Aquila Proposal

COST (MILLS/KWH)
PAGE: 1

SOURCE	2000	2001	2002	2003	2004	2005
GENERATING UNITS						
A SIBLEY 1	16.044	16.63	17.048	17.249	17.408	17.723
AQP CC 1	0	19.845	19.467	19.761	19.87	20.357
AQP CC 2	0	18.434	18.347	18.545	18.751	19.611
AQP PKR 1	0	26.194	0	0	0	0
AQP PKR 2	0	26.15	0	0	0	0
B SIBLEY 2	16.752	17.371	17.806	18.021	18.196	18.544
C SIBLEY 3	13.479	14.074	14.774	14.88	15.01	15.338
D JEFFREY 1	17.677	19.346	21.062	22.101	22.346	21.045
E JEFFREY 2	17.614	19.177	20.686	21.807	21.972	20.566
F JEFFREY 3	17.769	19.253	20.729	22.031	22.225	20.753
G R. GREEN 3	33.127	33.901	34.601	35.107	35.574	36.369
H GREENWOOD 1	33.139	34.073	34.536	35.279	35.719	36.787
I GREENWOOD 2	33.08	34.09	34.66	35.218	35.762	36.926
J GREENWOOD 3	33.074	34.082	34.817	35.229	35.762	36.619
K GREENWOOD 4	43.225	40.055	41.127	42.341	42.237	40.534
L NEVADA 1	60.95	68.346	71.33	72.363	73.15	77.243
M KCI 1	43.829	44.552	45.364	46.12	46.628	47.715
N KCI 2	45.674	46.839	48.039	48.906	48.982	50.099
PKPPA 150 2005	0	0	0	0	0	29.362
PURCHASES						
AQUILA 135 2000	0	0	0	0	0	0
AQUILA SHTRM PK	0	0	0	25.402	25.994	26.681
EMERGENCY	75	75	78.047	75	0	75
SEC 120 2000	39.08	0	0	0	0	0
SPOT	23.681	22.815	25.373	24.918	25.29	26.581
UE	18.876	0	0	0	0	0
AVERAGE	16.519	18.358	18.648	18.983	19.529	20.003
Units	15.47	17.839	18.23	18.547	18.933	19.806
Purchases	21.723	22.815	25.376	25.058	25.651	26.631

SCHEDULE FAD-20
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EMPIRE PROPOSAL

Empire Proposal

ENERGY GENERATED (MWH)
PAGE: 1

SOURCE	2000	2001	2002	2003	2004	2005	TOTAL
GENERATING UNITS							
A SIBLEY 1	284,499	211,592	233,345	221,627	248,520	0	1,199,583
B SIBLEY 2	268,440	173,953	194,820	183,591	230,904	0	1,051,707
C SIBLEY 3	2,470,410	2,184,901	2,283,075	2,316,478	2,000,871	0	11,255,735
D JEFFREY 1	364,641	327,206	323,540	318,432	324,850	0	1,658,667
E JEFFREY 2	413,626	335,448	329,062	298,263	333,657	0	1,710,056
EMPIRE 250	0	1,230,761	1,318,429	1,382,141	1,389,150	0	5,320,482
F JEFFREY 3	398,057	324,621	296,734	313,451	322,888	0	1,655,751
G R. GREEN 3	17,238	1,093	1,723	2,609	2,336	0	24,998
H GREENWOOD 1	24,996	4,667	5,704	7,024	3,956	0	46,347
I GREENWOOD 2	25,371	2,915	3,635	5,923	2,852	0	40,697
J GREENWOOD 3	22,926	1,566	2,245	3,719	2,561	0	33,016
K GREENWOOD 4	7,222	429	907	1,320	1,006	0	10,883
L NEVADA 1	285	29	24	48	0	0	385
M KCI 1	1,415	123	102	217	174	0	2,031
N KCI 2	1,314	78	96	176	173	0	1,837
PKPPA 150 2001	0	245,831	275,595	278,139	325,129	0	1,124,694
PKPPA 150 2004	0	0	0	0	224,401	0	224,401
PURCHASES							
AQUILA 135 2000	0	0	0	0	0	0	0
EMERGENCY	0	0	0	9	0	0	9
EMPIRE SHTRM PK	0	33,878	88,689	0	94,663	0	217,230
SEC 120 2000	18,912	0	0	0	0	0	18,912
SPOT	423,803	204,116	64,094	252,866	213,630	0	1,158,508
UE	402,937	0	0	0	0	0	402,937
TOTAL	5,146,091	5,283,203	5,421,819	5,586,033	5,721,718	0	27,158,864
Units	4,300,439	5,045,210	5,269,036	5,333,158	5,413,426	0	25,361,269
Purchases	845,652	237,994	152,783	252,875	308,292	0	1,797,595

SCHEDULE FAD-20
Page 33 of 58

Empire Proposal

FUEL EXPENSE ($)
PAGE: 1

SOURCE	2000	2001	2002	2003	2004	2005	TOTAL
GENERATING UNITS							
A SIBLEY 1	3,969,532	3,091,240	3,501,614	3,364,690	3,814,329	0	17,741,405
B SIBLEY 2	3,933,199	2,675,961	3,073,642	2,931,692	3,726,640	0	16,341,133
C SIBLEY 3	28,598,059	26,440,012	28,515,830	29,453,424	25,717,098	0	138,724,422
D JEFFREY 1	5,347,327	5,429,103	5,862,049	6,120,752	6,306,600	0	29,065,831
E JEFFREY 2	6,044,445	5,508,665	5,892,741	5,666,805	6,401,243	0	29,513,898
EMPIRE 250	0	22,362,613	24,063,697	25,539,182	25,790,377	0	97,755,869
F JEFFREY 3	5,879,231	5,371,408	5,339,170	6,024,288	6,274,021	0	28,888,118
G R. GREEN 3	485,085	32,510	52,104	80,386	73,241	0	723,327
H GREENWOOD 1	701,506	141,129	174,831	217,572	124,668	0	1,359,707
I GREENWOOD 2	710,642	88,622	113,851	184,353	89,869	0	1,187,336
J GREENWOOD 3	643,085	47,096	70,450	116,332	80,719	0	957,682
K GREENWOOD 4	275,739	15,464	33,665	49,050	39,452	0	413,370
L NEVADA 1	15,996	1,893	1,609	3,200	0	0	22,697
M KCI 1	47,859	4,308	3,602	7,810	6,399	0	69,977
N KCI 2	47,184	2,903	3,606	6,734	6,904	0	67,332
PKPPA 150 2001	0	6,354,304	7,215,979	7,388,122	8,775,568	0	29,733,974
PKPPA 150 2004	0	0	0	0	6,001,033	0	6,001,033
TOTAL	56,698,889	77,567,230	83,918,440	87,154,392	93,228,160	0	398,567,111

Empire Proposal

Total Expense ($)
PAGE: 1

SOURCE	2000	2001	2002	2003	2004	2005	TOTAL
GENERATING UNITS							
A SIBLEY 1	4,566,979	3,535,582	3,991,639	3,830,108	4,336,222	0	20,260,530
B SIBLEY 2	4,496,923	3,041,261	3,482,763	3,317,232	4,211,538	0	18,549,717
C SIBLEY 3	33,291,840	30,591,328	32,853,676	33,854,730	29,518,754	0	160,110,328
D JEFFREY 1	6,441,250	6,410,719	6,832,668	7,076,047	7,281,148	0	34,041,833
E JEFFREY 2	7,285,323	6,515,009	6,879,929	6,561,593	7,402,214	0	34,644,068
EMPIRE 250	0	24,061,070	25,928,611	27,543,086	27,854,811	0	105,387,578
F JEFFREY 3	7,073,404	6,345,272	6,229,371	6,964,641	7,242,683	0	33,855,371
G R. GREEN 3	571,273	37,974	60,719	93,429	84,922	0	848,317
H GREENWOOD 1	826,488	164,462	203,352	252,694	144,448	0	1,591,443
I GREENWOOD 2	837,498	103,197	132,026	213,970	104,130	0	1,390,820
J GREENWOOD 3	757,713	54,925	81,673	134,929	93,523	0	1,122,762
K GREENWOOD 4	311,846	17,609	38,200	55,651	44,480	0	467,786
L NEVADA 1	17,421	2,035	1,729	3,439	0	0	24,623
M KCI 1	62,009	5,538	4,622	9,977	8,136	0	90,282
N KCI 2	60,324	3,678	4,566	8,496	8,632	0	85,697
PKPPA 150 2001	0	6,600,134	7,498,465	7,680,342	9,125,696	0	30,904,638
PKPPA 150 2004	0	0	0	0	6,243,388	0	6,243,388
PURCHASES							
AQUILA 135 2000	0	0	0	0	0	0	0
EMERGENCY	0	0	0	637	0	0	637
EMPIRE SHTRM PK	0	718,042	2,025,170	0	2,077,058	0	4,820,270
SEC 120 2000	739,091	0	0	0	0	0	739,091
SPOT	10,069,834	4,191,564	1,448,866	5,699,464	4,537,331	0	25,947,058
UE	7,644,389	0	0	0	0	0	7,644,389
TOTAL	85,053,604	92,399,400	97,698,045	103,300,466	110,319,112	0	488,770,626
Units	66,600,290	87,489,794	94,224,009	97,600,365	103,704,723	0	449,619,181
Purchases	18,453,314	4,909,606	3,474,035	5,700,101	6,614,389	0	39,151,445

SCHEDULE FAD-20
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Empire Proposal

COST (MILLS/KWH)
PAGE: 1

SOURCE	2000	2001	2002	2003	2004	2005	AVERAGE
GENERATING UNITS							
A SIBLEY 1	16.053	16.709	17.106	17.282	17.448	0	16.89
B SIBLEY 2	16.752	17.483	17.877	18.069	18.239	0	17.638
C SIBLEY 3	13.476	14.001	14.39	14.615	14.753	0	14.225
D JEFFREY 1	17.665	19.592	21.118	22.222	22.414	0	20.524
E JEFFREY 2	17.613	19.422	20.908	21.999	22.185	0	20.259
EMPIRE 250	0	19.55	19.666	19.928	20.052	0	19.808
F JEFFREY 3	17.77	19.547	20.993	22.219	22.431	0	20.447
G R. GREEN 3	33.141	34.751	35.24	35.817	36.35	0	33.935
H GREENWOOD 1	33.064	35.243	35.649	35.974	36.514	0	34.337
I GREENWOOD 2	33.01	35.402	36.321	36.124	36.508	0	34.175
J GREENWOOD 3	33.051	35.079	36.384	36.278	36.522	0	34.007
K GREENWOOD 4	43.183	41.048	42.117	42.152	44.237	0	42.982
L NEVADA 1	61.125	71.411	72.025	72.021	0	0	63.916
M KCI 1	43.823	45.021	45.315	46.031	46.827	0	44.463
N KCI 2	45.909	47.462	47.562	48.206	49.967	0	46.663
PKPPA 150 2001	0	26.848	27.208	27.613	28.068	0	27.478
PKPPA 150 2004	0	0	0	0	27.822	0	27.822
PURCHASES							
AQUILA 135 2000	0	0	0	0	0	0	0
EMERGENCY	0	0	0	75	0	0	75
EMPIRE SHTRM PK	0	21.195	22.834	0	21.942	0	22.19
SEC 120 2000	39.08	0	0	0	0	0	39.08
SPOT	23.761	20.535	22.605	22.539	21.239	0	22.397
UE	18.972	0	0	0	0	0	18.972
AVERAGE	16.528	17.489	18.019	18.493	19.281	0	17.997
Units	15.487	17.341	17.883	18:301	19.157	0	17.729
Purchases	21.821	20.629	22.738	22.541	21.455	0	21.78

SCHEDULE FAD-20
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HOUSTON INDUSTRIES PROPOSAL

Houston Industries Proposal

ENERGY GENERATED (MWH)
PAGE: 1

SOURCE	2000	2001	2002	2003	2004	2005
GENERATING UNITS						
A SIBLEY 1	287,522	315,388	319,073	302,060	331,601	324,071
B SIBLEY 2	277,627	282,331	304,946	278,300	338,922	312,423
C SIBLEY 3	2,464,990	2,455,583	2,497,927	2,520,746	2,199,463	2,516,578
D JEFFREY 1	365,852	383,832	388,112	392,549	402,699	361,203
E JEFFREY 2	413,617	399,748	401,498	378,211	408,296	397,226
F JEFFREY 3	394,287	391,917	365,944	401,389	401,650	390,937
G R. GREEN 3	15,927	3,952	5,069	7,110	10,366	11,309
H GREENWOOD 1	26,182	5,019	6,040	10,363	11,356	23,650
HI PKR 1	0	345,054	307,913	343,536	305,324	329,574
HI PKR 2	0	173,830	234,804	296,069	308,131	294,115
I GREENWOOD 2	24,077	4,045	4,654	8,233	8,356	14,168
J GREENWOOD 3	20,744	2,406	4,038	6,858	6,036	9,602
K GREENWOOD 4	6,499	1,614	2,015	2,381	2,233	5,501
L NEVADA 1	308	0	27	33	0	696
M KCI 1	1,302	231	469	318	212	435
N KCI 2	1,609	209	444	638	215	559
PKPPA 150 2005	0	0	0	0	0	531,614
PURCHASES						
AQUILA 135 2000	0	0	0	0	0	0
EMERGENCY	29	0	253	93	0	193
HOUSTON SHTRM PK	0	0	0	176,375	434,699	48,777
SEC 120 2000	18,845	0	0	0	0	0
SPOT	418,494	518,046	578,593	460,772	552,163	304,526
UE	408,183	0	0	0	0	0
TOTAL	5,146,091	5,283,203	5,421,819	5,586,033	5,721,718	5,877,156
Units	4,300,541	4,765,157	4,842,974	4,948,793	4,734,857	5,523,659
Purchases	845,551	518,046	578,846	637,240	986,862	353,497

SCHEDULE FAD-20
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Houston Industries Proposal

FUEL EXPENSE ($)
PAGE: 1

SOURCE	2000	2001	2002	2003	2004	2005
GENERATING UNITS						
A SIBLEY 1	4,012,833	4,584,173	4,776,416	4,580,842	5,088,490	5,076,386
B SIBLEY 2	4,069,622	4,303,420	4,792,425	4,431,882	5,448,910	5,131,920
C SIBLEY 3	28,538,426	29,672,850	31,138,344	31,986,951	28,207,213	32,980,055
D JEFFREY 1	5,362,163	6,162,911	6,780,402	7,230,217	7,492,417	6,362,042
E JEFFREY 2	6,041,159	6,313,960	6,877,068	6,852,331	7,474,885	6,813,156
F JEFFREY 3	5,830,713	6,211,445	6,250,792	7,331,332	7,404,138	6,764,483
G R. GREEN 3	448,698	114,055	148,580	210,269	315,736	363,075
H GREENWOOD 1	736,196	147,695	179,682	318,355	352,572	769,554
HI PKR 1	0	8,286,810	7,468,126	8,456,389	7,601,881	8,275,408
HI PKR 2	0	4,443,877	6,142,343	7,877,952	8,233,864	8,263,510
I GREENWOOD 2	674,675	118,213	140,016	250,102	259,227	466,685
J GREENWOOD 3	581,901	70,546	120,928	206,509	187,666	312,405
K GREENWOOD 4	248,599	58,607	72,431	90,187	84,766	208,056
L NEVADA 1	17,242	0	1,863	2,164	0	51,061
M KCI 1	44,029	7,972	16,534	11,464	7,790	16,747
N KCI 2	57,472	7,679	16,789	25,555	8,522	22,912
PKPPA 150 2005	0	0	0	0	0	14,720,706
TOTAL	56,663,728	70,504,212	74,922,741	79,862,502	78,168,078	96,598,160

