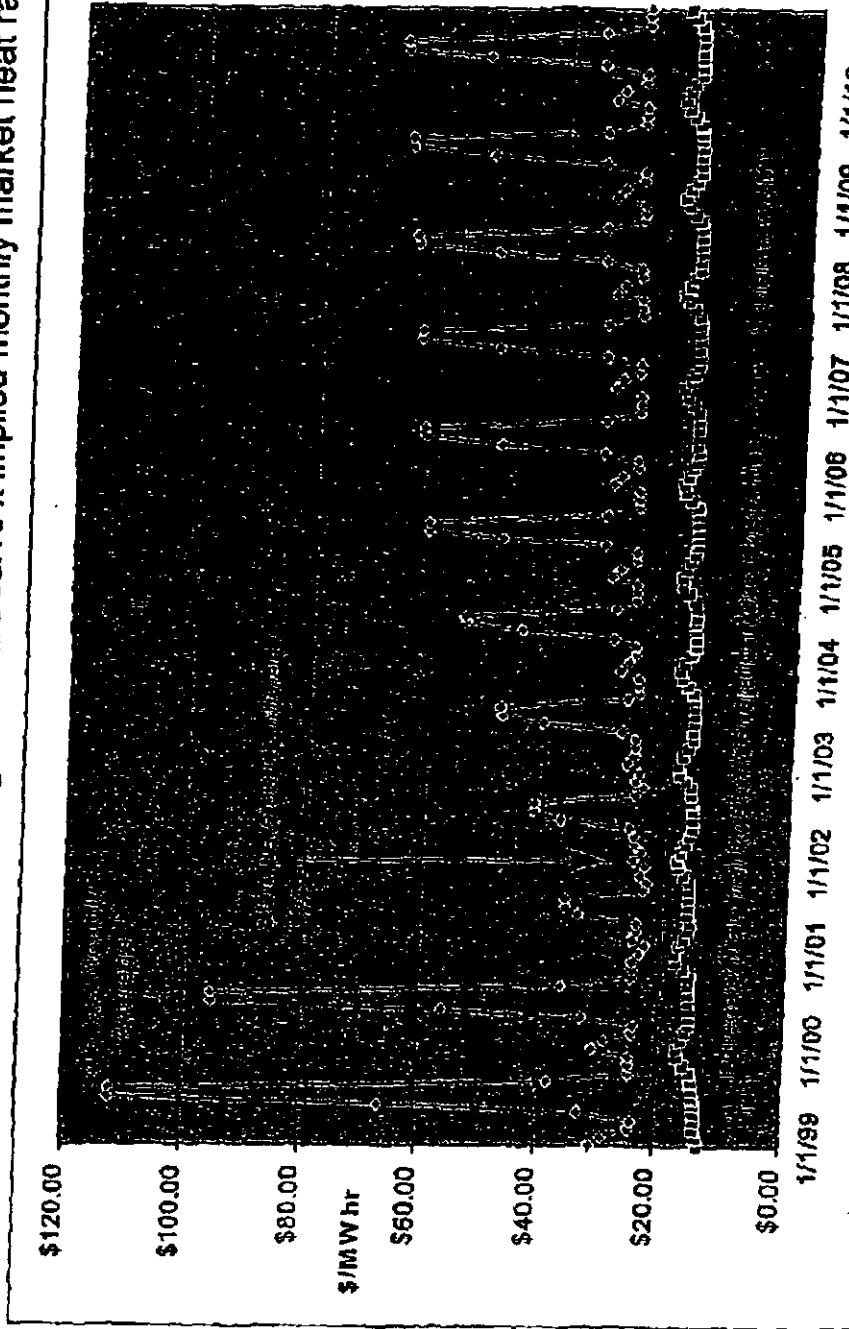
Forecasted Capacity Additions

Cumulative Capacity Additions for
(SPP, MAPP, MAIN, ECAR, SERC)



Spark Spread Drives Merchant Value

- Spark spread is the difference between power price and cost of generation
- Aquila gas forward curve used to make forecast of marginal cost
- Forecast power prices based on gas forward curve x implied monthly market heat rate



B. Unit Assumptions

AQUILA ENERGY ³⁶

Plant Information

Size: 500 MW

Ownership: MEP; equity sale at time of project financing

Technology: Combined cycle "F" class gas turbines plant

Location: Pleasant Hill, Missouri

Estimated Cost: \$224 million (excluding reserve funding)

Heat Rate: 7,000 Btu/kWh

Build Method: EPC contract, completed December 2002

Operational: June 2001 (Simple Cycle): 320 MW
January 2002 (Combined Cycle): 500 MW

Transmission: Direct interconnection to MPS (Northern SPP)
Option to tie into 345 kV KCPL line to be investigated

Gas Transportation: Panhandle Eastern, Williams or KN

Plant Information

Major Operating Assumptions

- Forced outage rate of 3% per year
- Scheduled maintenance 20 days per year (in April or October)
- Heat rate 7,000 Btu/kWhr
- Turbine maintenance NPV (15% discount) = \$38 million
- Firm gas transportation NPV (15% discount) = \$32 million
- 22 full time equivalent employees at site

C. Financial Sensitivities

Financial Assumptions

Baseline UCU Financial Forecasts*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
EPS	\$3.43	\$3.71	\$3.71	\$3.71
Shares (000's)	62,900	62,900	62,900	62,900
Earnings (000's)	\$214,000	\$233,100	\$233,100	\$233,100
Share Price	\$46.00	\$46.00	\$46.00	\$46.00
Statutory Tax Rate	38.39%	38.39%	38.39%	38.39%