SCHEDULE FAD-20
Page 39 of 58

Houston Industries Proposal

Total Expense ($)
PAGE: 1

SOURCE	2000	2001	2002	2003	2004	2005
GENERATING UNITS						
A SIBLEY 1	4,616,629	5,246,487	5,446,469	5,215,168	5,784,851	5,756,935
B SIBLEY 2	4,652,638	4,896,315	5,432,812	5,016,313	6,160,646	5,788,007
C SIBLEY 3	33,221,906	34,338,457	35,884,406	36,776,367	32,386,193	37,761,539
D JEFFREY 1	6,459,718	7,314,406	7,944,736	8,407,864	8,700,513	7,445,650
E JEFFREY 2	7,282,009	7,513,205	8,081,563	7,986,964	8,699,772	8,004,833
F JEFFREY 3	7,013,573	7,387,197	7,348,623	8,535,500	8,609,086	7,937,294
G R. GREEN 3	528,331	133,813	173,927	245,819	367,565	419,618
H GREENWOOD 1	867,105	172,787	209,884	370,170	409,349	887,804
HI PKR 1	0	8,545,601	7,699,061	8,714,040	7,830,874	8,522,589
HI PKR 2	0	4,574,250	6,318,447	8,100,002	8,464,965	8,484,097
I GREENWOOD 2	795,060	138,436	163,287	291,267	301,004	537,522
J GREENWOOD 3	685,621	82,578	141,119	240,800	217,846	360,417
K GREENWOOD 4	281,096	66,674	82,508	102,091	95,930	235,561
L NEVADA 1	18,781	0	1,995	2,329	0	54,542
M KCI 1	57,049	10,279	21,227	14,642	9,905	21,095
N KCI 2	73,559	9,772	21,232	31,933	10,674	28,497
PKPPA 150 2005	0	0	0	0	0	15,310,796
PURCHASES						
AQUILA 135 2000	0	0	0	0	0	0
EMERGENCY	2,156	0	18,938	6,975	0	14,494
HOUSTON SHTRM PK	0	0	0	4,026,339	10,177,201	1,138,096
SEC 120 2000	736,472	0	0	0	0	0
SPOT	*10,043,886*	*10,565,949*	*13,079,685*	*10,371,848*	*12,894,641*	*7,070,888*
UE	7,735,494	0	0	0	0	0
TOTAL	85,071,082	90,996,207	98,069,918	104,456,432	111,121,016	115,780,275
Units	66,553,074	80,430,258	84,971,296	90,051,270	88,049,174	107,556,797
Purchases	*18,518,008*	*10,565,949*	*13,098,622*	*14,405,162*	*23,071,842*	*8,223,478*

SCHEDULE FAD-20
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Houston Industries Proposal

COST (MILLS/KWH)
PAGE: 1

SOURCE	2000	2001	2002	2003	2004	2005
GENERATING UNITS						
A SIBLEY 1	16.057	16.635	17.07	17.265	17.445	17.764
B SIBLEY 2	16.759	17.342	17.816	18.025	18.177	18.526
C SIBLEY 3	13.478	13.984	14.366	14.589	14.725	15.005
D JEFFREY 1	17.657	19.056	20.47	21.419	21.606	20.613
E JEFFREY 2	17.606	18.795	20.129	21.118	21.308	20.152
F JEFFREY 3	17.788	18.849	20.081	21.265	21.434	20.303
G R. GREEN 3	33.173	33.862	34.31	34.574	35.46	37.106
H GREENWOOD 1	33.119	34.43	34.748	35.72	36.049	37.539
HI PKR 1	0	24.766	25.004	25.366	25.648	25.859
HI PKR 2	0	26.315	26.909	27.359	27.472	28.846
I GREENWOOD 2	33.022	34.228	35.084	35.378	36.025	37.941
J GREENWOOD 3	33.052	34.318	34.946	35.111	36.091	37.535
K GREENWOOD 4	43.25	41.323	40.942	42.882	42.965	42.821
L NEVADA 1	61.026	0	75.293	70.58	0	78.337
M KCI 1	43.817	44.547	45.236	46.079	46.833	48.521
N KCI 2	45.725	46.699	47.793	50.071	49.59	51.024
PKPPA 150 2005	0	0	0	0	0	28.801
PURCHASES						
AQUILA 135 2000	0	0	0	0	0	0
EMERGENCY	75	0	75	75	0	75
HOUSTON SHTRM PK	0	0	0	22.828	23.412	23.333
SEC 120 2000	39.08	0	0	0	0	0
SPOT	24	20.396	22.606	22.51	23.353	23.219
UE	18.951	0	0	0	0	0
AVERAGE	16.531	17.224	18.088	18.7	19.421	19.7
Units	15.476	16.879	17.545	18.197	18.596	19.472
Purchases	21.901	20.396	22.629	22.606	23.379	23.263

June, 2000 to May, 2001
ANALYSIS

6/2000 - 5/2001
SEC 100, AQP 155

ENERGY GENERATED (MWH)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	284,499	0	284,499
B SIBLEY 2	268,440	0	268,440
C SIBLEY 3	2,470,410	0	2,470,410
D JEFFREY 1	364,641	0	364,641
E JEFFREY 2	413,626	0	413,626
F JEFFREY 3	398,057	0	398,057
G R. GREEN 3	17,238	0	17,238
H GREENWOOD 1	24,996	0	24,996
I GREENWOOD 2	25,371	0	25,371
J GREENWOOD 3	22,926	0	22,926
K GREENWOOD 4	7,222	0	7,222
L NEVADA 1	285	0	285
M KCI 1	1,415	0	1,415
N KCI 2	1,314	0	1,314
PURCHASES			
AQUILA 100 2000	0	0	0
EMERGENCY	0	0	0
SEC 155 2000	18,912	0	18,912
SPOT	423,803	0	423,803
UE	402,937	0	402,937
TOTAL	5,146,091	0	5,146,091
Units	4,300,439	0	4,300,439
Purchases	845,652	0	845,652

6/2000 - 5/2001
SEC 100, AQP 155

FUEL EXPENSE ($)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	3,969,532	0	3,969,532
B SIBLEY 2	3,933,199	0	3,933,199
C SIBLEY 3	28,598,059	0	28,598,059
D JEFFREY 1	5,347,327	0	5,347,327
E JEFFREY 2	6,044,445	0	6,044,445
F JEFFREY 3	5,879,231	0	5,879,231
G R. GREEN 3	485,085	0	485,085
H GREENWOOD 1	701,506	0	701,506
I GREENWOOD 2	710,642	0	710,642
J GREENWOOD 3	643,085	0	643,085
K GREENWOOD 4	275,739	0	275,739
L NEVADA 1	15,996	0	15,996
M KCI 1	47,859	0	47,859
N KCI 2	47,184	0	47,184
TOTAL	56,698,889	0	56,698,889

6/2000 - 5/2001
SEC 100, AQP 155

Total Expense ($)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	4,566,979	0	4,566,979
B SIBLEY 2	4,496,923	0	4,496,923
C SIBLEY 3	33,291,840	0	33,291,840
D JEFFREY 1	6,441,250	0	6,441,250
E JEFFREY 2	7,285,323	0	7,285,323
F JEFFREY 3	7,073,404	0	7,073,404
G R. GREEN 3	571,273	0	571,273
H GREENWOOD 1	826,488	0	826,488
I GREENWOOD 2	837,498	0	837,498
J GREENWOOD 3	757,713	0	757,713
K GREENWOOD 4	311,846	0	311,846
L NEVADA 1	17,421	0	17,421
M KCI 1	62,009	0	62,009
N KCI 2	60,324	0	60,324
PURCHASES			
AQUILA 100 2000	0	0	0
EMERGENCY	0	0	0
SEC 155 2000	739,091	0	739,091
SPOT	10,069,834	0	10,069,834
UE	7,644,389	0	7,644,389
TOTAL	85,053,604	0	85,053,604
Units	66,600,290	0	66,600,290
Purchases	18,453,314	0	18,453,314

6/2000 - 5/2001
SEC 100, AQP 155

COST (MILLS/KWH)
PAGE: 1

SOURCE	2000	2001	AVERAGE
GENERATING UNITS			
A SIBLEY 1	16.053	0	16.053
B SIBLEY 2	16.752	0	16.752
C SIBLEY 3	13.476	0	13.476
D JEFFREY 1	17.665	0	17.665
E JEFFREY 2	17.613	0	17.613
F JEFFREY 3	17.77	0	17.77
G R. GREEN 3	33.141	0	33.141
H GREENWOOD 1	33.064	0	33.064
I GREENWOOD 2	33.01	0	33.01
J GREENWOOD 3	33.051	0	33.051
K GREENWOOD 4	43.183	0	43.183
L NEVADA 1	61.125	0	61.125
M KCI 1	43.823	0	43.823
N KCI 2	45.909	0	45.909
PURCHASES			
AQUILA 100 2000	0	0	0
EMERGENCY	0	0	0
SEC 155 2000	39.08	0	39.08
SPOT	23.761	0	23.761
UE	18.972	0	18.972
AVERAGE	16.528	0	16.528
Units	15.487	0	15.487
Purchases	21.821	0	21.821

2000
SEC 100, AQP 155

ENERGY GENERATED (MWH)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	284,499	0	284,499
B SIBLEY 2	268,440	0	268,440
C SIBLEY 3	2,470,410	0	2,470,410
D JEFFREY 1	364,641	0	364,641
E JEFFREY 2	413,626	0	413,626
F JEFFREY 3	398,057	0	398,057
G R. GREEN 3	17,238	0	17,238
H GREENWOOD 1	24,996	0	24,996
I GREENWOOD 2	25,371	0	25,371
J GREENWOOD 3	22,926	0	22,926
K GREENWOOD 4	7,222	0	7,222
L NEVADA 1	285	0	285
M KCI 1	1,415	0	1,415
N KCI 2	1,314	0	1,314
PURCHASES			
AQUILA 155 2000	0	0	0
EMERGENCY	0	0	0
SEC 100 2000	18,912	0	18,912
SPOT	423,803	0	423,803
UE	402,937	0	402,937
TOTAL	5,146,091	0	5,146,091
Units	4,300,439	0	4,300,439
Purchases	845,652	0	845,652

SCHEDULE FAD-20
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2000
SEC 100, AQP 155

FUEL EXPENSE ($)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	3,969,532	0	3,969,532
B SIBLEY 2	3,933,199	0	3,933,199
C SIBLEY 3	28,598,059	0	28,598,059
D JEFFREY 1	5,347,327	0	5,347,327
E JEFFREY 2	6,044,445	0	6,044,445
F JEFFREY 3	5,879,231	0	5,879,231
G R. GREEN 3	485,085	0	485,085
H GREENWOOD 1	701,506	0	701,506
I GREENWOOD 2	710,642	0	710,642
J GREENWOOD 3	643,085	0	643,085
K GREENWOOD 4	275,739	0	275,739
L NEVADA 1	15,996	0	15,996
M KCI 1	47,859	0	47,859
N KCI 2	47,184	0	47,184
TOTAL	56,698,889	0	56,698,889

2000
SEC 100, AQP 155

Total Expense ($)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	4,566,979	0	4,566,979
B SIBLEY 2	4,496,923	0	4,496,923
C SIBLEY 3	33,291,840	0	33,291,840
D JEFFREY 1	6,441,250	0	6,441,250
E JEFFREY 2	7,285,323	0	7,285,323
F JEFFREY 3	7,073,404	0	7,073,404
G R. GREEN 3	571,273	0	571,273
H GREENWOOD 1	826,488	0	826,488
I GREENWOOD 2	837,498	0	837,498
J GREENWOOD 3	757,713	0	757,713
K GREENWOOD 4	311,846	0	311,846
L NEVADA 1	17,421	0	17,421
M KCI 1	62,009	0	62,009
N KCI 2	60,324	0	60,324
PURCHASES			
AQUILA 155 2000	0	0	0
EMERGENCY	0	0	0
SEC 100 2000	739,091	0	739,091
SPOT	10,069,834	0	10,069,834
UE	7,644,389	0	7,644,389
TOTAL	85,053,604	0	85,053,604
Units	66,600,290	0	66,600,290
Purchases	18,453,314	0	18,453,314

2000
SEC 100, AQP 155

COST (MILLS/KWH)
PAGE: 1

SOURCE	2000	2001	AVERAGE
GENERATING UNITS			
A SIBLEY 1	16.053	0	16.053
B SIBLEY 2	16.752	0	16.752
C SIBLEY 3	13.476	0	13.476
D JEFFREY 1	17.665	0	17.665
E JEFFREY 2	17.613	0	17.613
F JEFFREY 3	17.77	0	17.77
G R. GREEN 3	33.141	0	33.141
H GREENWOOD 1	33.064	0	33.064
I GREENWOOD 2	33.01	0	33.01
J GREENWOOD 3	33.051	0	33.051
K GREENWOOD 4	43.183	0	43.183
L NEVADA 1	61.125	0	61.125
M KCI 1	43.823	0	43.823
N KCI 2	45.909	0	45.909
PURCHASES			
AQUILA 155 2000	0	0	0
EMERGENCY	0	0	0
SEC 100 2000	39.08	0	39.08
SPOT	23.761	0	23.761
UE	18.972	0	18.972
AVERAGE	16.528	0	16.528
Units	15.487	0	15.487
Purchases	21.821	0	21.821

SCHEDULE FAD-20
Page 50 of 58

2000
AQP 135, SEC 120

ENERGY GENERATED (MWH)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	284,499	0	284,499
B SIBLEY 2	268,440	0	268,440
C SIBLEY 3	2,470,410	0	2,470,410
D JEFFREY 1	364,641	0	364,641
E JEFFREY 2	413,626	0	413,626
F JEFFREY 3	398,057	0	398,057
G R. GREEN 3	17,238	0	17,238
H GREENWOOD 1	24,996	0	24,996
I GREENWOOD 2	25,371	0	25,371
J GREENWOOD 3	22,926	0	22,926
K GREENWOOD 4	7,222	0	7,222
L NEVADA 1	285	0	285
M KCI 1	1,415	0	1,415
N KCI 2	1,314	0	1,314
PURCHASES			
AQUILA 135 2000	0	0	0
EMERGENCY	0	0	0
SEC 120 2000	18,912	0	18,912
SPOT	423,803	0	423,803
UE	402,937	0	402,937
TOTAL	5,146,091	0	5,146,091
Units	4,300,439	0	4,300,439
Purchases	845,652	0	845,652

2000
AQP 135, SEC 120

FUEL EXPENSE ($)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	3,969,532	0	3,969,532
B SIBLEY 2	3,933,199	0	3,933,199
C SIBLEY 3	28,598,059	0	28,598,059
D JEFFREY 1	5,347,327	0	5,347,327
E JEFFREY 2	6,044,445	0	6,044,445
F JEFFREY 3	5,879,231	0	5,879,231
G R. GREEN 3	485,085	0	485,085
H GREENWOOD 1	701,506	0	701,506
I GREENWOOD 2	710,642	0	710,642
J GREENWOOD 3	643,085	0	643,085
K GREENWOOD 4	275,739	0	275,739
L NEVADA 1	15,996	0	15,996
M KCI 1	47,859	0	47,859
N KCI 2	47,184	0	47,184
TOTAL	56,698,889	0	56,698,889

2000
AQP 135, SEC 120

Total Expense ($)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	4,566,979	0	4,566,979
B SIBLEY 2	4,496,923	0	4,496,923
C SIBLEY 3	33,291,840	0	33,291,840
D JEFFREY 1	6,441,250	0	6,441,250
E JEFFREY 2	7,285,323	0	7,285,323
F JEFFREY 3	7,073,404	0	7,073,404
G R. GREEN 3	571,273	0	571,273
H GREENWOOD 1	826,488	0	826,488
I GREENWOOD 2	837,498	0	837,498
J GREENWOOD 3	757,713	0	757,713
K GREENWOOD 4	311,846	0	311,846
L NEVADA 1	17,421	0	17,421
M KCI 1	62,009	0	62,009
N KCI 2	60,324	0	60,324
PURCHASES			
AQUILA 135 2000	0	0	0
EMERGENCY	0	0	0
SEC 120 2000	739,091	0	739,091
SPOT	10,069,834	0	10,069,834
UE	7,644,389	0	7,644,389
TOTAL	85,053,604	0	85,053,604
Units	66,600,290	0	66,600,290
Purchases	18,453,314	0	18,453,314