* Used in calculation of incremental EPS resulting from project

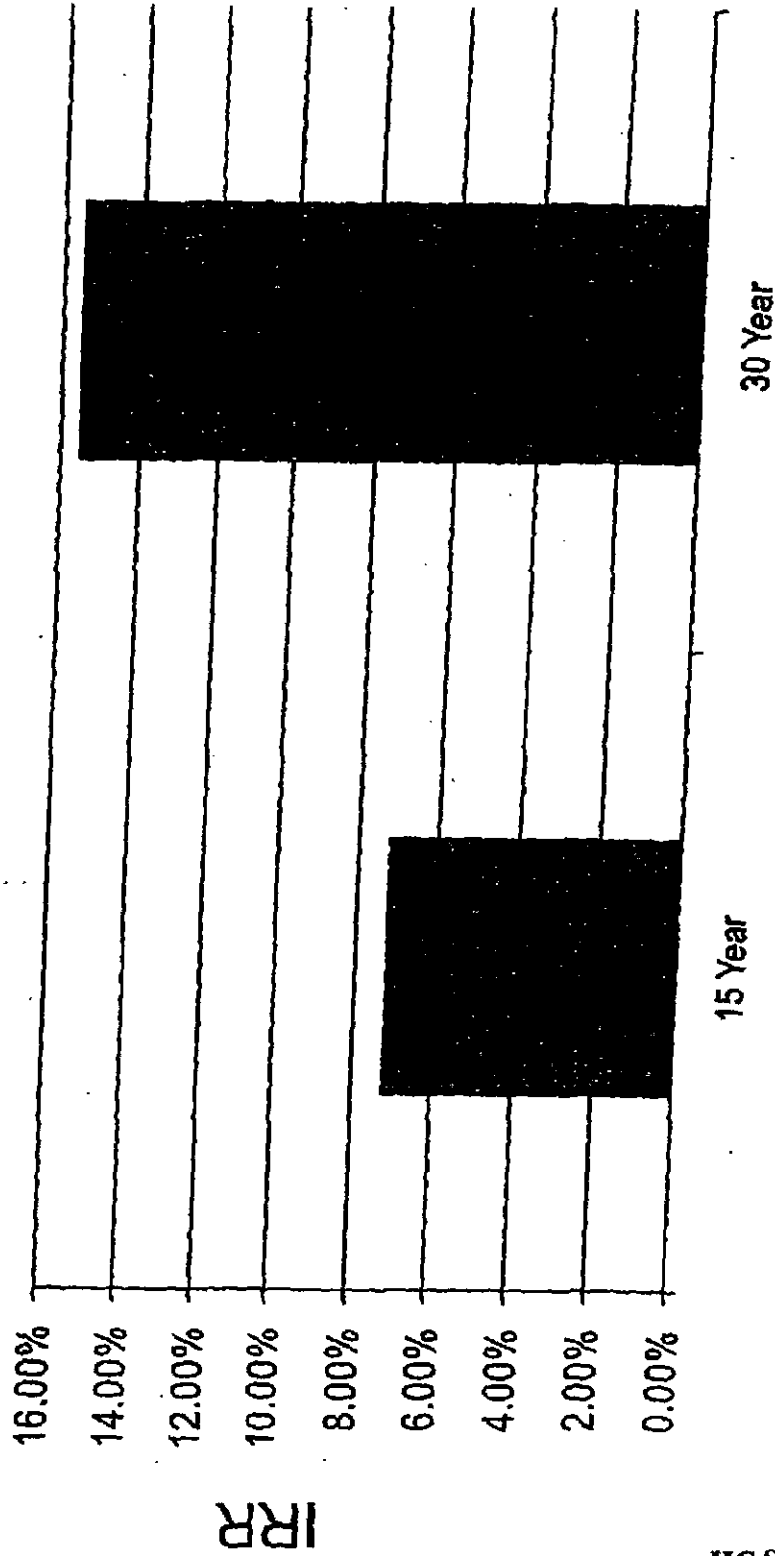
Project Financing Assumptions

<u>Project Level</u>	<u>Construction *</u>	<u>Operation</u>
Debt Ratio	100%	80%
Equity Ratio	0%	20%
Debt Cost	6.5%	7.0%
Debt Term	2 yrs	15 yrs
MEP Ownership	50%	50%

*Financing will require UCU Guarantee or letter of credit.

MEP Internal Rate of Return

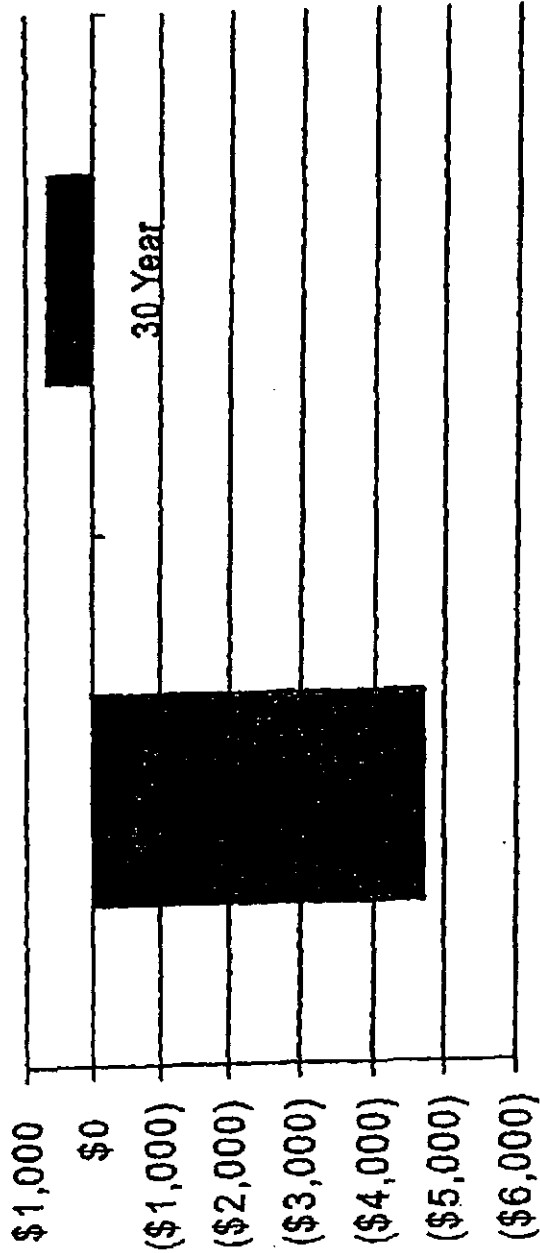
	<u>IRR</u>	<u>Hurdle rate</u>
• 15 Year	7.2%	15%
• 30 Year	15.5%	15%