2000
AQP 135, SEC 120

COST (MILLS/KWH)
PAGE: 1

SOURCE	2000	2001	AVERAGE
GENERATING UNITS			
A SIBLEY 1	16.053	0	16.053
B SIBLEY 2	16.752	0	16.752
C SIBLEY 3	13.476	0	13.476
D JEFFREY 1	17.665	0	17.665
E JEFFREY 2	17.613	0	17.613
F JEFFREY 3	17.77	0	17.77
G R. GREEN 3	33.141	0	33.141
H GREENWOOD 1	33.064	0	33.064
I GREENWOOD 2	33.01	0	33.01
J GREENWOOD 3	33.051	0	33.051
K GREENWOOD 4	43.183	0	43.183
L NEVADA 1	61.125	0	61.125
M KCI 1	43.823	0	43.823
N KCI 2	45.909	0	45.909
PURCHASES			
AQUILA 135 2000	0	0	0
EMERGENCY	0	0	0
SEC 120 2000	39.08	0	39.08
SPOT	23.761	0	23.761
UE	18.972	0	18.972
AVERAGE	16.528	0	16.528
Units	15.487	0	15.487
Purchases	21.821	0	21.821

2000
SEC 55, SPS 100, AQP 100

ENERGY GENERATED (MWH)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	284,428	0	284,428
B SIBLEY 2	268,087	0	268,087
C SIBLEY 3	2,470,102	0	2,470,102
D JEFFREY 1	364,600	0	364,600
E JEFFREY 2	413,507	0	413,507
F JEFFREY 3	397,929	0	397,929
G R. GREEN 3	10,437	0	10,437
H GREENWOOD 1	19,677	0	19,677
I GREENWOOD 2	19,705	0	19,705
J GREENWOOD 3	17,484	0	17,484
K GREENWOOD 4	6,243	0	6,243
L NEVADA 1	122	0	122
M KCI 1	622	0	622
N KCI 2	685	0	685
PURCHASES			
AQUILA 100 2000	0	0	0
EMERGENCY	0	0	0
SEC 55 2000	11,366	0	11,366
SPOT	333,030	0	333,030
SPS 100 2000	167,239	0	167,239
UE	360,829	0	360,829
TOTAL	5,146,091	0	5,146,091
Units	4,273,628	0	4,273,628
Purchases	872,464	0	872,464

2000
SEC 55, SPS 100, AQP 100

FUEL EXPENSE ($)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	3,968,353	0	3,968,353
B SIBLEY 2	3,927,038	0	3,927,038
C SIBLEY 3	28,594,230	0	28,594,230
D JEFFREY 1	5,346,952	0	5,346,952
E JEFFREY 2	6,043,180	0	6,043,180
F JEFFREY 3	5,877,626	0	5,877,626
G R. GREEN 3	298,417	0	298,417
H GREENWOOD 1	557,467	0	557,467
I GREENWOOD 2	561,119	0	561,119
J GREENWOOD 3	498,505	0	498,505
K GREENWOOD 4	230,717	0	230,717
L NEVADA 1	6,929	0	6,929
M KCI 1	21,110	0	21,110
N KCI 2	24,983	0	24,983
TOTAL	55,956,627	0	55,956,627

2000
SEC 55, SPS 100, AQP 100

Total Expense ($)
PAGE: 1

SOURCE	2000	2001	TOTAL
GENERATING UNITS			
A SIBLEY 1	4,565,651	0	4,565,651
B SIBLEY 2	4,490,021	0	4,490,021
C SIBLEY 3	33,287,422	0	33,287,422
D JEFFREY 1	6,440,750	0	6,440,750
E JEFFREY 2	7,283,699	0	7,283,699
F JEFFREY 3	7,071,413	0	7,071,413
G R. GREEN 3	350,599	0	350,599
H GREENWOOD 1	655,852	0	655,852
I GREENWOOD 2	659,645	0	659,645
J GREENWOOD 3	585,927	0	585,927
K GREENWOOD 4	261,929	0	261,929
L NEVADA 1	7,539	0	7,539
M KCI 1	27,332	0	27,332
N KCI 2	31,835	0	31,835
PURCHASES			
AQUILA 100 2000	0	0	0
EMERGENCY	0	0	0
SEC 55 2000	444,164	0	444,164
SPOT	7,461,349	0	7,461,349
SPS 100 2000	3,557,417	0	3,557,417
UE	6,534,840	0	6,534,840
TOTAL	83,717,384	0	83,717,384
Units	65,719,615	0	65,719,615
Purchases	17,997,770	0	17,997,770

2000
SEC 55, SPS 100, AQP 100

COST (MILLS/KWH)
PAGE: 1

SOURCE	2000	2001	AVERAGE
GENERATING UNITS			
A SIBLEY 1	16.052	0	16.052
B SIBLEY 2	16.748	0	16.748
C SIBLEY 3	13.476	0	13.476
D JEFFREY 1	17.665	0	17.665
E JEFFREY 2	17.614	0	17.614
F JEFFREY 3	17.771	0	17.771
G R. GREEN 3	33.594	0	33.594
H GREENWOOD 1	33.331	0	33.331
I GREENWOOD 2	33.476	0	33.476
J GREENWOOD 3	33.512	0	33.512
K GREENWOOD 4	41.959	0	41.959
L NEVADA 1	61.796	0	61.796
M KCI 1	43.925	0	43.925
N KCI 2	46.458	0	46.458
PURCHASES			
AQUILA 100 2000	0	0	0
EMERGENCY	0	0	0
SEC 55 2000	39.08	0	39.08
SPOT	22.404	0	22.404
SPS 100 2000	21.271	0	21.271
UE	18.111	0	18.111
AVERAGE	16.268	0	16.268
Units	15.378	0	15.378
Purchases	20.629	0	20.629

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Page 58 of 58

Burns & McDonnell 100 1898 • 1998

February 1, 1999

Mr. Frank DeBacker
Vice President - Fuel & Purchased Power
Utilicorp United
10750 East 350 Highway
Kansas City, Missouri 64138

Report on the Evaluation of Power Supply Proposals

Mr. DeBacker:

This letter summarizes the results of Burns & McDonnell's evaluation of power supply proposals. UtiliCorp United (UCU) provided the proposals and updated offers from Houston Industries (HI) and Merchant Energy Partners (MEP).

The objective of the evaluation was to verify that the information from the proposals had been accurately input into the model. The evaluation was also performed to determine the power supply option which, when combined with UCU's existing resources, would result in the lowest total cost of power supply for UCU during the evaluation period of June 1, 2000 to May 31, 2005. The evaluation was performed using the RealTime production cost modeling software written by the Emelar Group and utilized the RealTime database of existing power supply resources provided by UCU.

Burns & McDonnell verified that the information provided by UCU had been correctly input into the model. Assumptions made in the evaluation of the offers were provided by UCU and included the natural gas price forecasts, spot energy market price forecasts, and energy sales price forecasts. Burns & McDonnell has reviewed these assumptions and determined that they are reasonable.

The results of the RealTime modeling are shown on the attached tables. Both proposals were modeled under a base, low, and high gas price forecast and a base, low, and high energy market price forecast. All cases were run with and without the sale of energy not required by UCU. The energy to be sold could be provided by any available resources in each case modeled.

As shown in the tables, the total expenses of the two proposals were very similar across all of the cases run. The NPV of total costs for the MEP option is slightly less than the HI option in all but one case. The HI proposal was less expensive in the case involving the base gas price forecast, low market energy prices, and no off-system sales.

ENGINEERS • ARCHITECTS • CONSULTANTS
9400 Ward Parkway
Kansas City, Missouri 64114-3319
Tel: 816 333-9400
Fax: 816 333-3690
http://www.burnsmcd.com

We appreciate the opportunity to be of service to Utilicorp United. We would also like to express our appreciation for the cooperation we received from you and Mr. Roger Parkes during the evaluation process. If there are any aspects of the analyses that you wish to discuss, please do not hesitate to call us.

Sincerely,

James M. Flucke

James M. Flucke, P.E.
Project Manager

Missouri Power Supply
Bid Comparison
6/1/2000 - 5/31/2005
$x1,000

	Annual Cost $x1,000					NPV
From>	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-00
To>	May-01	May-02	May-03	May-04	May-05	May-05
Without Off System Sales						
Base Gas & Mkt						
Merchant Energy Partners	108,388	130,053	135,381	143,952	154,103	530,017
Houston Industries	108,388	129,074	136,181	145,432	156,081	532,248
Low Gas & Mkt						
Merchant Energy Partners	107,201	128,131	133,679	141,514	150,536	521,700
Houston Industries	107,201	127,071	133,707	142,439	152,179	522,611
High Gas & Mkt						
Merchant Energy Partners	109,286	131,741	136,817	145,969	157,239	537,054
Houston Industries	109,287	130,352	138,055	147,781	159,531	539,738
Base Gas & High Mkt						
Merchant Energy Partners	109,286	131,611	136,202	144,902	155,416	534,428
Houston Industries	109,287	130,372	137,863	147,227	158,542	538,522
Base Gas & Low Mkt						
Merchant Energy Partners	107,201	128,216	134,081	142,533	152,026	523,854
Houston Industries	107,201	127,093	133,884	142,788	152,650	523,348
With Off System Sales						
Base Gas & Mkt						
Merchant Energy Partners	104,398	124,280	125,783	135,176	145,695	501,582
Houston Industries	104,496	123,971	132,218	141,965	152,742	516,301
Low Gas & Mkt						
Merchant Energy Partners	104,900	124,198	127,032	135,426	144,548	502,371
Houston Industries	105,051	123,833	131,134	140,080	149,887	512,508
High Gas & Mkt						
Merchant Energy Partners	103,334	123,486	123,798	134,399	146,379	498,234
Houston Industries	103,366	122,870	132,193	143,092	155,022	516,671
Base Gas & High Mkt						
Merchant Energy Partners	103,334	123,245	122,774	132,659	143,683	494,100
Houston Industries	103,366	122,768	131,681	142,090	153,522	514,421
Base Gas & Low Mkt						
Merchant Energy Partners	104,900	124,319	127,710	136,885	146,458	505,385
Houston Industries	105,051	123,918	131,452	140,701	150,685	513,833

Merchant Energy Partners
Annual Ownership and Operating Cost
$x1,000

Annual Fixed Cost

From>	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
To>	May-01	May-02	May-03	May-04	May-05
Aquila Capacity Payment	4,866				
MEP Capacity Payment		17,696	27,660	27,660	27,660
SEC Capacity Payment	7,566	6,693			
Union Electric Capacity Payment	7,176				
Long Term Peaking Capacity Cost					
Short Term Peaking Capacity Cost				2,837	6,397
Gas Reservation Cost		6,890	6,890	6,890	6,890
Total Fixed Costs	19,608	31,279	34,550	37,387	40,947

Total Annual Supply Cost

	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
Without Off System Sales					
MWh $ w/Base Gas & Mkt	88,779	98,774	100,831	106,565	113,157
Total Cost	108,388	130,053	135,381	143,952	154,103
MWh $ w/Low Gas & Mkt	87,592	96,852	99,129	104,127	109,589
Total Cost	107,201	128,131	133,679	141,514	150,536
MWh $ w/ High Gas & Mkt	89,678	100,462	102,267	108,582	116,293
Total Cost	109,286	131,741	136,817	145,969	157,239
MWh $ w/Base Gas & High Mkt	89,678	100,332	101,652	107,515	114,469
Total Cost	109,286	131,611	136,202	144,902	155,416
MWh $ w/Base Gas & Low Mkt	87,592	96,937	99,531	105,146	111,079
Total Cost	107,201	128,216	134,081	142,533	152,026
With Off System Sales					
MWh $ w/Base Gas & Mkt	84,789	93,001	91,233	97,790	104,748
Total Cost	104,398	124,280	125,783	135,176	145,695
MWh $ w/Low Gas & Mkt	85,292	92,919	92,482	98,040	103,601
Total Cost	104,900	124,198	127,032	135,426	144,548
MWh $ w/ High Gas & Mkt	83,725	92,207	89,248	97,012	105,433
Total Cost	103,334	123,486	123,798	134,399	146,379
MWh $ w/Base Gas & High Mkt	83,725	91,966	88,224	95,272	102,736
Total Cost	103,334	123,245	122,774	132,659	143,683
MWh $ w/Base Gas & Low Mkt	85,292	93,040	93,160	99,498	105,511
Total Cost	104,900	124,319	127,710	136,885	146,458

Houston Industries
Annual Ownership and Operating Cost
$x1,000

	Annual Fixed Cost				
From>	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
To>	May-01	May-02	May-03	May-04	May-05
Houston Capacity Payment		23,576	23,576	23,576	23,576
Aquila Capacity Payment	4,866				
SEC Capacity Payment	7,566				
Union Electric Capacity Payment	7,176				
Long Term Peaking Capacity Cost					
Short Term Peaking Capacity Cost				2,837	6,397
Gas Reservation Cost		8,755	8,755	8,755	8,755
Total Fixed Costs	19,608	32,331	32,331	35,168	38,728

	Total Annual Supply Cost				
Without Off System Sales					
MWh $ w/Base Gas & Mkt	88,780	96,743	103,850	110,264	117,353
Total Cost	108,388	129,074	136,181	145,432	156,081
MWh $ w/Low Gas & Mkt	87,592	94,740	101,375	107,271	113,451
Total Cost	107,201	127,071	133,707	142,439	152,179
MWh $ w/ High Gas & Mkt	89,678	98,021	105,724	112,613	120,803
Total Cost	109,287	130,352	138,055	147,781	159,531
MWh $ w/Base Gas & High Mkt	89,678	98,041	105,531	112,059	119,814
Total Cost	109,287	130,372	137,863	147,227	158,542
MWh $ w/Base Gas & Low Mkt	87,592	94,761	101,553	107,620	113,922
Total Cost	107,201	127,093	133,884	142,788	152,650
With Off System Sales					
MWh $ w/Base Gas & Mkt	84,888	91,639	99,886	106,797	114,014
Total Cost	104,496	123,971	132,218	141,965	152,742
MWh $ w/Low Gas & Mkt	85,442	91,501	98,802	104,912	111,159
Total Cost	105,051	123,833	131,134	140,080	149,887
MWh $ w/ High Gas & Mkt	83,757	90,539	99,861	107,924	116,293
Total Cost	103,366	122,870	132,193	143,092	155,022
MWh $ w/Base Gas & High Mkt	83,757	90,437	99,349	106,922	114,794
Total Cost	103,366	122,768	131,681	142,090	153,522
MWh $ w/Base Gas & Low Mkt	85,442	91,587	99,120	105,533	111,957
Total Cost	105,051	123,918	131,452	140,701	150,685

UTILICORP UNITED

Missouri Public Service

June 2001 - May 2005 Supply Side Resource Acquisition Process

Final Report

February 8, 1999

Table of Contents

1. Introduction

This report summarizes the evaluation process and the results of the MPS supply side resource acquisition process begun in May, 1998.

MPS will face a significant capacity shortfall beginning June, 2000 due to the expiration of two of its three purchase power contracts. The total capacity provided by these two contracts is 280 MW. The capacity shortfall will become more acute on June 1, 2001 when the third contract for 115 MW of capacity expires. A summary of the MPS loads and resources forecast showing the capacity shortfall is included as Appendix A.

2. Resource Solicitation

In order to meet both the capacity shortfall triggered by the expiration of the above contracts and projected increases in load, MPS issued a Request for Proposal (RFP) for additional supply side resources on May 22, 1998. Proposals were due on July 3, 1998. As originally issued, the RFP solicited proposals to meet the projected capacity and energy needs for the June, 2000 to May, 2004 time period. A copy of the original RFP is included as Appendix B.

Eight proposals were received in response to the RFP. Brief summaries of each proposal together with the original proposal and subsequent revisions are contained in Appendix C.

In order that evaluation criteria be consistently applied to all proposals, the RFP contained specific requirements in the following areas:

A. Resource Specific:	Bidder must be able to name the specific resource(s) which would supply the capacity and energy. "Financially Firm" proposals were not acceptable.
B. Buyout Option:	Proposal must offer the option to decrease the capacity commitment at a future date.
C. Delivery Point:	Proposals shall in include the cost of transmission from the resource to the borders of the MPS transmission system.
D. Capacity Pricing:	Capacity price shall be known and fixed for each period. Capacity price indexed to an index was not acceptable.
E. Energy Pricing:	The energy pricing formula must be such that MPS would know the cost of energy prior to submitting an energy purchase schedule.
F. Availability:	Availability of capacity and energy must be guaranteed with reductions in capacity payments for failure to meet guarantee levels.
G. Contract Term	Four years or less.

Table 2.1 shows how the each proposal complied with or otherwise addressed each of the six criteria listed above. As can be seen from the table, only the Aquila proposal complied with all criteria. All remaining proposals did not comply with one or more of the criteria.

Table 2.1: Proposal Compliance with RFP Criteria

Bidder Name	Criteria						
	A	B	C	D	E	F	G
Aquila Power	Y	Y	Y	Y	Y	Y	1-4
Basin Electric Coop	Y	N	Y	Y	Y	N	4
LS Power	Y	A	Y	Y	Y	Y	10
NP Energy	Y	Y	N	Y	Y	N	3
NorAm	Y	N	N	Y	Y	N	3
Southern Company	Y	A	N	Y	Y	Y	3
New Century Energies	Y	Y	Y	Y	Y	N	4
Carolina Power & Light	Y	N	Y	Y	Y	A	4

Notes: Y = Yes, N = No, A = Addressed but no specific terms
LS Power, NP Energy, Southern Company & NorAm contract terms begin 6/1/2001.
Only Aquila Power, Basin Electric, New Century and CP&L are available 6/1/2000.

3. Market Changes

The unanticipated supply shortages and subsequent increase in market price and volatility of the summer of 1998 had significant impact on critical elements of the resources selection and evaluation process. The more important events are described below. Appendix D contains a chronology of the evaluation process and provides added insight into the evaluation process.

The changing wholesale market gave rise to the following events which had significant impact on the evaluation process.

A. In mid September, 1998 UtiliCorp formed Merchant Energy Partners (MEP), a subsidiary formed to develop, own and manage UtiliCorp's portfolio of EWG, IPP and cogeneration facilities. At that point, the EWG option under consideration by MPS and the Aquila proposal for the period June 1, 2001 to May 31, 2004 were assigned to MEP.

B. In mid October, NP Energy notified MPS that it was undergoing changes in its organizational structure and would no longer be able to honor its proposal. It assigned its proposal to Houston Industries, the parent of NorAm who was one of the original bidders. NP Energy was subsequently purchased by Duke Energy and ceased to exist.

C. LS Power would not accept a contract term of less than ten years and was not comfortable with committing to a fixed price given the increasing price of generation equipment. As a result, it withdrew its proposal in mid September.

D. Carolina Power & Light decided that it needed at least a seven year contract term and was not comfortable owning assets which would be far from its operational base. As a result, it withdrew its proposal in mid November.

E. In early September, 1998, UtiliCorp reached tentative agreement to purchase the excess capacity of Sunflower Electric Cooperative of Hays, KS. This potential resource became a candidate to meet a portion of the capacity needs of MPS in both 2000 and 2001.

As a result of the above events, the power supply options available to MPS for the period June 1, 2001 to May 31, 2005 became those shown in Table 3.1 below.

Table 3.1: MPS Final Supply Side Options

June, 2001 - May 31, 2005
Houston Industries
Merchant Energy Partners
Southern Company
New Century Energies
Sunflower (2001 only)

4. Proposal Evaluation

Preliminary analysis of the proposals conducted in July and early August, 1998 by Burns & McDonnell had indicated that one of the three following portfolios would offer the lowest cost supply side resources in the 2000 - 2004 time frame:

A. Short term contract for the year 2000 only and a purchase contract with LS Power (2001+)
B. Short term contract for the year 2000 only and a self build option structured as a purchase contract with an Exempt Wholesale Generator affiliate of UtiliCorp United Inc.
C. Short term contract for the year 2000 only and purchase contracts with Carolina Power & Light, NP Energy, New Century Energies and Southern Company.

The results of the preliminary analysis were presented to the staff of the Missouri Public Utilities Commission (MPUC) and the Office of Consumer Council (OCC) on August 24, 1998. A copy of the August, 1998 report by Burns & McDonnell is included in Appendix E.

As a result of the preliminary evaluation, the proposal from Basin Electric Cooperative was dropped from active evaluation due to its high capacity price and the fact that it was not a component of any of the low cost portfolios.

In mid August, 1998 it became evident that the analysis process was being complicated by the energy price volatility and equipment shortages resulting from the sharp increase in the spot market price of energy in June and July, 1998. As a consequence, in early September, 1998, MPS requested that all bidders reconfirm their interest in being a power provider to MPS and to update their proposals.

Finally, with the exception of New Century Energies, Basin Electric Cooperative and Aquila Power, all bidders indicated that they could no longer meet the June, 2000 service date requested in the RFP.

The remainder of this report covers the evaluation for the June, 2001 - May, 2005 time period. Evaluation of power supply options for the June, 2000 to May, 2001 time period is being conducted separately.

June, 2001 - May, 2005 Supply Analysis

On November 6, 1998 MPS requested all bidders submit final proposals by November 30, 1998. Of the four possible suppliers, only Houston Industries and Merchant Energy Partners chose to update and resubmit their proposals. Both bidders proposed to construct generation facilities on the MPS system.

The Houston Industries proposal was for a seasonal peaking capacity contract with a term of five years. The contract would provide 500 MW to MPS in the months of June - September and 200 MW in the remaining months.

The Merchant Energy Partners proposal was for a seasonal intermediate capacity contract with a term of four years. The contract would provide 500 MW to MPS in the months of April - September and 200 MW in the remaining months.

MPS negotiated with both bidders through December and early January with both bidders being given several opportunities to modify and clarify their respective proposals.

Houston Industries submitted its final proposal on January 6, 1999 while Merchant Energy Partners submitted its final revision to its proposal on January 12, 1999. On

January 14, 1999, Houston Industries was given a final opportunity to improve its proposal and declined to do so.

The best and final offers from both bidders were modeled in MPS' production costing software and the annual energy supply costs calculated. The annual capacity costs and gas transportation costs were calculated outside the production costing model added to the energy supply costs to determine the total annual power supply costs. The assumptions for natural gas commodity and transportation costs as well as market energy price assumptions are contained in Appendix F.

In addition to evaluating the final proposals from Houston Industries and Merchant Energy Partners, MPS recalculated the power supply costs for Case 4, the lowest cost option in the Burns & McDonnell analysis of August, 1998. A summary of the results from the base analysis are shown in Table 4.2.

Table 4.1: Evaluation Results for June, 2001 - May, 2005
Supply Side Analysis

	NPV in 2001$ x 1,000	
	Without Off System Sales	With Off System Sales
Merchant Energy Partners	467,982	442,894
Houston Industries	467,117	453,535
Case 4	520,660	497,665

To test the sensitivity to both natural gas and market energy prices, several different scenarios were created by combining different rates of natural gas price escalation with both low, base and high market energy prices. These scenarios were then analyzed using the MPS production costing model. The results of the sensitivity analysis produced the same results as that obtained in the base case. Summaries of the results for these cases as well as for the base analysis are contained in Appendix G. Copies of the production model database as well as the output data for all of the analysis are also contained in Appendix G.

As a final check on its methodology and results, MPS engaged Burns & McDonnell to verify the results of the analysis. The analysis performed by Burns & McDonnell verified the methodology and results obtained by MPS. A copy of the report is included in Appendix E.

The results of the analysis clearly show that the Merchant Energy Partners proposal is the superior supply side resource option available to MPS at this time.

5. Conclusion

Based on the analysis conducted by both MPS and Burns & McDonnell, the preferred supply side resource plan to meet the capacity and energy needs of MPS in the June, 2000 - May, 2005 time period is as follows:

A. Use 115 MW of the Sunflower contract for MPS needs for the June, 2001 to May, 2002 time period.

B. Enter into a PPA with Merchant Energy Partners which will provide 320 MW during the months of June - Sept., 2001 and provide 500 MW during the months of April to Sept and 200 MW in the remaining months of the Jan, 2001 - May, 2005 time period.

C. Purchase incremental capacity needs in 2003 & 2004 through short term contracts.

MPS POWER SUPPLY
Loads & Resources
1999 - 2007
Projected Need

	SYSTEM PEAK RESPONSIBILITY (MW)					SYSTEM CAPACITY (MW)					
YEAR	SYSTEM LOAD NET 1-HR	FIRM PURCHASE (-)	FIRM SALES (+)	TOTAL SYSTEM PEAK RESP.	TOT SYSTEM CAPACITY RESP. * (5)/(1-CM)	ACCREDITED GENERATING CAPACITY	COMMITTED PURCHASE (+)	PROJECTED CAPACITY NEED	TOTAL SYSTEM APACITY	CAPACITY BALANCE	CAPACITY CAPACITY MARGIN (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(10)	(11)	(12)	(13)	(14)
1998	1,194	0	0	1,194	1,357	1,051	345	-	1,396	39	14.5%
1999	1,217	0	0	1,217	1,383	1,051	395	-	1,446	63	15.8%
2000	1,256	0	0	1,256	1,428	1,051	115	265	1,431	3	12.2%
2001	1,302	0	0	1,302	1,480	1,051	-	435	1,486	6	12.4%
2002	1,351	0	0	1,351	1,536	1,051	-	490	1,541	5	12.3%
2003	1,403	0	0	1,403	1,595	1,051	-	550	1,601	6	12.4%
2004	1,458	0	0	1,458	1,657	1,051	-	610	1,661	4	12.2%
2005	1,516	0	0	1,516	1,723	1,051	-	675	1,726	3	12.2%
2006	1,577	0	0	1,577	1,792	1,051	-	745	1,796	4	12.2%
2007	1,641	0	0	1,641	1,865	1,051	-	820	1,871	6	12.3%
2008	1,708	0	0	1,708	1,941	1,051	-	895	1,946	5	12.2%

Footnotes of forecasted data:

Minimum Capacity Margin (MCM) =	12.00%
Total System Capacity Resp. =	

$$\frac{\text{Total System Peak Resp.}}{1 - \text{MCM} + .00005} + .499$$

0.1304

Request for Proposals
for
<u>Resource Specific</u>
<u>Capacity & Energy</u>
for
Missouri Public Service

Issued: May 22, 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 the 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

Contract Period		Capacity Amount (MW)		
		Seasonal Capacity		Annual Capacity
From	To	Jun-Sep	Oct-May	Jun-May
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	Constant price
Monthly price	Index price
Resource heat rate	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 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

Aquila Power Corporation

Aquila Power
10750 East 350 Highway
P.O. Box 11739
Kansas City, MO 64138
816-936-8712
Fax: 816-936-8775
msherman@utilicorp.com

AQUILA ENERGY

July 6, 1998

Max A. Sherman
Director
Power Marketing

Mr. Kiah Harris
Manager - Business Analysis and Consulting
Burns & McDonnell
9400 Ward Parkway
Kansas City, Missouri 64114

Subject: Request for Proposals for Resource Specific Capacity and Energy for Missouri Public Service

Dear Mr. Harris:

Aquila Power Corporation, a power marketing subsidiary of Aquila Energy, is pleased to respond to Missouri Public Service Company's RFP for resource specific capacity and energy. We are offering capacity from a generating project to be constructed in Mississippi with a commercial operation date of June 1, 2000. We are offering terms of one to four years, with buyout provisions which maximize the flexibility available to MPS. While the project is a combined cycle project, we have structured our proposal as a peaking capacity proposal to meet what we understand to be MPS' capacity requirements.

We believe our prices are competitive and will be economically attractive to MPS. Estimated transmission costs are included in the pricing, as separate components and alternatives priced separately. Actual transmission costs will be the basis for billing.

Because this proposal contains proprietary information relating to our specific generating unit, Aquila Power requests that Burns and McDonnell treat this proposal as confidential in accordance with the confidentiality agreement between Aquila and Burns and McDonnell.

Our proposal shall remain valid for ninety days, unless otherwise extended by Aquila Power. However, pricing will necessarily be subject to revision due to changing market conditions until consummation of a contract between the parties.

Mr. Kiah Harris
Burns & McDonnell
July 6, 1998

We thank you for the opportunity to submit this proposal. Should you have any questions concerning this submittal, please do not hesitate to contact the undersigned. We look forward to meeting Missouri Public Service Company's requirements.

Very truly yours,

Max Sherman

Max Sherman
Director, Power Marketing

Enclosure

cc: David Stevenson
Jeff James

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AQUILA POWER CORPORATION PROPOSAL

TO

MISSOURI PUBLIC SERVICE

EXECUTIVE SUMMARY

Aquila Power is offering peaking capacity to Missouri Public Service from a generating unit to be built in Batesville, Mississippi, under terms and conditions which are summarized as follows:

- Term: Various terms are offered from June 1, 2000 through May 31, 2004, with buyout options for the last 2 contract years.

- Type of Service: Unit power with a 93% minimum guaranteed annual equivalent availability.

- Designated Unit: A nominal 267 MW combined cycle generating unit to be constructed by LS Power LLC at an industrial park at the Entergy/TVA border in Batesville, Mississippi. The unit is fully permitted. Initial financing and breaking ground to start construction is expected to start in late July 1998. Aquila Power has executed a contract to purchase the capacity and the right to toll energy from the unit for a term well beyond the period requested by the subject RFP.

- Capacity price: We have priced the capacity at the site, and provided a number of transmission options to move the power and associated energy to MPS' system. The least cost firm transmission path from the project to MPS, across Entergy and Ameren, is presently ~$2.00/kW-month. The capacity prices under various options are shown below:

  Option 1
  $10,000/MW-month from June 1, 2000 through September 30, 2000 (100 MW)
  $750/MW-month from October 1, 2000 through May 31, 2001 (75 MW)

  Option 2 (75 MW)
  $3,833.33/MW-month from June 1, 2000 through May 31, 2001

  Option 3 (Up to 100 MW)
  $4,000/MW-month from June 1, 2001 through May 31, 2002
  $4,500/MW-month from June 1, 2002 through May 31, 2003
  $5,000/MW-month from June 1, 2003 through May 31, 2004

  Buyout option cost for termination during the contract year of June 1, 2002 through May 31, 2003 is $10,000/MW. Buyout option cost for termination during the contract year of June 1, 2003 through May 31, 2004 (except on May 31, 2004) is $20,000/MW.

- Energy Price: $100.00/MWh plus the actual cost of transmission losses and/or ancillary services for delivery of the power to MPS. At present, the estimated cost of transmission losses across Entergy and Ameren (the least cost firm path) is $3.41/MWh.

- Delivery Points: APC will deliver energy to MPS' interconnections with the Eastern interconnection. This includes MPS' direct interconnections with Ameren, Associated Electric Cooperative, Inc., Kansas City Power & Light, and Western Resources.

- Transmission: Transmission charges will be billed to MPS at Aqulia's actual cost. Aquila has identified transmission across Entergy and Ameren as the least cost firm transmission path from the Batesville project which meets the RFP requirements. Present prices for firm transmission on this path range from ~$2000/MW-month ~$2162/MW-month, depending on whether annual or monthly firm service is purchased from Entergy. However, Aquila believes that it may be possible for MPS to relax the requirement for firm service to MPS <u>if</u> the capacity were to be delivered across Entergy to the Southwest Power Pool. Aquila has therefore shown transmission pricing in Tab 7 for a variety of alternative scenarios for consideration by MPS.

- Market Conditions: Pricing is necessarily subject to revision due to changing market conditions, up to execution of a contract between the parties.