MEP Net Present Value

\$ 000's

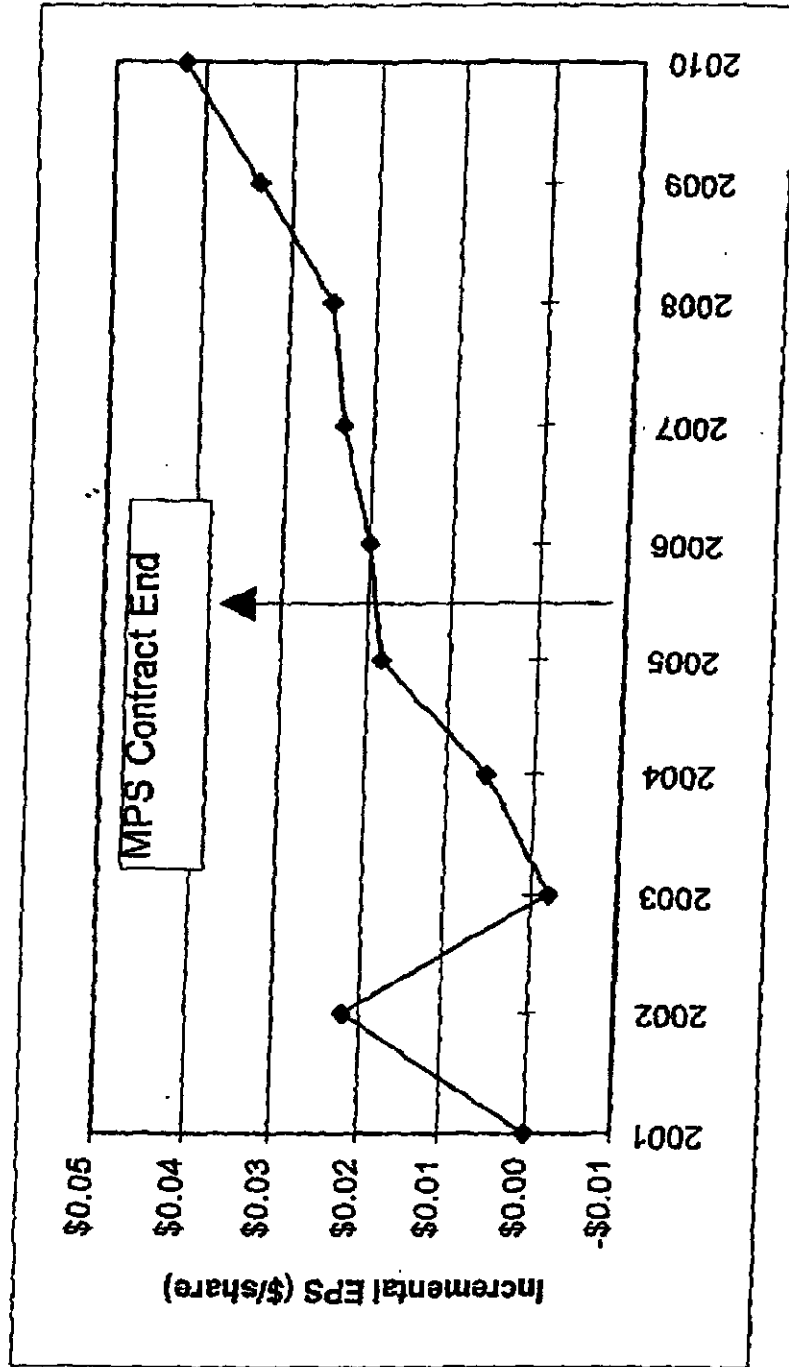
	\$/NPV	% after Year 15	Discount Rate
15 Year	\$(4,706)	n/a	15%
30 Year	\$646	100%	15%



Lifetime

AQUILA ENERGY 43

Incremental EPS Contribution



Note: Revenues capitalized in 2001 "flow through" in 2002-more research required on matching revenue and expense during period

AQUILA ENERGY 44

Spark Spread Drives Merchant Value

Key Driver

Market Structure-Recovery of fixed cost of new capacity included in power price

Forecast spot gas price

MAPP/SPP split connect value

Implied monthly market heat rate

Gas-Power Correlation

Volatility of Power Prices

Why It Is Important

Fixed cost of new capacity drives prices upward

Unit value increases with higher gas cost due to heat rate advantage

Ability to sell to multiple markets increases sales options, increasing value

Drives forecast power price

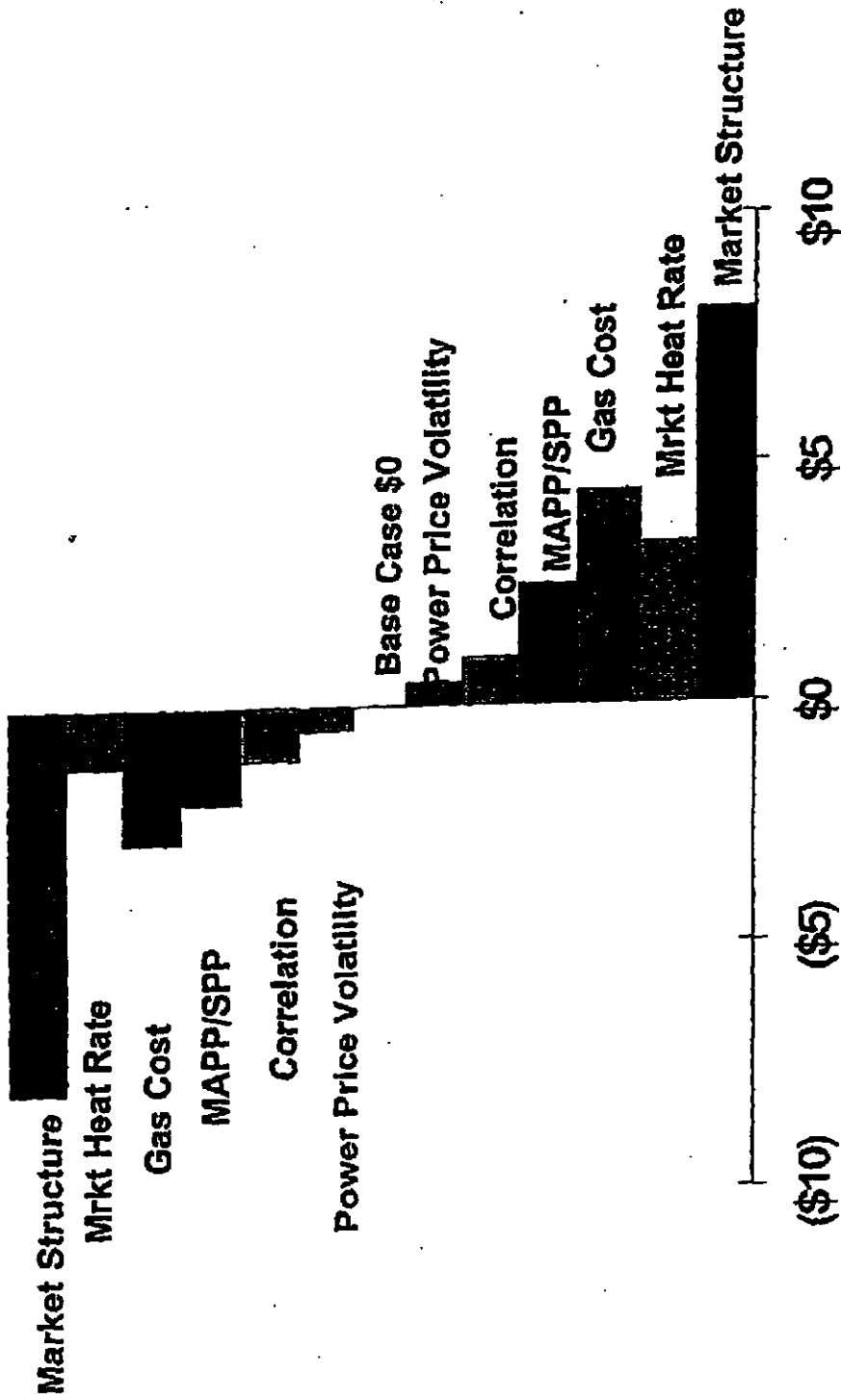
A low correlation increases unit value-but because unit is deeply "in the money" this has little effect on valuation