DESIGNATED GENERATING UNIT

The designated generating unit is a nominal 267 MW combined cycle generating unit to be constructed by LS Power LLC at an industrial park at the Entergy/TVA border in Batesville, Mississippi. The unit is one of three units to be constructed on the site, with a nominal total capacity rating of 800 MW. Aquila Power has executed a contract to purchase the capacity and the right to toll energy from one unit for a term well beyond the period requested by MPS' Request for Proposals. The project will interconnect with both the Tennessee Valley Authority and the Entergy transmission systems at 161 kV. Aquila has been advised that the EPC contractor and generating equipment vendor have been selected. Because these vendor selections have not been made public, Aquila is not able to disclose who these entities are at this time.

LS Power LLC has advised Aquila Power that the project is fully permitted, and provided a copy of the major permits (which are listed below). The project schedule calls for initial financing and breaking ground to start construction in late July 1998, in order to meet a June 1, 2000 in-service date specified in Aquila's power purchase agreement with LS Power.

Major Permits and Approvals for Batesville Project

- Public Service Commission of Mississippi Certificate of Public Convenience and Necessity, Docket No. 97-UA-513, dated December 12, 1997
- State of Mississippi Air Pollution Control Permit No. 2100-00054, dated November 25, 1997 (both permission to construct and permission to operate)
- National Pollutant Discharge Elimination System (NPDES) Permit No. MS0052931, dated December 12, 1997
- Mississippi Permit to Divert or Withdraw for Beneficial Use the Public Waters, Permit No. MS-SW-02744, dated November 25, 1997.
- Federal Energy Regulatory Commission Certification of Exempt Wholesale Generator Status, Docket No. EG98-59-000, dated April 28, 1998.
- U.S. Army Corps of Engineers Nationwide/General Permit Nos. NW07, NW12, NW25, NW26 and GP22, issued December 4, 1997.
- City of Batesville, MS Confirmation of Appropriate Zoning, dated April 24, 1997.

Copies of these permits can be provided upon request.

TERM

Various terms are offered to be as flexible as possible in meeting MPS' requirements:

Option 1
June 1, 2000 through September 30, 2000 (100 MW)
October 1, 2000 through May 31, 2001 (75 MW)
(Aquila is willing to discuss each Option 1 period separately)

Option 2 (75 MW)
June 1, 2000 through May 31, 2001

Option 3 (Up to 100 MW)
June 1, 2001 through May 31, 2002
June 1, 2002 through May 31, 2003
June 1, 2003 through May 31, 2004

Buyout options are offered for termination during the last two contract years of Option 3.

QUANTITY

The following quantities of capacity are offered, using the Options described in Tab 4, above:

Option 1:	100 MW for summer 2000 (June 1, 2000 through September 30, 2000) 75 MW for non-summer months (October 1, 2000 through May 31, 2001)
Option 2:	75 MW June 1, 2000 through May 31, 2001
Option 3:	Up to 100 MW for the last three (3) contract years (June 1, 2001 through May 31, 2004)

Options 1 and 2 are mutually exclusive. Aquila would be willing to consider selling the summer and non-summer months in Option 1 separately.

Option 3 may be selected by MPS, if it desires, only if it has agreed to purchase capacity under Options 1 or 2.

Tab 6

CAPACITY PRICE

We have priced the capacity at the site, and provided a number of transmission options to move the power and associated energy to MPS' system at MPS' cost. The least cost firm transmission path from the project to MPS, across Entergy and Ameren, is presently ~$2.00/kW-month. The capacity prices under various options are shown below:

Option 1
$10,000/MW-month from June 1, 2000 through September 30, 2000 (100 MW)
$750/MW-month from October 1, 2000 through May 31, 2001 (75 MW)

Option 2 (75 MW)
$3,833.33/MW-month from June 1, 2000 through May 31, 2001

Option 3 (Up to 100 MW)
$4,000/MW-month from June 1, 2001 through May 31, 2002
$4,500/MW-month from June 1, 2002 through May 31, 2003
$5,000/MW-month from June 1, 2003 through May 31, 2004

Buyout option costs
$10,000/MW for termination during the contract year of June 1, 2002 through May 31, 2003.
$20,000/MW for termination during the contract year of June 1, 2003 through May 31, 2004 (except on May 31, 2004).

The buyout option can be exercised with no less than 12 months' prior written notice by MPS to Aquila Power.

TRANSMISSION SERVICE

Transmission charges will be billed to MPS at Aqulia's actual cost. Aquila has identified transmission across Entergy and Ameren as the least cost firm transmission path from the Batesville project which meets the RFP requirements. Present prices for firm transmission on this path range from ~$2000/MW-month ~$2162/MW-month, depending on whether annual or monthly firm service is purchased from Entergy (refer to Table 1, below). However, Aquila believes that it may be possible for MPS to relax the requirement for firm service to MPS if the capacity were to be delivered across Entergy to the Southwest Power Pool (SPP). This is because capacity delivered to the SPP is expected to be counted by the SPP in order to meet a member utility's reserve capacity obligations (per an Aquila discussion with SPP staff). While the SPP will have a requirement effective October 1, 1998 that firm transmission for purchased capacity is required, there is at present no penalty imposed if this requirement is not met. In addition, the issue of grandfathering capacity transactions which existed before the October 1, 1998 effective date, analagous to grandfathering transmission service transactions entered into before the effective date of the SPP regional transmission tariff, to Aquila's knowledge has not been addressed. There may therefore be an opportunity to grandfather the associated transmission arrangements. For these reasons, Aquila has shown present firm transmission prices in Table 1, below for alternative scenarios for consideration by MPS.

Table 1
Transmission Scenarios and Present Prices
(For capacity from Aquila's designated generating unit in Batesville, MS)

Path	Utility #1 and cost	Utility #2 and cost	Total ($/MW-mo)
Project-Entergy -Ameren-MPS	Entergy $999.10/MW-mo. (incl. 3% cap. Losses) (+$0.20/MWh anc. Svcs.) (annual firm service)	Ameren $11974.52 per MW-yr ($0.21/MWh losses) (annual firm service)	$1996.98
Project-Entergy -Ameren-MPS	Entergy $1163.9/MW-mo. (incl. 3% cap. Losses) (+$0.20/MWh anc. Svcs.) (monthly firm service)	Ameren $997.86 per MW-mo. ($0.21/MWh losses) (monthly firm service)	$2161.76
Project-Entergy -AECI-MPS	Entergy $999.10/MW-mo. (incl. 3% cap. Losses) (+$0.20/MWh anc. Svcs.) (annual firm service)	AECI $21192.87 per MW-yr (+$1.20/MWh losses & anc. svcs.) (annual firm service)	$2765.17

Project-Entergy -AECI-MPS	Entergy \$1163.9/MW-mo. (incl. 3% cap. Losses) (+\$0.20/MWh anc. Svcs.) (monthly firm service)	AECI \$1766.08 per MW-mo. (+\$1.20/MWh losses & anc. svcs.) (monthly firm service)	**\$2929.98**
Project-TVA -Ameren-MPS	TVA \$2041/MW-mo. (+. 3% losses) (monthly firm service)	Ameren \$997.86 per MW-mo. (\$0.21/MWh losses) (monthly firm service)	\$3038.86

ENERGY PRICE

The offered energy price is $100.00/MWh plus the actual cost of transmission losses and/or ancillary services for delivery of the power to MPS. At present, the estimated cost of transmission losses across Entergy and Ameren (the least cost firm path) is $3.41/MWh.

OPERATION AND MAINTENANCE

Operation

LS Power will be responsible for operation of the designated generating unit. Aquila Power will be responsible for the fuel supply. The unit will be operated and maintained in accordance with equipment manufacturer recommendations.

Maintenance

LS Power will be responsible for maintaining the unit in accordance with equipment manufacturer recommendations. Aquila's contract with LS Power contains strong incentives for LS Power to schedule maintenance during the low load months in the Spring and Fall, and to minimize the annual scheduled maintenance hours subject to manufacturer's recommendations. Scheduled maintenance is not allowed during the period from June 15 to September 15.

The maintenance schedule for the designated unit is determined annually. The criteria and contract conditions for determining the maintenance schedule are attached. Aquila requests this information be treated as confidential.

"Section 5.4 Scheduled Maintenance.

(a) At least thirty (30) Days prior to the Commercial Operation Date and thereafter prior to June 1 of each subsequent calendar year, Purchaser shall provide to Seller a non-binding proposed schedule of its projected Dispatch for, in the case of the first such schedule, the nineteen (19)-Month period beginning on the Commercial Operation Date, and thereafter for the twelve (12)-Month period beginning on January 1st of the following calendar year.

Based on Purchaser's projected Dispatch schedule and subject to Section 5.4(b), Seller shall provide Purchaser with its proposed maintenance schedule for such twelve (12)-Month period within ten (10) Days following receipt of Purchaser's projected Dispatch schedule. Purchaser and Seller shall agree on the expected timing of the Scheduled Maintenance Outages for such twelve (12)-Month period with no Scheduled Maintenance Outages to occur during the period from June 15 to September 15. Scheduled Maintenance Outages may be taken in any number of non-contiguous periods, provided number of Scheduled Maintenance Hours does not exceed the amounts specified in Section 5.4(b). Seller shall coordinate all Scheduled Maintenance Outages with Purchaser by giving Purchaser written notice at least ten (10) Days prior to a Scheduled Maintenance Outage such notice to include the scheduled start date, time, and duration of such Scheduled Maintenance Outage. Unless otherwise agreed by the Parties, acting reasonably, the start date of a Scheduled Maintenance Outage shall occur within one (1) Day of the date the Parties agreed to schedule such Scheduled Maintenance Outage as set forth above. To the extent the start of a Scheduled Maintenance Outage deviates by more than one (1) Day from the schedule that had been agreed to, such deviation shall count towards the 120 hours available to Seller pursuant to Section 5.4(c).

(b) Scheduled Maintenance Outages shall be determined in accordance with manufacturer's recommendations in accordance with formulae provided by relevant equipment manufacturers. The number of Scheduled Maintenance Hours shall be further limited to 336 hours each calendar year in which a minor inspection (e.g. combustion inspection) occurs, 480 hours each calendar year in which a hot gas path inspection occurs, and 840 hours each calendar year in which a Major Inspection occurs. Subject to Purchaser not exceeding 200 Start-Ups per year, the Scheduled Maintenance Outage frequency shall be no greater than annually for a minor inspection, every three (3) years for a hot gas path inspection, and every five (5) years for a Major Inspection; provided, however, that such maintenance frequencies shall be further subject to changes in the manufacturer's recommendations. To the extent Purchaser exceeds 200 Start-Ups in a calendar year, and to the extent manufacturer's recommendations require a greater frequency of maintenance than that described herein, the frequency of such maintenance shall be adjusted in accordance with such manufacturer's recommendations.

(c) If required in accordance with Prudent Industry Practices or manufacturers' recommendations, Seller may utilize up to 120 Scheduled Maintenance Hours per calendar year to perform maintenance repairs at a different time than designated pursuant to Section 5.4(a). Seller shall provide Purchaser with no less than two (2) Business Days prior notice of such requirement; provided that Seller shall not be entitled to make such re-allocation of Scheduled Maintenance Hours during the period from June 15 through September 15 without the prior consent of Purchaser. Seller shall use its best efforts to schedule such Scheduled Maintenance Outages in a manner that allows Scheduled Maintenance Outages of less than eight (8) contiguous hours to occur during Off-Peak Hours.''

AVAILABILITY

The minimum guaranteed annual equivalent availability, once the unit achieves commercial operation, is 93%.

SCHEDULING

Scheduling of power and energy from the designated generating unit will be by MPS to Aquila by 8:30 a.m the previous business day. This deadline is needed to enable Aquila to nominate natural gas for the unit. Schedules shall be submitted by MPS to Aquila Power by facsimile or telephoned instruction to Aquila's designated representative for this transaction. The minimum schedule block is 25 MW for any hour the power is scheduled. The minimum schedule duration is eight (8) consecutive hours. MPS shall also reimburse Aquila for a pro-rata share of start-up costs; for a 267 MW generating unit approximately 3000 MCf of natural gas is required for start-up.

When Aquila is serving MPS from the generating unit, procedures will need to be established to cover the generating unit ramp rates from synchronization to minimum load, and between minimum and full load. This may mean that changes in scheduled hourly deliveries requested by MPS may need to be accommodated over more time than the ten minute ramp across the top of the hour which is normal practice in SPP. In such event, MPS and Aquila will develop procedures, working with transmission providers, to allow longer ramp times if required to facilitate desired schedule changes.

DELIVERY POINTS

- APC will deliver energy to MPS' interconnections with the Eastern interconnection. This includes MPS' direct interconnections with Ameren, Associated Electric Cooperative, Inc., Kansas City Power & Light, and Western Resources.

BUYOUT OPTIONS

Buyout option costs are as follows:

$10,000/MW for termination during the contract year of June 1, 2002 through May 31, 2003.

$20,000/MW for termination during the contract year of June 1, 2003 through May 31, 2004 (except on May 31, 2004).

The buyout option can be exercised with no less than 12 months' prior written notice by MPS to Aquila Power.

CONDITIONS PRECEDENT

Any agreement entered into hereunder will have the conditions precedent to effectiveness of the agreement that:

1. The Project will have financial closing occur by August 15, 1998, unless such condition is waived or extended by Aquila Power.

2. The effectiveness of the agreement shall also be subject to receipt of all required regulatory approvals, including for Aquila, the Federal Energy Regulatory Commission, and including for MPS the Missouri Public Service Commission.

3. Completion of construction and commissioning of the unit as scheduled.

4. Acquisition of firm transmission service as directed by Missouri Public Service.

Aquila Power
10750 East 350 Highway
P.O. Box 11739
Kansas City, MO 64138
816-936-8712
Fax: 816-936-8775
msherman@utilicorp.com

AQUILA ENERGY

Max A. Sherman
Director
Power Marketing

November 9, 1998

Mr. Frank A. DeBacker
Missouri Public Service
10700 East 350 Highway
Kansas City, Missouri 64138

Subject: Power Supply RFP for Missouri Public Service (MPS)

Dear Frank:

This letter responds to your letter of November 6 requesting Aquila respond on whether we continue to have an interest in providing power supply resources to MPS, and to provide any pricing changes and/or other modifications to our original proposal. Please be advised that Aquila Power remains interested in providing power supply resources to MPS. We also have incorporated into our proposed unit power sales agreement the changes we have previously discussed. That document is attached.

Very truly yours,

Max Sherman
Max Sherman
Director, Power Marketing

Enclosure

cc: David Stevenson
John Hall
Joe Gocke
Jeff James

AQUILA POWER

-Draft-

UNIT POWER SALES AGREEMENT

between

AQUILA POWER CORPORATION
10750 East 350 Highway
Kansas City, Missouri 64138

and

UTILICORP UNITED INC.
d/b/a
Missouri Public Service
10700 East 350 Highway
P.O. Box 11739
Kansas City, Missouri 64138

Dated: ________________

Agreement No: ________

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UNIT POWER SALES AGREEMENT
BETWEEN
AQUILA POWER CORPORATION
AND
UTILICORP UNITED INC. d/b/a MISSOURI PUBLIC SERVICE

THIS AGREEMENT, is made and entered into this __ day of ______, 1998, by and between AQUILA POWER CORPORATION, a Delaware corporation, engaged in the business of purchasing electric power and energy for sale to other entities at wholesale, having its principal office and place of business at 10750 East 350 Highway, Kansas City, Missouri 64138 (hereinafter referred to as "Aquila"), and UTILICORP UNITED INC. d/b/a Missouri Public Service, a Delaware corporation having its principal office and place of business at 10700 East 350 Highway, Kansas City, Missouri 64138 (hereinafter referred to as "MPS"), Aquila and MPS being individually and collectively referred to as, respectively, Party or Parties,

WITNESSETH:

WHEREAS, MPS desires to purchase 135 megawatts ("135 MW") of unit capacity and energy for the summer of 2000; and

WHEREAS, Aquila desires to sell unit capacity and associated energy from a combined cycle generating unit presently under construction by LSP Energy Limited Partnership in Batesville, Mississippi, ("Batesville Unit 1");

WHEREAS, it is intended that as provided herein the power and energy from Batesville Unit 1 or other Aquila Power Resources will be delivered by Aquila to MPS at the MPS transmission system;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties hereto mutually contract and agree as follows:

ARTICLE 1 – DEFINITIONS

The following terms shall have the respective meanings set forth below:

1.1 Agreement. Agreement means this Unit Power Sales Agreement, including when applicable, any amendments and exhibits hereto, that the Parties may execute now or at any time in the future.