Increased volatility increases arbitrage potential-but effect is muted for same reason as correlation

Key Market Drivers by Scenario

<u>Key Driver</u>	<u>Base Case</u>	<u>Upside</u>	<u>Downside</u>
Market Structure	Fixed cost recovery of \$10/kw/yr starting 2002, up to \$40/kw/yr by 2005 (1998 \$)	Additional recovery up to \$55/kw/yr	Less recovery to \$25/kw/yr
Spot Gas Cost	Forward price curve plus cost to deliver	Increase gas cost 10%	Decrease gas cost 10% Cap @ \$3.50/mmBtu
MAPP/SPP	Ability to sell into both markets +2% of power price	+4% power price increase	0% increase
Market Heat Rate	10,740 with a 1.5%/year decrease, 6,000 floor.	Change annual decrease to 0.5% with 6000 floor	Change annual decrease to 2.5% with 6,000 floor
Gas Power Correlation	1st year average 25% multiplied by 1.05 each yr. with 65% Cap.	Reduce multiple from 1.05 to 1.02. with retain 65% cap	Increase multiple from 1.05 to 1.10 with 65% cap.
Power Price Volatility	60% in July & August, June 50%, other months 37%	Increase July & August by 20%; Other months by 5%.	Reduce July & Aug by 15% and other months by 5%

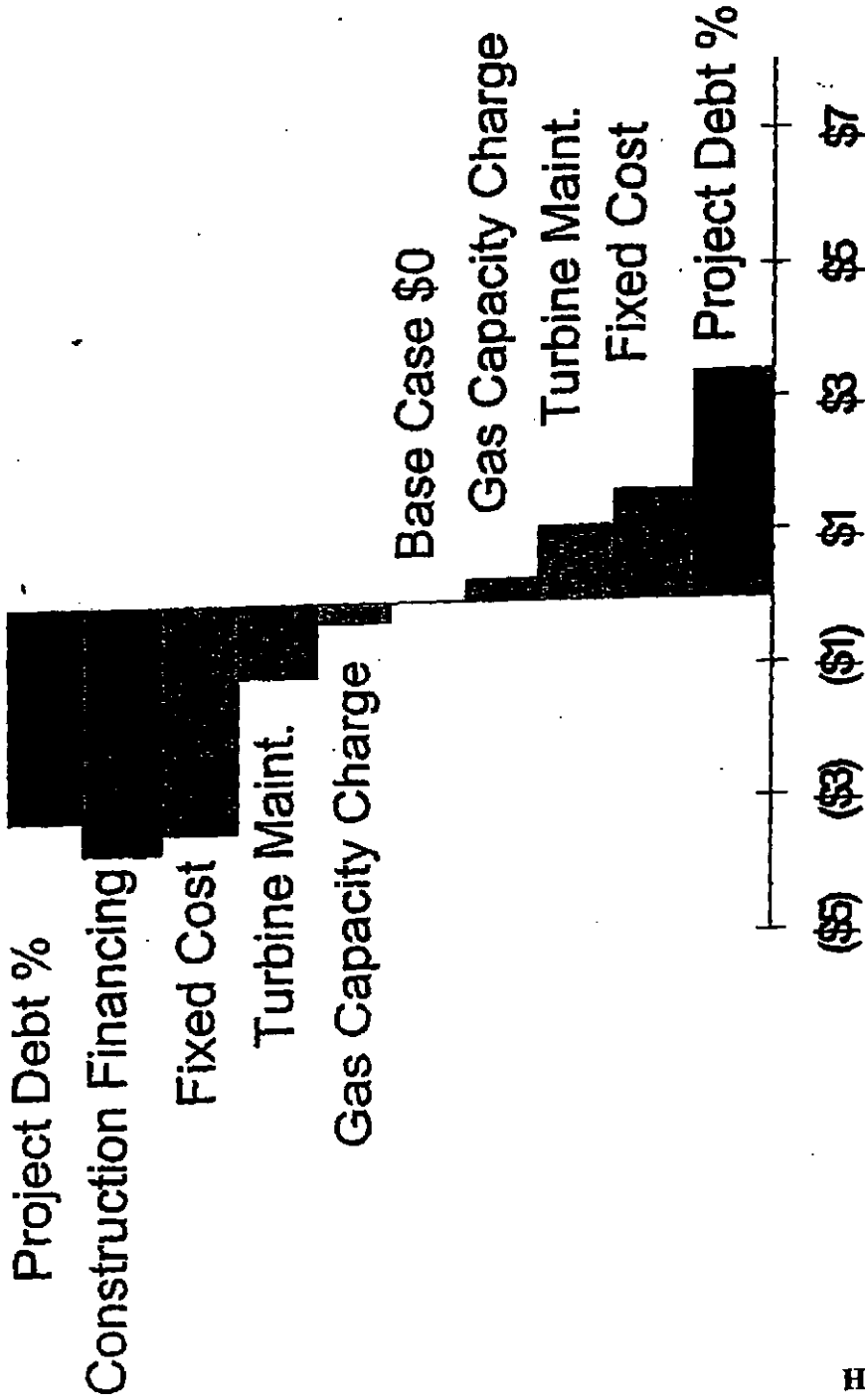
Market Sensitivities on EWG base case of .1 million NPV @ 15%



Key Operational Drivers by Scenario

<u>Key Driver</u>	<u>Base Case</u>	<u>Upside</u>	<u>Downside</u>
Construction Financing	100 % debt	N/A	50% debt
Plant Fixed Costs	\$10 million	\$2 million/yr decrease	\$2 million/yr increase
Project debt levels	80% debt	85% debt	70% debt
Turbine Maintenance	15% discount off manufacturer price	30% discount	No discount
Firm Gas Transport Charge	5% discount off low bid (\$5.8 million/year)	10% discount off low bid (\$5.5 million/year)	No discount (\$6.1 million/year)

Operational Sensitivities on EWG base case of .1 million NPV @ 15%



IV. Timeline

AQUILA ENERGY 50

Development Timeline

<u>Month</u>	<u>Key Activity</u>
Dec 98	<p>Black & Veatch engaged to detail plant design, work toward EPC Development team finalized</p> <p>Draft PPA's (or term sheets) completed</p> <p>Purchase real estate, submit air permit</p>
Jan 99	<p>Place turbine order, \$3.2 mn down</p> <p>Start land surveys and assessments</p> <p>Start rezoning permit process</p> <p>Second turbine reservation payment up to \$6.4 mn additional</p> <p>Firm gas transportation/gas pipeline analysis and negotiation begins</p> <p>Initiate negotiation of electric Interconnect</p>
Feb 99	<p>Execution-ready PPA's filed with Missouri PSC</p> <p>Water supply option selected, initiate supply negotiations</p> <p>Approach financing community for advisory/bridge lending</p>
Mar 99	<p>Submit rezoning application for local approval</p> <p>Plant design finalized</p> <p>Select financial advisory with ability to lend construction funds</p>
Apr 99	<p>Begin EPC negotiation</p> <p>Begin major maintenance agreement negotiation</p> <p>Prepare RFP for O&M services</p>

Development Timeline

continued

<u>Month</u>	<u>Key Activity</u>
May 99	Complete land surveys and assessments Execute gas transportation agreement, pipeline construction contract Issue O&M RFP
Jun 99	Approach equity markets
Jul 99	Receive air permit Receive local rezoning approval Third turbine reservation payment (\$3.2mm) Execute EPC, limited notice to proceed Execute water supply Review O&M bids, short list
Aug 99	Missouri PSC approves PPAs, file with FERC
Sep 99	Execute O&M agreement Execute major maintenance agreement (if necessary for financing) Execute electric interconnect with MPS
Oct 99	FERC approves PPAs Full notice to proceed under EPC Project financing closed Ownership sell down completed

Highly Confidential

**Memorandum of Understanding
among
Calpine Corporation
CPN Pleasant Hill, LLC
Aquila, Inc.
MEP Investments, LLC
MEP Pleasant Hill Operating, LLC**

Dated: September 30, 2003

MEMORANDUM OF UNDERSTANDING

among

Calpine Corporation, CPN Pleasant Hill, LLC,
Aquila, Inc., MEP Investments, LLC and MEP Pleasant Hill Operating, LLC

Dated as of September 30, 2003

1. INTRODUCTION

This Memorandum of Understanding (as amended, modified and supplemented from time to time, the "MOU") is entered into among CALPINE CORPORATION, a Delaware corporation ("Calpine"), CPN PLEASANT HILL, LLC, a Delaware limited liability company ("CPN Pleasant Hill"), AQUILA, INC., a Delaware corporation ("Aquila"), MEP INVESTMENTS, LLC, a Delaware limited liability company ("MEP Investments"), MEP PLEASANT HILL OPERATING, LLC, a Delaware limited liability company ("MEP Operating"). Calpine, CPN Pleasant Hill, Aquila, MEP Investments and MEP Operating may be referred to individually as a "Party" or together as the "Parties."

2. BACKGROUND

Calpine is the indirect owner of CPN Pleasant Hill, which is the owner of CPN Pleasant Hill Operating, LLC, a Delaware limited liability company ("CPN Operating").

Aquila is the owner of Aquila Merchant Services, Inc. ("AMS"), which is the indirect owner of MEP Investments and MEP Operating (together, the "Aquila Entities").

CPN Pleasant Hill and MEP Investments each own a 50% equity interest in MEP Pleasant Hill, LLC, a Delaware limited liability company ("MEPPH").

Pursuant to the Amended and Restated Lease Agreement, dated as of March 15, 2000, (as amended from time to time, the "County Lease Agreement"), between MEPPH and Cass County, a county of the State of Missouri ("County Lessor"), County Lessor has leased the Project (as defined in the County Lease Agreement) to MEPPH and MBPPH has leased the Project from County Lessor. The Project consists of an approximately 600-megawatt dispatchable, combined cycle natural gas-fired generating facility, certain transmission lines, gas lines, water lines, other facilities, equipment and systems, and certain land and easements, all located in Cass County, Missouri.

In order to finance construction of the Project, MEPPH entered into (i) the Construction Loan Agreement, dated as of the September 8, 2000 (the "Construction Loan Agreement"), among, MEPPH, as borrower, Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, New York Branch (f.k.a. DG Bank Deutsche Genossenschaftsbank AG), as administrative agent, Union Bank of California, N.A., as placement agent, Union Bank of California, N.A., as arranger, Credit Lyonnais New York Branch, as documentation agent, and the lenders from time to time made a party thereto (the "Construction Lenders"), and (ii) the Equity Loan Agreement, dated as of September 8, 2000 (the "Equity Loan Agreement"), among MEPPH, as borrower, Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, New York Branch (f.k.a. DG Bank Deutsche Genossenschaftsbank AG), as equity loan agent, and each of the banks and other financial institutions from time to time made a party thereto (the "Equity Lenders" and together with the Construction Lenders, the "Lenders"). Loans under the Equity Loan Agreement have been repaid in full, and the loans under the Construction Loan Agreement (the "Construction Loans") have matured but remain unpaid and the Construction Lenders have issued a default notice thereunder.

In order to convert the construction loans into a sale and leveraged lease financing upon the completion of construction of the Project, MEPPH entered into the Participation Agreement (Trust A) and the Participation Agreement (Trust B), each dated as of September 8, 2000 (collectively, the "Participation Agreements"), among MEPPH, MEP Operating, as a lessee, CPN Operating, as a lessee, the applicable Owner Participant named therein, the several banks and other financial institutions from time to time party thereto, Union Bank of California, as security agent, and DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, New York Branch (f.k.a. DG Bank Deutsche Genossenschaftsbank AG), as agent. The closing of the Transactions contemplated under the Participation Agreements has not occurred as of the date of this MOU and the commitments to provide lease financing thereunder have terminated.