1.2 Aquila Power Resources. Aquila Power Resources shall mean the Designated Aquila Power Resource and any other electric generating facilities owned or purchased by Aquila (including Aquila's share of power and energy in any jointly owned facilities) or capacity purchased by Aquila from others.

1.3 Batesville Unit 1. Batesville Unit 1 shall mean the designated unit of LSP Energy Limited Partnership's combined-cycle generating station located in Batesville, Mississippi, for which the power and energy is being purchased by Aquila, with an estimated net capability rating of 279 MW as of the date this Agreement is executed.

1.4 Billing Month. Billing Month means the period beginning on the first day and extending through the last day of each calendar month during the term of this Agreement.

1.5 Business Day. Business Day means any day on which Federal Reserve member banks in New York City are open for business; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for each Party's principal place of business.

1.6 Designated Aquila Power Resource. Designated Aquila Power Resource shall mean an Aquila Power Resource designated by Aquila and approved by MPS for generating capacity pursuant to Section 3.1 of this Agreement.

1.7 Effective Date of Service. Effective Date of Service shall mean the date on which sales of capacity and associated energy under this Agreement are scheduled to commence, as set forth in Section 2.1 hereof.

1.8 Equivalent Availability. Equivalent Availability shall have the meaning as described in Section 5.3 below.

1.9 Event of Default. Event of Default shall have the meaning as described in Section 13.1.

1.10 FERC. FERC shall mean the Federal Energy Regulatory Commission, or any successor to its functions.

1.11 MPSC. MPSC shall mean the Missouri Public Service Commission, or any successor to its functions.

1.12 Points of Delivery. Points of Delivery shall mean points of interconnection between MPS and the Eastern Interconnection, including those interconnections with Ameren (formerly Union Electric Company), Associated Electric Cooperative, Kansas City Power and Light, Western Resources and any point of interconnection which may be established in the future.

1.13 Prudent Industry Practices. Prudent Industry Practices shall mean any of the practices, methods, standards and acts (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of the electric power generation industry in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, could have been expected to accomplish the desired result consistent with good business practices, reliability, economy, safety and expedition, and which practices, methods, standards and acts generally conform to operation and maintenance standards recommended by a facility's equipment suppliers and manufacturers, applicable facility design limits and applicable governmental approvals and law.

1.14 Rated Capability. Rated Capability shall mean the capability of any Designated Aquila Power Resource, as such capability is determined from time to time by Aquila or the operator of the Designated Aquila Power Resource pursuant to Prudent Industry Practices.

1.15 Regulatory Approval Date. Regulatory Approval Date shall mean ________.

1.16 Taxes. Taxes shall mean any or all ad valorem, property, occupation, severance, generation, first use, conservation, Btu or energy, transmission, utility, gross receipts, privilege, sales, use, excise and other taxes, governmental charges, licenses, fees, permits and assessments, other than taxes based on net income or net worth. "New Taxes" means (i) any Taxes enacted and effective after the effective date of this Agreement, including without limitation, that portion of any Taxes or New Taxes that constitutes an increase, or (ii) any law, rule, order or regulation, or interpretation thereof, enacted and effective after the effective date of this Agreement resulting in the application of any Taxes to a new or different class of Parties.

ARTICLE 2 – TERM OF AGREEMENT

2.1 Effective Date. The effective date of this Agreement shall be the date this Agreement has been executed by both Parties. The Effective Date of Service under this Agreement shall be June 1, 2000.

2.1.1 Conditions Precedent. The following shall be conditions precedent to the Effective Date for Service:

(a) Transmission Service Arrangements. Complete execution of final contractual arrangements for the delivery of power from Batesville Unit 1 to MPS within ninety (90) days following the Regulatory Approval Date, upon terms which are satisfactory to both Parties; provided, however, that MPS may elect to have Aquila enter into such arrangements at an earlier date, in which event MPS shall indemnify and reimburse Aquila for all fixed costs associated with such entering into such arrangements, including, without limitation, all deposits and reservation charges imposed on Aquila.

(b) Batesville Unit 1 Commercial Operation Date. Certification of the Commercial Operation Date for the Batesville Unit 1 (as defined in Aquila's agreement with the owner of Batesville Unit 1) by June 1, 2000, unless otherwise agreed or Aquila provides power and energy from other Designated Aquila Power Resources to the extent the Commercial Operation Date is delayed.

(c) FERC approval. Final approval by FERC of this Agreement upon terms satisfactory to both Parties by the Regulatory Approval Date.

(d) MPSC approval. Final approval by the MPSC of this Agreement upon terms satisfactory to both Parties by the Regulatory Approval Date.

2.1.2 Agreement to Fulfill Conditions. Aquila and MPS agree to expeditiously seek to fulfill each of the conditions listed above which is incumbent upon them to satisfy and shall notify the other Party when each condition is satisfied. Each Party shall cooperate with the other in attempting to satisfy the conditions.

2.1.3 Failure of Condition Precedent. In the event conditions (a) or (b) above are not achieved by the dates specified therein, MPS shall have the continuing right to terminate this Agreement upon thirty (30) days' advance written notice to Aquila. In the event such condition has been satisfied prior to the end of such thirty (30) day period, then such termination shall be of no effect. In the event conditions (c) or (d) above have not been satisfied by the dates specified therein, then, unless otherwise agreed by the Parties in writing, this Agreement shall automatically terminate as of such date.

2.2 Termination Date. The provisions of this Agreement shall continue in effect through September 30, 2000, unless earlier terminated, as provided below:

2.2.1 Default Either Party may terminate this Agreement in accordance with the provisions of Article 13 as a result of the other Party's failure to cure an Event of Default.

2.2.2 Changed Agreement. In the event this Agreement or the operation thereof, is changed or modified by the action of any regulatory agency or authority, either Party, if adversely affected to a material extent, shall have the right to negotiate for the necessary relief to alleviate said adverse effects brought on by either the changes or modifications. Once a Party determines that a regulatory change or modification adversely affects such Party, the Party shall give notice of its desire to enter into negotiations, as provided herein above. As soon as practicable after issuance of such notice, the Parties shall commence good faith negotiations to arrive at a mutually agreeable solution to the problem. However, if the Parties are unable to agree on a mutually satisfactory solution within sixty (60) days from the date of the above referenced notice, the aggrieved Party may terminate this Agreement on five (5) month's notice to the other Party.

2.2.3 Conditions Precedent. The termination of this Agreement pursuant to Section 2.1.1.

2.3 Effect of Termination. In the event that this Agreement is terminated pursuant to Section 2.1.1 above, then neither Party shall have any other obligation to the other under this Agreement. In the event that this Agreement is terminated pursuant to Sections 2.2.1 and 2.2.2 above, the rights and obligations of the Parties pursuant to this Agreement shall continue unaffected until the termination is effective. Any such termination shall not relieve MPS of its obligation to pay any unpaid invoices for any capacity made available or energy supplied prior to the date such termination is effective, or relieve Aquila of its obligation to deliver scheduled power prior to the date such termination is effective.

ARTICLE 3 – CAPACITY AND ENERGY TO BE PURCHASED AND SOLD

3.1 Generating Capacity and Energy. Subject to the other provisions of this Agreement, Aquila agrees to sell and MPS agrees to purchase generating capacity in the amount of one hundred and thirty-five megawatts (135 MW) and scheduled energy at the Points of Delivery from one or more Designated Aquila Power Resources for the term of this Agreement. The initial Designated Aquila Power Resource for generating capacity and energy shall be Batesville Unit 1. Aquila may, from time to time at its sole discretion, offer to designate other Aquila Power Resources as the Designated Aquila Power Resource; however, MPS may in its sole discretion reject such offer, in which event, the Designated Aquila Power Resource shall continue to be Batesville Unit 1.

ARTICLE 4 -- CURTAILMENT OF CAPACITY AND ENERGY

4.1 When Curtailable. Capacity and energy from the Designated Aquila Power Resource for supply of generating capacity shall be continuously available except that it may be curtailed at the option of Aquila in the event of the occurrence of any or all of the following, as determined by Aquila in accordance with Prudent Industry Practices:

4.1.1 Equipment Failure. Equipment failure requiring reduced operation or shutdown of the Designated Aquila Power Resource for the supply of generating capacity; or

4.1.2 Inspection. Inspection requiring reduced operation or shutdown of the Designated Aquila Power Resource for the supply of generating capacity; or

4.1.3 Maintenance or Repair. Maintenance or repair requiring reduced operation or shutdown of the Designated Aquila Power Resource for the supply of generating capacity; or

4.1.4 Derate. Derate (defined as a reduction in the Rated Capability) of the Designated Aquila Power Resource for the supply of generating capacity, whether such derate is the result of equipment failure, inspection, maintenance or repair or any other cause; or

4.1.5 Transmission Limitations. Transmission limitations on MPS' system affecting MPS' ability to receive the power and energy at the Points of Delivery as required to implement this Agreement, or transmission limitations on the transmission systems of other third parties, when such limitations are judged, in accordance with Prudent Industry Practices, to require curtailment of delivery to MPS; or

4.1.6 Force Majeure. Force Majeure events as defined in Article 12 hereof.

4.2 Additional Curtailment Provisions

4.2.1 Effect of Curtailment. When capacity is curtailed pursuant to Section 4.1 hereof, the generating capacity shall be reduced by no more than the ratio of the unavailable capacity to the Rated Capability of the Designated Aquila Power Resource. When the condition leading to curtailment is removed, generating capacity shall be restored to pre-curtailment levels.

4.2.2 Notice. To the extent practicable, Aquila shall supply MPS reasonable advance notice of all curtailments and interruptions of contracted for capacity and energy under this Agreement.

4.2.3 Aquila Power Resource Performance. Aquila shall operate, maintain and restore, either directly or through its agent and operator, the Designated Aquila Power Resource in accordance with Prudent Industry Practices.

4.2.4 Other Resources. When delivery of generating capacity or energy to MPS from the Designated Aquila Power Resource is curtailed as set forth above, Aquila shall not be obligated to deliver generating capacity or energy from any other resource.

ARTICLE 5 – PRICE FOR CAPACITY AND ENERGY

5.1 Capacity Charge. The capacity charge for the generating capacity for the full contracted quantity for each month of the term of this Agreement is $6.85 per kilowatt-month ($6.85/kW-month) from June 1, 2000 through September 30, 2000, plus the actual cost of transmission service and ancillary service charges to deliver the power and energy from Batesville Unit 1 to MPS, as provided in Section 5.5, below.

5.2 Energy Charge. The price for all energy delivered by Aquila to MPS under this Agreement is $100.00/MWh plus the actual cost of transmission losses and ancillary services for delivery of the power to MPS, for the specified firm path from Batesville Unit 1 to MPS as set forth in Section 5.5. In addition, for each start-up of the Designated Aquila Power Resource, MPS shall reimburse Aquila for a pro-rata share of start-up costs. Such reimbursement shall equal MPS' pro-rata share of Aquila's actual cost for 3,000 MMBtu of natural gas at the time of each start-up.

5.3 Guaranteed Minimum Equivalent Availability. During the period from June 1, 2000 through September 30, 2000, Aquila guarantees the Equivalent Availability ("EA"), as defined hereafter, of the energy output of the capacity supplied hereunder shall be not less than ninety-three percent (93%). In the event the EA during such period is less than ninety-three percent (93%), the capacity charge specified in Section 5.1 above shall be adjusted as provided below:

(i) When EA equals or exceeds 93%, as defined below, the capacity charge is as specified in Section 5.1 above.

(ii) When EA is less than 93%, as defined below, the capacity charge shall be $6.85/kW-month x (EA/0.93).

EA shall be determined as provided below:

$$EA = (AH - (EUDH + EPDH))/PH$$

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Where:

AH is the number of available hours during the period (the total number of hours the Unit was electrically connected to the transmission system and reserve shutdown hours, excluding Scheduled Maintenance Hours as defined below);

EUDH is the number of equivalent unplanned derate hours calculated as the sum, for each unplanned derate, of the product of the number of hours of full or partial derate hours times the size of the reduction divided by the rated generating capability of the Designated Aquila Power Resource for the period. For the purposes of this calculation, an unplanned derate includes forced outages, forced derates, shortages relative to the planned start-up time, shortages relative to the planned ramp rates, and other times when the net electrical output of the Designated Aquila Power Resource is less than the amount of energy dispatched, excluding unavailability due to Force Majeure events;

EPDH is the number of equivalent planned derate hours, excluding SMH (Scheduled Maintenance Hours) as defined below, calculated as the sum, for each planned derate, of the product of the number hours of full or partial derate hours times the size of the reduction, divided by the available capacity for the period. For the purposes of this calculation, a planned derate excludes unavailability due to Force Majeure events;

PH is the number of period hours (2928 hours from 00:00 hours Central Prevailing Time (CPT) on June 1, 2000 through 24:00 hours CPT on September 30, 2000) excluding hours of Force Majeure events;

SMH is the number of scheduled maintenance hours during the period, which in no event shall exceed five (5) days in each of the periods from June 1, 2000 through June 15, 2000 and September 15, 2000 through September 30, 2000; provided, however, that for the period from June 16, 2000 through September 14, 2000, SMH shall be deemed to be zero.

For the purposes of calculating EA, Aquila shall receive credit in the calculation for those hours when the output of the Designated Aquila Power Resource is restricted, when and to the extent Aquila is delivering power and energy to MPS, as scheduled hereunder.

5.4 Exclusive Remedy. The reduction in the Capacity Charge as set forth above shall be MPS' exclusive remedy for any failure of Aquila to deliver capacity and/or energy pursuant to this Agreement, and all other remedies are hereby waived.

5.5 Transmission Service Charges. The fixed and variable costs of transmission service or other ancillary service charges associated with delivery of power and energy from Batesville Unit 1 to MPS shall be passed through to MPS, at Aquila's actual cost, with no markup. The variable cost shall be included in the energy charge as set forth in Section 5.2 above. All applicable transmission or other ancillary service costs shall be itemized in sufficient detail as to allow MPS to verify the charges.

5.6 No Petitioning for a Change. Aquila and MPS covenant, to each other's mutual benefit, not to initiate, pursue or support any petition or request with any body having jurisdiction, including but not limited to the FERC, for an increase, decrease or other modification of the rate at which capacity and energy are sold hereunder and as may be initially approved by any applicable regulatory authority, if any.

ARTICLE 6 – SCHEDULING

Subject to the other provisions of this Agreement, in any hour MPS is entitled to schedule and receive energy up to the maximum generating capacity to which MPS is entitled, MPS shall schedule generating capacity and associated energy with Aquila. Schedules for each day shall be made by 8:30 a.m. Central Prevailing Time on the previous Business Day, unless otherwise agreed by Aquila and MPS. Schedules shall be submitted by MPS to Aquila by facsimile or telephoned instruction to Aquila's designated representative for this transaction. The minimum schedule block is 25 MW for any hour the power is scheduled, unless otherwise agreed. The minimum schedule duration is sixteen (16) consecutive hours, and the quantity shall be fixed at a single MW value for the schedule duration (unless otherwise agreed).

When Aquila is serving MPS from the Designated Aquila Power Resource, procedures will need to be established to cover the generating unit ramp rates from synchronization to minimum load, and between minimum and full load. This may mean that changes in scheduled hourly deliveries requested by MPS may need to be accommodated over more time than the ten minute ramp across the top of the hour which is normal practice in the Southwest Power Pool ("SPP"). In such event, MPS and Aquila will develop procedures, working with transmission providers, to allow longer ramp times if required to facilitate desired schedule changes.