3. PURPOSE

The purpose of this MOU is to set forth certain understandings of the Parties with respect to the proposed Transactions (as defined in the attached Term Sheet).

4. TERMS AND CONDITIONS

Certain terms and conditions for the proposed Transactions are set forth in the Term Sheet attached hereto as Exhibit A which is incorporated herein by this reference, and other terms and conditions are to be further negotiated and included in a definitive purchase and sale agreement (the "PSA") between Buyer and Seller (as such terms are defined in the attached Term Sheet).

5. TERM AND TERMINATION

This MOU is effective as of the date hereof and notwithstanding any other provision of this MOU, may be terminated at any time by any Party hereto. Upon the termination of this MOU, all of the terms and conditions contained in this MOU shall be of no further force and effect, other than those terms expressly surviving the termination as set forth in Section 6(b) hereof.

6. NON-BINDING EFFECT

(a) This MOU, including the attached Term Sheet, merely constitutes a statement of proposal by Parties with respect to the proposed Transactions and does not contain all matters upon which agreement must be reached in order for the Transactions to be consummated. Accordingly, other than the specific provisions expressly set forth below in Section 6(b) below, this MOU does not constitute a binding commitment of any of the Parties with respect to the Transactions or otherwise. A binding commitment with respect to the proposed Transactions will result only from the execution of the PSA containing terms and conditions agreeable to all of the Parties, receipt of the approval of the applicable Boards of Directors of Calpine and Aquila, receipt of all other approvals necessary to consummate the Transactions, and satisfaction of all other conditions precedent to the consummation of the Transactions to be set forth in the PSA.

(b) Notwithstanding Section 6(a) above, the provisions of this Section 6 and Sections 5 and 7 through 11 of this MOU and Section 9 of the attached Term Sheet will constitute binding commitments of the Parties and shall survive the termination of this MOU to the extent provided herein and therein.

7. LIMITATION ON LIABILITY

Notwithstanding anything to the contrary in this MOU, in no event shall a Party be liable to another Party for any damages incurred in connection with this MOU, including, without limitation, damages in reliance upon this MOU. Notwithstanding anything to the contrary in this MOU, in no event shall a Party be liable to any other Party for indirect, incidental, special or consequential damages, including, but not limited to, loss of revenue, loss of profit, cost of capital, or loss of opportunity regardless of whether such liability arises out of contract, tort (including negligence), strict liability, or otherwise in connection with this MOU.

8. GOVERNING LAW

This MOU will be governed by laws of the State of Delaware.

9. NO ASSIGNMENT

No Party hereto may assign any rights or obligations hereunder without the prior written consent of the other Parties hereto.

10. COUNTERPARTS

This MOU may be executed in counterparts, each of which will be deemed an original but all of which will constitute one and the same agreement.

11. AMENDMENTS

This MOU may not be amended except by the written agreement of all of the Parties.

IN WITNESS WHEREOF, the Parties have executed this MOU as of the date set forth on the heading of the first page hereof.

CALPINE CORPORATION

By: [Signature]
Name: ROBERT D. KELLY
Title: EVP, CFO

AQUILA, INC.

By: [Signature]
Name: Keith Strain
Title: Chief Operating Officer

CFN PLEASANT HILL, LLC

By: [Signature]
Name: ROBERT D. KELLY
Title: EVP, CFO

MEP INVESTMENTS, LLC

By: [Signature]
Name: Sara L. Hendry
Title: Secretary

MEP PLEASANT HILL OPERATING, LLC

By: [Signature]
Name: ROBERT D. KELLY
Title: EVP, CFO

Exhibit A

Term Sheet for the Transactions

Section I -- Summary of Project-related Transactions:

(a) Termination or Assignment of Certain Agreements:

(i) Simultaneously with the consummation of the other Transactions and as a condition thereof, MEPPH and the Aquila Entities shall enter into a termination (or assignment, if required pursuant to the Loan Restructuring) of: (i) the MEP Power Sales Agreement-I dated September 8, 2000 by and among MEPPH, MEP Operating and MEP Investments; (ii) the MEP Power Sales Agreement-II dated September 8, 2000 by and among MEPPH, MEP Operating and MEP Investments; and (iii) interests of MEP Operating and MEP Investments in the Power Allocation and Dispatch Agreement dated September 8, 2000 by and among CPN Pleasant Hill Operating, LLC, MEP Operating, CPN Pleasant Hill, LLC and MEP Investments (collectively, the "MEP Investments Tolling Agreements") and the other contracts listed in Schedule 1, Part A (the "Aquila Contracts") pursuant to applicable documentation to be negotiated which documentation shall provide for the full and complete release of the Aquila Entities from any and all obligations, liabilities and claims thereunder.

(ii) Simultaneously with the consummation of the other Transactions and as a condition thereof, Calpine, CPN Pleasant Hill and MEP Investments shall enter into a termination of the contingent obligations under Section 5.02(j) and 7.02 of the Unit Purchase Agreement dated January 12, 2000 between MEP Investments and CPN Pleasant Hill, and the related Calpine guaranty and ancillary documents.

(b) Termination of Support Arrangements:

Simultaneously with the consummation of the other Transactions and as a condition thereto, the Aquila Entities shall enter into a termination (or assignment, if required pursuant to the Loan Restructuring) of all of the Aquila Entities rights and obligations under the credit support agreements (the "Aquila Support Arrangements") set forth

on Schedule I, Part B pursuant to applicable documentation to be negotiated, which documentation shall provide for the full and complete release of the Aquila Entities from any and all obligations, liabilities and claims thereunder.

(c) Survival of Certain Contractual Arrangements:

The agreements set forth on Schedule I, Part C will not be terminated or assigned and will remain in full force and effect in accordance with their terms following the Closing (as defined below) of the Transaction.

(d) Sale of Aquila Interests in MEPPH:

Simultaneously with the consummation of the other Transactions and as a condition thereto, Buyer (as hereinafter defined) will acquire from Seller (as hereinafter defined) all of Seller's direct or indirect interests in MEPPH, including without limitation, all tangible and intangible assets, rights and benefits of MEPPH (whether or not associated with the equity interests of MEPPH), all of which shall transfer to the Buyer in accordance with the terms of the PSA which is to be negotiated.