ARTICLE 7 – TRANSMISSION SERVICE

Aquila shall arrange, contract, and pay for obtaining firm transmission service from Batesville Unit 1 across the Entergy system to Ameren, and across the Ameren system to MPS, to supply the power and associated energy from Batesville Unit 1 to the Points of Delivery under this

Agreement. The costs of such transmission service shall be billed to and reimbursed by MPS as provided in Section 5.5 above.

ARTICLE 8 -- CLEAN AIR ACT EMISSIONS ALLOWANCES

Subject to the provisions of Section 2.2.2 hereof, Aquila shall provide all Clean Air Act emissions allowances necessary to provide generating capacity at an annual capacity factor of up to twenty percent (20%). The cost of any emissions allowances required because MPS takes energy at an annual capacity factor above twenty percent (20%) shall be for MPS' account. Should additional SO_2 allowances be required, MPS upon reasonable notice to Aquila, may choose to provide the necessary allowances prior to the ensuing January 30th.

ARTICLE 9 -- BILLING AND PAYMENT

9.1 Timing; Method of Payment. Aquila will render to MPS invoices for all payments or other charges due hereunder on a monthly basis. Invoices for any month will be issued on or before the fifth (5th) day of the following month, and such invoices will be payable by MPS before the twentieth (20th) day of that month or fifteen (15) days after issuance of the invoice, whichever is later, to the credit of Aquila Power Corporation, 10750 East 350 Highway, Kansas City, Missouri 64138. All remittances for payment shall be made in immediately available funds, unless otherwise agreed, and shall be made at the office or bank account as designated by Aquila by wire transfer pursuant to the wire transfer instructions as set forth in Section 16.13.

9.2 Late Payment. Amounts owed by MPS and not disputed, if not remitted within the time period specified under Section 9.1 above, shall be subject to a late payment charge based on the rate of interest calculated as provided in Section 16.5 hereof.

9.3 Disputed Billings. In case any portion of an invoice submitted pursuant to Section 9.1 hereof is in bona fide dispute, the undisputed amount shall be payable when due. With each partial payment, MPS shall provide Aquila with its grounds for disputing a bill. Upon determination of the correct amount, the remainder, if any, shall become due and payable with interest, calculated as provided in Section 16.5 hereof, accruing from and after the date such payment would otherwise have been due.

9.4 Adjustments. If any overcharge or undercharge in any form whatsoever shall at any time be found and the statement therefor has been paid, the Party that has been paid the overcharge shall refund the amount of the overcharge paid and the Party that has been undercharged shall pay the amount of the undercharge, within thirty (30) days after final determination thereof; provided, however, no retroactive adjustment shall be made for any overcharge or undercharge beyond a period of twenty-four (24) months from the date of the statement on which such overcharge or undercharge was first included.

9.5 Audit Rights. The Parties shall keep complete and accurate records, meter readings and memoranda of their operations under this Agreement and shall maintain such data for a period of at least two (2) years after the completion of each Billing Month hereunder. Either Party shall have the right to examine and inspect all such records, meter readings and memoranda insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates, statements or charges submitted to it hereunder.

ARTICLE 10 – TAXES

Any changes in fuels, energy, sales, environmental, emissions, excise or other federal, state or local Taxes (excluding income taxes) imposed on Aquila in connection with the sale of capacity and energy to MPS hereunder or the provision of fuel supply used to generate the energy sold hereunder, shall be for MPS' account.

Aquila represents that, as of the date of this Agreement, no Taxes (other than income taxes and taxes included in the cost of fuel) would be imposed on Aquila in connection with serving MPS hereunder by the State of Mississippi, its political subdivisions, or the federal government.

ARTICLE 11 – LIABILITY ALLOCATION

11.1 Indemnification. Each Party shall indemnify, save harmless and defend the other Party hereto, including the other Party's parent, subsidiaries, member cities, affiliates, and their respective officers, directors, agents and employees, from and against all claims, demands, costs and expenses (including reasonable attorneys' fees) in any manner, directly or indirectly, connected with or arising from any loss, damage or injury (including death) to any person(s) or property occurring on its side of the Points of Delivery to the extent that any such claim, demand, cost, or expense is attributable to any negligent or willful act or omission of the Indemnifying Party or its respective officers, directors, agents, or employees. In event such damage or injury is caused by the joint or concurrent negligence of the Parties hereto, the loss shall be borne by both Parties proportionately to their degree of negligence.

11.2 Limitation of Liability. Neither Party shall be liable to the other, whether in contract, in tort (including negligence and strict liability), under any warranty or otherwise, for damages for loss of profits or revenue, loss of use of any property, cost of capital, or other similar incidental or consequential damages; provided, however, that nothing herein contained shall be deemed to limit the recovery by Aquila of damages for any costs or losses incurred by Aquila as a result of MPS' failure to receive energy which has been scheduled by MPS and delivered by Aquila, and provided further that in the event any provisions of this Article are held to be invalid or unenforceable against MPS under the laws of the State of Missouri, this Article shall, to the extent of such invalidity or unenforceability, be void and of no effect, and no claim arising out of such invalidity or lack of enforceability shall be made against MPS or its officers, agents, or employees. Notwithstanding the foregoing, this Section 11.2 shall not limit or negate the right of either Party to be fully indemnified as provided in Section 11.1 above.

ARTICLE 12 – FORCE MAJEURE

12.1 Force Majeure Defined. Force Majeure shall mean causes or events beyond the reasonable control of, and without the fault or negligence of, the Party claiming such Force Majeure, including, without limitation, acts of God; unusually severe actions of the elements such as floods, hurricanes, or tornadoes; sabotage; terrorism; war; riots or public disorders; fire; and actions or failures to act of any governmental agency (including expropriation, requisition, change-in-law or change in any governmental approval or environmental constraints lawfully imposed by any governmental agency) preventing, delaying, or otherwise adversely affecting performance of a Party hereto. Force Majeure shall not include the financial or monetary constraints or inability of either Party to pay its debts as they come due or the disallowance of recovery of any costs related to the sale and purchase of capacity or energy under this agreement by FERC, the MPSC or any other governmental agency.

12.2 Excuse by Reason of Force Majeure. Neither Aquila nor MPS shall be in default of any of its obligations under this Agreement, including but not limited to Aquila's obligation to deliver capacity and energy or MPS' obligation to receive capacity and energy, when such default is caused by a Force Majeure event. Notwithstanding the foregoing, a Force Majeure event shall not excuse the payment of any amounts due under this Agreement. The Parties' respective obligations to perform shall resume on cessation of the Force Majeure event. Notwithstanding the foregoing definition of Force Majeure, any period during which equipment failure has required reduced operation or shutdown of the Designated Aquila Power Resource shall, for the purposes of the calculation provided in Section 5.3 hereinabove, be deemed to be a period of unavailability.

ARTICLE 13 – PERFORMANCE

13.1 Event of Default. An Event of Default shall mean the failure of a Party to make (i) any payments in the time or manner required by Article 9 of this Agreement, or (ii) perform any other obligation stated herein in the time and manner required by this Agreement except where such failure to perform any such other obligation is the result of a Force Majeure event or is otherwise excused in accordance with this Agreement.

13.2 Notice of Default. Upon an Event of Default by a Party hereto, the other Party shall give written notice of such Event of Default to the Party in default. If the Event of Default is one described in clause (ii) of Section 13.1, the Party in default shall have thirty (30) days within which to cure such Default and, if cured within such time, the Event of Default specified in such notice shall cease to exist. If the Event of Default is one described in clause (i) of Section 13.1, the Party in default shall have five (5) days to pay all amounts owed, plus interest determined pursuant to Section 16.5 from the date on which such Event of Default occurred, and, if cured within such time, the Event of Default specified in such notice shall cease to exist.

13.3 Remedies for Default. If an Event of Default is not cured within the time period provided in Section 13.2, the Party not in default shall, in addition to any other rights and remedies provided by law, have a continuing right, until such Event of Default is cured, at its sole option, to suspend performance hereof, or terminate this Agreement upon written notice to the Party in Default. In addition, the nondefaulting Party shall have the right to recover from the Party in Default all attorney's fees and court costs as may be reasonably incurred by reason of such Event of Default.

ARTICLE 14 – RIGHT OF INFORMATION

14.1 Right of Access. Aquila hereby agrees use its best efforts to grant to MPS, during the term of this Agreement, the same rights it has of ingress and egress at reasonable times to and from Batesville Unit 1 or other applicable Aquila Power Resource and site for purposes of inspecting any buildings or facilities constructed thereon. MPS shall give Aquila advance notice, which notice may be verbal, before exercising its right of access established here.

14.2 Notice of Proceedings. Aquila will promptly notify MPS of any pending or anticipated federal or state regulatory, judicial or administrative actions, including but not limited to notice of violations relative to a designated unit or its common facilities needed for its operation, which could affect Aquila's ability to carry out its obligation to supply capacity and energy hereunder or would be likely to result in an increase in the cost of capacity or energy as determined by the provisions of this Agreement.

ARTICLE 15 – PARTIES

15.1 Authority of Parties. Each Party represents and warrants to each other that it has obtained from its Board of Directors the necessary authority to enable it lawfully to execute this Agreement, that it is a corporation duly organized and validly existing under the laws of the State of Delaware, and that this Agreement and the purposes thereof are lawfully within the scope of such Party's authority.

Each Party further represents and warrants to the other that it holds or will seek to obtain, all permits, licenses or approvals necessary to lawfully perform its obligations contained herein in the manner prescribed by this Agreement.

15.2 Survivorship of Obligations. The termination or cancellation of this Agreement shall not discharge any Party from any obligation it owes the other Party under this Agreement by reason of any transaction, loss, cost, damage, expense or liability which shall occur or arise prior to such termination. It is the intent of the Parties that any such obligation owed (whether the same shall be known or unknown as of the termination or cancellation of this Agreement) will survive the termination or cancellation of this Agreement in favor of the Party to whom such obligation is owed until the expiration of the period of limitations imposed on such obligation by the statute of limitations applicable to the obligation and/or such Party. The Parties also intend that the indemnification and limitation of liability provision contained in Section 11.1 hereof shall remain operative and in full force and effect, regardless of any termination or cancellation of this Agreement, except with respect to actions or events occurring or arising after such termination or cancellation is effective.

15.3 Permitted Assignment. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the Parties hereto. No permitted sale, assignment, transfer or other disposition shall release or discharge MPS or Aquila from its obligations under this Agreement, but all such obligations shall be assumed by the successor or assign of the Party hereto.

Neither Party shall assign its interest in this Agreement in whole or part without the prior written consent of the other Party. Such consent shall not be unreasonably withheld.

15.4 No Third Party Beneficiaries. This Agreement is not intended to, and shall not, create rights, remedies or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assigned are solely for the use and benefit of the Parties, their successors in interest or assigns.

ARTICLE 16 -- MISCELLANEOUS

16.1 Governing Law. The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the applicable laws of the State of Missouri and of the United States of America.

16.2 Confidentiality. Neither Party shall disclose the terms of this Agreement to any third party (other than such Party's employees, lenders, counsel, accountants or other advisors) except in order to comply with any applicable law, order, regulatory or exchange rule. Each Party shall notify the other Party of any proceeding of which it is aware that may result in disclosure and shall use reasonable efforts to prevent or limit such disclosure.

MPS agrees and covenants that, to the extent permitted by law applicable to MPS, any and all information it receives pursuant to Article 14 will be kept confidential and shall not be disclosed by MPS to any third party without the express written consent of Aquila.

16.3 Section Headings Not to Affect Meaning. The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions thereof.

16.4 Computation of Time. In computing any period of time, prescribed or allowed by this Agreement, the designated period of time shall begin to run on the day immediately following the day of the act, event or default that precipitated the running of the designated period of time. The designated period shall expire on the last day of the period so computed unless that day is a Saturday, Sunday, or legal holiday recognized in either the States of Mississippi or Missouri, in which event the period shall run until the end of the next business day.

16.5 Interest. Whenever the provisions of this Agreement require the calculation of an interest rate, such rate shall be computed at an annual rate equal to the then current average yield on Treasury Bills of the United States of America having a term of thirteen (13) weeks, as quoted in the *Wall Street Journal* as of the date on which the calculation begins, plus five hundred (500) basis points, but not to exceed the maximum rate which may be lawfully charged.

16.6 Entire Agreement. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter.

16.7 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16.8 Amendments. This Agreement may only be amended by written agreement signed by an authorized representative of both Parties.

16.9 Severability. In the event the terms, covenants or conditions of this Agreement, or the application of any such terms, covenants or conditions shall be held invalid as to any Party or circumstance by any court or regulatory body having jurisdiction, all other terms, covenants and conditions of this Agreement and all other applications shall not be affected thereby and shall remain in full force and effect.

16.10 Waivers. Waivers of the provisions of this Agreement or excuses of any violations of the Agreement shall be valid only if in writing and signed by an authorized officer of the Party issuing the waiver or excuse. A waiver or excuse issued under one set of circumstances shall not extend to other occurrences under similar circumstances.

16.11 No Partnership Created. Notwithstanding any provision of this Agreement, the Parties do not intend to create hereby any joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit, and if it should appear that one or more changes to this Agreement would be required in order not to create an entity referenced to above, the Parties agree to negotiate promptly and in good faith with respect to such changes.

16.12 Character of Sale. The sale of unit power hereunder shall not constitute a sale, lease, transfer or conveyance to MPS or any other party of any contractual rights, ownership interests in any generating unit, nor does the sale of unit power hereunder constitute a dedication of ownership of any generating unit. Energy associated with capacity from units made available hereunder shall, however, be devoted to MPS and the delivery of such energy to MPS shall not be subject to preemption by Aquila for any other use; provided however, that nothing in this Section 16.12 shall in any way limit or abridge Aquila's rights, as provided in Article 3 hereof, to designate substitute units subject to MPS' approval.

16.13 Notices. Any notice, demand, request, payment, statement, or correspondence provided for in this Agreement, or any notice which a Party may desire to give to the other, shall be in writing (unless otherwise provided) and shall be considered duly delivered when received by mail, facsimile, wire or overnight courier, at the addresses listed below:

(i) To Aquila:

Aquila Power Corporation
10750 East 350 Highway
Kansas City, MO 64138
Attention: Vice President

Payment by Wire:
For the Acct. of Aquila Power Corporation
The Northern Trust Company
ABA # 071-000-52
Account # 80330

Invoices:
Aquila Power Corporation
10750 East 350 Highway
P.O. Box 11739
Kansas City, MO 64138

Reason for Notice:	Attention:	Facsimile Number:
Statements/Payments	Accounting Dept.	(402) 498-4276
Contractual	Contract Administration	(402) 498-4543
Operations/Nominations	Scheduling Desk	(816) 936-8775

(ii) To MPS:
Missouri Public Service Company
10700 East 350 Highway
Kansas City, MO 64138
Attention: Vice President

Reason for Notice:	Attention:	Facsimile Number:
Statements/Payments	Accounting Department	(816) 936-8864
Contractual	Contract Administration	(816) 936-8639
Operations/Nominations	Scheduling Desk	(816) 936-8604

Each Party shall provide the other with all names, telephone and facsimile numbers necessary for its performance under this Agreement; and either Party may change the information shown in Section 16.13 by giving written notice to the other Party.

16.14 Survival. Any provision(s) of this Agreement that expressly or by implication comes into or remains in force following the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.

16.15 Construction. The language used in this Agreement is the product of both Parties' efforts and each Party hereby irrevocably waives the benefit of any rule of contract construction which disfavors the drafter of a contract or the drafter of specific language in a contract.

16.16 Imaged Agreement. Any original executed Agreement, schedule confirmation or other related document may be photocopied and stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the schedule confirmation, if introduced as evidence in automated facsimile form, the transaction tape, if introduced as evidence in its original form and as transcribed onto paper, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the transaction tape, the schedule confirmation or the Imaged Agreement (or photocopies of the transcription of the transaction tape, the schedule confirmation or the Imaged Agreement) on the basis that such were not originated or maintained in documentary form under either the hearsay rule, the best evidence rule or other rule of evidence.

IN WITNESS WHEREOF, Aquila and MPS have caused this Agreement to be executed in duplicate in their name by their respective duly authorized officials as of the date and year above written.