(e) NSP Contracts:

Simultaneously with the consummation of the other Transactions and as a condition thereto, AMS will assign to MEPPH or a Calpine affiliate its rights and obligations under contracts with Northern States Power Company (the "NSP Contracts") calling for the delivery of 45 MW and 40 MW of firm capacity during the period of June 1, 2004 through August 31, 2004 (and related hedging contracts and firm transmission right), and AMS will be released from such obligations or indemnified by Calpine for any breach by MEPPH of such obligations, pursuant to applicable documentation to be negotiated.

(f) Loan Restructuring:

Simultaneously with the negotiation of the PSA, Buyer shall have the exclusive right, on behalf of MEPPH and itself and its affiliates, to negotiate with, and intends to commence negotiations with, (i) the Lenders in connection with the conversion of the Construction Loan to a term loan and/or the refinancing of the Construction Loan and, to the extent

	<p>applicable, address any related matters under the Participation Agreements (collectively, the "<u>Loan Restructuring</u>"), and (ii) third parties to the extent required in connection with the Transactions. The Aquila Entities shall cooperate in good faith with Calpine in connection with such negotiation of the Loan Restructuring.</p> <p>As a condition to the closing of the other Transactions, MEPPH and the Lenders shall contemporaneously therewith consummate the Loan Restructuring.</p> <p>The transactions described in Sections 1, 10, 11 and 12 are collectively referred to as the "<u>Transactions</u>."</p>
Section 2 - Seller:	Aquila or one or more of its subsidiaries
Section 3- Buyer:	Calpine or one or more of its subsidiaries
Section 4 - Payments and Other Consideration to be Made by Aquila:	<p>As consideration for the Transactions, the Parties agree to the following:</p> <ul style="list-style-type: none"> (a) Aquila shall pay \$5.0 million on the Closing Date to Buyer or its designee. (b) The Aquila Entities shall assign the Tariff Rights to Buyer or its designee. (c) Seller shall assign to Buyer its rights in the "Aries" trademark. <p>The Parties agree that the consideration made by Aquila or its applicable affiliates in respect of the Transactions shall be deemed, for tax and accounting purposes, as the receipt by MEPPH of consideration for termination or assignment of the MEP Investments Tolling Agreements and any other Aquila Contracts to which MEPPH is a party which are being terminated and as the receipt of distributions by CPN Pleasant Hill and MEP Investments, respectively, as the owners of MEPPH.</p>
Section 5 - Target Closing Date:	November 15, 2003 as the target date for execution of the PSA and Loan Restructuring documentation, and December 31, 2003 as the target date for the actual closing of all of the Transactions (the " <u>Closing</u> ") and satisfaction of all conditions precedent to Closing (the " <u>Closing Date</u> ").

Section 6 - Expenses:	All expenses of the Parties in connection with the Transactions shall be borne by the applicable Party which has incurred them.
Section 7 - Power Marketing and Fuel Management Agreement:	Notwithstanding the terms of the Power Marketing and Fuel Management Agreement, dated as of January 12, 2000 (the "PMFMA"), among Pleasant Hill Marketing, LLC, MEP Investments and CPN Pleasant Hill or any other agreement, from and after the date of the execution of the MOU and until its termination, Aquila agrees that it will cause Pleasant Hill Marketing and MEP Investments to obtain the prior written consent of Calpine prior to effecting any transactions thereunder. Definitive documentation with regard to the Transaction shall contain a like provision.
Section 8 - Certain Other Matters:	Aquila agrees that in connection with the ongoing arbitration proceeding between MEPPH and Black & Veatch, Inc., it will agree under the terms of the PSA to cooperate with MEPPH, Calpine and its affiliates in connection therewith, including without limitation making available its personnel or personnel of its affiliates to provide relevant documents, depositions and testimony in connection therewith. Calpine or MEPPH will reimburse all reasonable expenses payable by Aquila or its affiliates to third parties in connection with this obligation.
Section 9 - LLC Agreement:	<p>Upon execution of the MOU and until its termination, Calpine will continue as the Chairman position of the MEPPH management committee notwithstanding any terms of the LLC Agreement to the contrary. Definitive documentation with regard to the Transaction shall contain a like provision.</p> <p>Except with respect to the right of Calpine to negotiate the terms of the Loan Restructuring, the termination or assignment of the MEP Investments Tolling Agreements and the Aquila Contracts, the replacement of the Aquila Support Arrangements and the assignment of the NSP Contracts as set forth in Section 1 of this Term Sheet and the provisions relating to the continuation of Calpine as Chairman of the management committee of MEPPH as provided in this Section 9, the powers, rights, obligations and duties of the Members, their Representatives and the</p>

	Chairman of the Management Committee, as set forth in the LLC Agreement (and as such terms are defined therein), shall remain unchanged until the Closing Date.
Section 10 – Collateral Support Reduction:	The Parties will cause Paragraph 3(b)(ii) of Annex A, Collateral Annex To Master Netting, Setoff and Security Agreement between Aquila Merchant Services, Inc. and Calpine Energy Services, L.P. to be amended to add the following subparagraph: “plus (D), for purposes of determining the Collateral Requirement for CES (but not for ABS), the sum of \$12.5 million.”
Section 11 – Trademark License:	Seller will assign to Buyer its rights in the “Aries” trademark.
Section 12 – Tariff Rights Assignment:	Simultaneously with the consummation of the other Transactions and as a condition thereto, Seller shall assign and Buyer shall assume the transmission rights of the Aquila Entities for the period from and after June 1, 2004 under the Southwest Power Pool Open Access Transmission Tariff issued on November 1, 2002, as generally described in Schedule 2 attached to this Exhibit A (the “ <u>Tariff Rights</u> ”), pursuant to applicable documentation to be negotiated.
Section 13 - Conditions Precedent to Closing of all of the Transactions:	<ul style="list-style-type: none"> • Consents from the Lenders and the Owner Participants as required under the Operative Documents (as defined in the Construction Loan Agreement) in respect of the Transactions, including, without limitation, the termination or assignment of the MEP Investments Tolling Agreements, the termination and/or assignment of the Aquila Contracts, the termination and/or assignment of the Aquila Support Arrangements, the assignment of the NSP Contracts, and consummation of the other Transactions contemplated hereby and by the PSA; • Regulatory approvals as necessary, including any required Hart-Scott-Rodino approvals and/or approvals from the Federal Energy Regulatory Commission and the Kansas Corporation Commission; • Consents from third parties to the extent required in connection with the assignment or replacement of any Aquila Contract and Aquila Support Arrangement, the assignment of the NSP Contracts, and the assignment of the Tariff Rights;

	<ul style="list-style-type: none"> • Review and approval by Calpine of all of the transactions entered into under the PMFMA; • Satisfaction of conditions to the Tariff Rights assignment and the assumption of the NSP Contracts, to be specified by Calpine in its sole discretion prior to execution of the PSA and following completion of its due diligence review of the Tariff Rights and the NSP Contracts, including without limitation any liabilities in respect thereof, which shall be satisfactory in all respects in Calpine's sole discretion; • Satisfaction of any conditions imposed by third parties in connection with the assignment of the Aquila Contracts and the replacement of the Aquila Support Arrangements; • Receipt of the consideration specified in Section 4 of this Term Sheet; and • Consummation of the Transactions, including Loan Restructuring, and satisfaction of conditions thereto; provided, however, that the assignment of the Aries trademark shall not be a condition to closing if (a) the Patent and Trademark Office has not yet issued a Notice of Acceptance with respect thereto, and (b) Seller has agreed to cause such assignment immediately upon receipt of such Notice of Acceptance.
<p>Section 14 – Further Assurances</p>	<p>The Parties will take such other actions as are necessary to transfer all of the rights and obligations of the Aquila Entities related to the Project to Calpine and its affiliates, except for the rights and obligations of the Aquila Entities contained in <u>Schedule 1, Part C</u>.</p>

SCHEDULE 1

PART A. LIST OF AQUILA CONTRACTS.

MPS Step-In Agreement dated September 8, 2000 by and among CPN Operating, MEP Operating, MEPPH, CPN Pleasant Hill and MEP Investment.

Construction Support Agreement among MEPPH, MEP Investments, Calpine, DG Bank Deutsche Genossenschaftsbank, AG and Union Bank of California, N.A.

Development and Construction Management Agreement by and among Calpine Central, L.P., MEP Investments and MEPPH.

Facility Operating Agreement between MEPPH, MEP Operating and CPN Operating.

Membership Interest Pledge Agreement dated September 8, 2000 by MEP Investments, in favor of Union Bank of California, N.A.

Power Marketing & Fuel Management Agreement dated January 12, 2000 by and among Pleasant Hill Marketing, LLC, MEP Investments and CPN Pleasant Hill.

Pipeline Operating Agreement dated March 1, 2001, between Calpine Central LP and Aquila Energy Marketing Corporation.

PART B. LIST OF AQUILA SUPPORT ARRANGEMENTS.

Guaranty (Construction Support Agreement) made by Aquila, Inc. dated September 8, 2000

Guaranty (MPS PSA Step-In Agreement) dated September 8, 2000 made by UtiliCorp United Inc., as Guarantor.

Guaranty (UtiliCorp Tolling Agreement – Trust A) dated September 8, 2000 made by UtiliCorp United Inc., as Guarantor.

Guaranty (UtiliCorp Tolling Agreement – Trust B) dated September 8, 2000 made by UtiliCorp United Inc., as Guarantor.

UtiliCorp Guaranties Consent and Agreement dated September 8, 2000.

Contingent obligation under Sections 5.01(f), 5.02(g), 5.02(h) and 7.02 of the Unit Purchase Agreement and Ancillary Documents dated January 12, 2000 between MEP Investments and CPN Pleasant Hill.

PART C. LIST OF AQUILA CONTRACTS TO BE RETAINED

Power Sales Agreement dated February 22, 1999 between MEPPH and Aquila, Inc.

Interconnection Agreement dated June 4, 1999 between MEPPH and Aquila, Inc.

Interconnection Services Agreement dated April 5, 1999 between MEPPH and UtiliCorp
Energy Delivery Transmission

Easement Encroachment and Damage Waiver and Release Agreement dated September
13, 2000 between MEPPH and Aquila, Inc.

SCHEDULE 2

DESCRIPTION OF TARIFF RIGHTS AND RELATED RIGHTS

- 1) SPP 376647, 50 MW, 06/01/2003 – 01/01/2008, CLEC (CLEC) – ERCOTE (ERCOTE),
renewal of SPP 382672
- 2) SPP 376646, 50 MW, 06/01/2003 – 01/01/2008, CLEC (CLEC) – ERCOTE (ERCOTE),
renewal of SPP 338092
- 3) SPP 376645, 50 MW, 06/01/2003 – 01/01/2008, CLEC (CLEC) – ERCOTE (ERCOTE),
renewal of SPP 338091
- 4) SPP 369809, 50 MW, 01/20/2003 – 01/01/2005, CLEC (CLEC) – ERCOTE (ERCOTE) per
System Impact Study SPP-2002-118, renewal of SPP 239062

SPP 424381, 50 MW, 01/01/2005 – 01/01/2008, CLEC (CLEC) – ERCOTE (ERCOTE),
renewal of SPP 369809
- 5) SPP 369808, 50 MW, 01/20/2003 – 01/01/2005, CLEC (CLEC) – ERCOTE (ERCOTE) per
System Impact Study SPP-2002-118, renewal of SPP 239061

SPP 424379, 50 MW, 01/01/2005 – 01/01/2008, CLEC (CLEC) – ERCOTE (ERCOTE),
renewal of SPP 369808
- 6) SPP 376643, 50 MW, 06/01/2003 – 01/01/2008, CSWS (CSWS) – ERCOTE (ERCOTE),
renewal of SPP 338089
- 7) SPP 376642, 50 MW, 06/01/2003 – 01/01/2008, CSWS (CSWS) – ERCOTE (ERCOTE),
renewal of SPP 338088
- 8) SPP 376641, 50 MW, 06/01/2003 – 01/01/2008, CSWS (CSWS) – ERCOTE (ERCOTE),
renewal of SPP 338087
- 9) SPP 376644, 50 MW, 06/01/2003 – 01/01/2008, CSWS (CSWS) – ERCOTE (ERCOTE),
renewal of SPP 338090
- 10) SPP 424385, 50 MW, 06/01/2003 – 06/01/2009, CSWS (CSWS) – ERCOTE (ERCOTE),
Original Request

Highly Confidential

UtiliCorp United Request for Proposals for Power Supply Bid Evaluations

**Final Report
November 28, 2001**

2001 through 2022 Electric Power Market Pricing

Response to Data Request No. 372

2002 through 2019 Electric Power Market Pricing