ATTEST	AQUILA POWER CORPORATION
By ______________ Secretary	By ______________ President
	Date ______________
ATTEST	UTILICORP UNITED INC. d/b/a MISSOURI PUBLIC SERVICE
By ______________ Secretary	By ______________ President
	Date ______________

Basin Electric Cooperative

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

July 2, 1998

CONFIDENTIAL

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

Dear Mr. Harris:

Basin Electric is pleased to respond to your May 22, 1998, request for power supply proposals for Missouri Public Service (MPS). With this proposal, Basin Electric is offering annual MAPP Service Schedule A capacity to MPS. Our proposal covers the June 1, 2000 through May 31, 2004 period, but Basin Electric would consider a shorter or possibly longer duration. Basin Electric's proposal is for up to 100 MW, with the major details of the proposal listed on the attached sheets.

Please contact Tom Christensen with any questions. Due to the number of other potential capacity commitments, Basin Electric reserves the right to withdraw this offer at any time.

Sincerely,

Robert L. McPhail
General Manager

tsc/ms
ATTACHMENT
cc: David Raatz
Tom Christensen

SCHEDULE FAD-22
Page 62 of 194

Schedule A Transaction
Annual Participation Power

CONFIDENTIAL

Governing Agreement:	The Mid-Continent Area Power Pool (MAPP) Agreement, as amended, or alternatively a separate two-party agreement could be used.
Transaction Type:	MAPP Service Schedule A: Participation Power Interchange Service, or a mutually agreed to alternate service schedule.
Delivering Party:	Basin Electric Power Cooperative (BEPC)
Receiving Party:	Missouri Public Service (MPS)
Term:	June 1, 2000 through May 31, 2004
Contract Amount:	Up to 100 MW
Contingent on Transmission Availability:	This Agreement would be contingent upon ability to secure Firm Transmission Service.
Power Demand Charge:	Year / Demand Charge: 2000 $12,600/MW-mo; 2001 $13,100/MW-mo; 2002 $13,600/MW-mo; 2003 $14,100/MW-mo; 2004 $14,600/MW-mo Basin Electric would require a provision for adjusting the demand charge upward to cover the cost of any new or increased tax or emission requirements.
Transmission Demand Charge:	Year / Demand Charge: 2000 $2,530/MW-mo; 2001 $2,530/MW-mo; 2002 $2,530/MW-mo; 2003 $2,530/MW-mo; 2004 $2,530/MW-mo The price listed is the estimated firm point-to-point transmission rate which could be used to deliver power from BEPC to MPS under a MAPP long-term tariff. This cost will vary based on the actual transmission costs incurred.
Energy Charge:	Year / Energy Charge: 2000 $12.70/MWh; 2001 $13.10/MWh; 2002 $13.50/MWh; 2003 $13.90/MWh; 2004 $14.30/MWh Basin Electric would require the provision for adjusting the energy charge upward to cover the cost of any new or increased tax or emission requirements.

Schedule A Transaction
Annual Participation Power

CONFIDENTIAL

System Contingent Capacity:	The energy supply shall be contingent upon the availability of BEPC's North Dakota coal-fired generation. If a BEPC coal-fired generation resource is taken off-line or substantially curtailed due to equipment failure or required maintenance, BEPC shall have the right but not the duty to interrupt deliveries under an agreement upon notice. BEPC will consider alternate curtailment procedures which would allow BEPC to continue energy deliveries to MPS with the understanding that MAPP emergency procedures will be adhered to, and with consideration of negotiated pricing during those times that BEPC resources are limited.
Availability:	*Participation Power provided under this Agreement is intended to be available at all times, subject to unit availability, line loading limitation of the transmission systems involved and all factors generally considered to be covered by Force Majeure. However, under no circumstances will BEPC native firm loads be interrupted to maintain energy deliveries under this agreement.*
Scheduling:	Basin Electric would require a minimum schedule commitment equal to 50% of the contract amount and would reserve the right to limit the hourly schedule change based upon the ramping capability of BEPC's North Dakota coal-fired generation.
Capacity Factor:	Basin Electric would require a 70% minimum monthly load factor and a maximum monthly load factor of 90%. If emission credits are supplied to BEPC, the load factor limit could be raised.
Delivery Point:	The energy shall be delivered through the use of the MAPP long-term tariff to MPS's transmission system. Therefore, the delivery point consistent with the use of MAPP long-term tariff transmission is the point(s) of interconnection between MAPP RTC member(s) transmission system(s) and MPS's transmission system.
Energy Losses:	BEPC shall be responsible for all energy losses associated with delivering this power to the MPS's transmission system. *MPS shall be responsible for losses on the MPS transmission system.*
Contact Person:	Tom Christensen Phone: 701/223-0441, ext. 2242 E-Mail: chrsn@bepc.mapp.org

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,

RLMcPhail

Robert L. McPhail
General Manager

tsc/ms
cc: Wayne Backman
David Raatz
Tom Christensen

Carolina Power & Light

COPY

CP&L

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

July 2, 1998

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

Re: CP&L's Proposal Submittal in regard to Utilicorp Energy Groups's RFP

Dear Mr. Harris:

To help meet Missouri Public Service's growing business needs for creative power supply solutions, CP&L is pleased to respond to UtiliCorp Energy Group's May 22, 1998 RFP. Enclosed you will find one original and three copies of our proposal for your consideration.

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 1, 1998. Please let me know if these conditions are not acceptable to Utilicorp Energy Group.

We appreciate the opportunity to provide these proposals. I look forward to hearing from you regarding your evaluation of our proposals.

Yours truly

Karla Haislip
Bulk Power Marketer

enclosures (original and 3 copies)

Proposal Overview

Carolina Power & Light Company (CP&L) is committed to becoming a power supplier for Missouri Public Service. We plan to be your energy supplier of choice by offering a competitive, reliable solution to your power supply needs.

CP&L is an investor owned utility, providing electric power to approximately 1.1 million customers in eastern and western North Carolina and central South Carolina. Founded in 1908 and headquartered in Raleigh, North Carolina, the company has over 10,000 MW of Contributing Resources. Our generating facilities represent a flexible mix of fossil, nuclear and hydroelectric resources.

CP&L is pleased to respond to Missouri Public Service's power supply needs described in its May 22, 1998 request for proposal (RFP) by offering the following proposal, that offers a unique solution for your consideration for a four year term.

We have designed our proposal to provide Missouri Public Service with a power supply option that can be used to shape a solution that best fits Missouri Public Service's needs. A closer look at this proposal will reveal a solution that offers competitive indexed energy pricing.

CP&L is committed to becoming a power supplier for Missouri Public Service. We appreciate the recent opportunity to provide this proposal. Since this is a preliminary introduction to Missouri Public Service, we would value the opportunity to meet and discuss this proposal in further detail as well as your other business needs for the future. We look forward to working with you to finalize the details of this or any other solution that will meet your power supply needs.

CP&L's Proposal

Capacity Components and Term: This proposal is for peaking capacity. Amount equal to 150 MW's. Term of four (4) years beginning June1, 2000 and ending May 31, 2004.

Energy Price: (Pricing at Missouri Public Service's Border) The energy price would be based on a mutually agreed upon gas index at the facility and will include transportation, variable O&M fees, and a heat rate assumption of 12,000 BTU/kWh.

Firmness: This sale is a unit power sale, with a 5% effective forced outage rate. The effective forced outage rate is measured based on peaking availability. Terms and conditions for performance based compensation for exceeding the 5% to be negotiated.

Energy Scheduling: Missouri Public Service provides to CP&L daily, a rolling seven-day estimate of hourly energy usage by 8:00 a.m. The actual energy schedule is fully dispatchable, meaning that Missouri Public Service may make same-day adjustments within reasonable limits with one-hour notice.

Transmission and Ancillary Services Pricing: CP&L will purchase these services necessary and will deliver capacity and energy to Missouri Public Service's border. The price for these services is included in our proposal.

Delivery Point: The delivery point shall be at the interconnection between the facility and Missouri Public Service's transmission system. CP&L reserves the right to provide energy at alternate delivery points into the Missouri Public Service system.

Siting: Missouri Public Service will assist in site location and development. CP&L will have the right to deliver excess capacity and energy to Missouri Public Service's interconnections and will reimburse Missouri Public Service for transmission losses to the interconnections. CP&L has made certain assumptions concerning siting, transmission and fuel supply. Additional information would allow CP&L to refine proposal.

Capacity Pricing

Years	**2000**	**2001**	**2002**	**2003**	**2004**
Demand Charges (\$/MW-month)	\$4690	\$4810	\$4930	\$5050	\$5180

CP&L

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

LS Power

PROPOSAL FOR POWER SUPPLY
FROM LS POWER, LLC
TO UTILICORP ENERGY GROUP
ON BEHALF OF MISSOURI PUBLIC SERVICE
JULY 2, 1998

EXECUTIVE SUMMARY

LS Power, LLC and its affiliates ("LS Power") is a leader in the development of greenfield generation facilities serving the United States market. Within the past several years LS Power completed construction of three projects comprising approximately 700 megawatts and has commenced construction on another two projects representing 716 megawatts of capacity. Additionally, LS Power has another 800 megawatts committed pursuant to power purchase agreements, with numerous other projects under development. Given the transition in the electric utility industry, this accomplishment serves as a testament to LS Power's commitment to the United States market and its ability to structure highly competitive, flexible and innovative business arrangements with its customers.

Of particular relevance to this proposal is the long standing working relationship that has been established between UtiliCorp and LS Power. For example, Aquila Energy Marketing Corporation is under a long term contract to supply gas to the Whitewater, Wisconsin and Cottage Grove, Minnesota Projects developed by LS Power. Aquila will also be supplying gas to the Mustang Project located in Denver City, Texas. Most recently, Aquila Power Corporation and UtiliCorp United, Inc. entered into a power purchase agreement with LSP Energy Limited Partnership for supply from our Batesville, Mississippi Project.

With this proposal, LS Power, LLC ("LSP") is offering to provide Missouri Public Service ("MPS") the output of either one or two (at MPS's choice) combined cycle trains under the terms of a tolling arrangement. The nominal output of each train will be 270 MW. The units will be located at a site within MSP's service territory, with the specific location to be determined with input from MPS. Based upon execution of a letter of intent for a power purchase agreement by August 1, 1998 and execution of a power purchase agreement by September 1, 1998, the delivery start date will be June 1, 2001. LSP will be responsible for developing, financing, constructing, operating and maintaining the project.

LSP views this proposal as a starting point to an interactive process between MPS and LSP to refine the specifics of a power purchase arrangement that satisfies the respective objectives of each party. During the evaluation process, LSP strongly encourages MPS to provide feedback to LSP to facilitate such an interactive process, and in turn, LSP commits to work with MPS to structure an arrangement that is mutually beneficial.

CONTRACT QUANTITY

The Contract Quantity will be the sum of the Standard Capacity and the Supplemental Capacity. "Standard Capacity" is the maximum output of the unit without the use of power augmentation measures. "Supplemental Capacity" is the capacity over and above the Standard Capacity which is produced with the use of power augmentation measures. LSP estimates the Contract Quantity for each unit to be approximately 270 MW, with the Supplemental Capacity comprising approximately 6 to 12% of this amount. LSP will perform a test each year to demonstrate the capability of each unit.

DELIVERY START DATE AND TERM

The delivery start date will be June 1, 2001 and the term will be ten years from this date.

DELIVERY POINT

MPS's high voltage transmission system.

FUEL ARRANGEMENTS

MPS will be responsible for arranging, procuring, and delivering to the project all fuel required by LSP to deliver energy from each unit to MPS, including, but not limited to, arrangements for fuel supply, fuel transport, nominations and balancing. LSP will be responsible for installing the necessary pipeline facilities to provide the project with access to fuel deliveries.

SCHEDULING AND DISPATCH

The project will be fully dispatchable within the design limits and within MPS's gas supply/transport arrangements. The design limits will include but not be limited to the following:

(i) minimum load equal to 70% of the Contract Quantity;

(ii) the capability to ramp from minimum load up to the Standard Capacity at an average rate no less than 5 MW per minute;

(iii) one start per day for each unit;

(iv) maximum time from MPS's notice of start up to minimum load in accordance with manufacturers' recommendations.

CAPACITY PAYMENT

MPS will pay LSP a capacity payment each month of the contract term commencing on the delivery start date, calculated as follows:

$$CP = CR_N \times CQ \times AAF, \text{ where}$$

CP = the Capacity Payment expressed in dollars for the month,

CR_N = is the Capacity Rate expressed in dollars per kilowatt per month applicable for each contract year "N", equal to $5.50 per kW per month for the first year of project operation, with escalation for subsequent years of project operation at the rate of 2% per year,

CQ = the Contract Quantity of the unit(s), expressed in kW,

AAF = the Availability Adjustment Factor for the month as defined below.

The "Availability Adjustment Factor" will be computed on a twelve month rolling average basis as follows:

AAF = 1 for the first twelve months of project operation, and thereafter

$$AAF = AH_{12}/(0.97 \times PH_{12}), \text{ where}$$

AH_{12} = the number of hours during the previous twelve month period that the project was available to deliver the Contract Quantity or delivered energy pursuant to MPS's dispatch orders from an alternate source, prorated for partial outages or derates, and

PH_{12} = the total number of hours during the previous twelve month period less outages caused by force majeure events and scheduled outages approved by MPS, prorated for partial outages or derates.

ENERGY PAYMENT

MPS will pay LSP an amount equal to $1.00 per MWH as of January 1, 1998 escalating annually thereafter at the rate of change in the Gross Domestic Product Implicit Price Deflator for each MWH of energy delivered by LSP to MPS.

MPS will pay for all fuel required to deliver energy scheduled by MPS. A tracking account will be maintained to track the actual amount of fuel required to produce the energy scheduled by MPS and delivered by LSP and the actual delivered price of fuel for such day. If the actual amount of fuel required to produce such energy varies from the amount of fuel required to produce such energy based on the Guaranteed Heat Rate as adjusted for part loading and/or power augmentation, then a balance will accrue in the tracking account for such day. If the actual amount of fuel required to produce such energy on such day is greater than the required amount based on the Guaranteed Heat Rate adjusted for part loading and/or power augmentation, then a positive amount equal to the differential fuel required, expressed in MMBtu, times the delivered cost of fuel, expressed in dollars per MMBtu, for such day will accrue to the tracking account for such day. If the actual amount of fuel required to produce such energy on such day is less than the amount required based on the Guaranteed Heat Rate adjusted for part loading and/or power augmentation, then a negative amount equal to the differential fuel, expressed in MMBtu, times the delivered cost of fuel, expressed in dollars per MMBtu, for such day will accrue to the tracking account for such day. At the end of each month, the tracking account will be cleared and if the tracking account balance is positive, LSP will pay MPS such amount, whereas if the tracking account balance is negative, MPS will pay LSP such amount.

START UP PAYMENT

In the event the number of starts for a unit exceeds 150 per contract year, MPS will pay to LSP a start up payment equal to the start up rate times the number of starts over 150. The start up rate will be $5,000 per start up as of January 1, 1998 escalating annually thereafter at the rate of change in the Gross Domestic Product Implicit Price Deflator.

MPS will also pay for fuel required during start up to reach minimum load. Energy produced during start up will be delivered to MPS at the delivery point.

GUARANTEED HEAT RATE

The "Guaranteed Heat Rate" will be 7.500 MMBtu/MWH (HHV) for the full load Standard Capacity from each unit. If a unit is loaded less than the full load Standard Capacity, the Guaranteed Heat Rate will be adjusted in accordance with manufacturer's adjustment factors to reflect part loading. The Guaranteed Heat Rate for Supplemental Capacity from each unit will be 10.500 MMBtu /MWH (HHV).

BUYOUT OPTION

MPS will have the option to purchase the unit(s) at the end of the contract term by providing notice to LSP, no later than twenty four months prior to the end of the term, of its intention to exercise its purchase option. The buyout price to purchase the unit(s) will be determined as the greater of fair market value or the amount necessary to repay all senior and junior debt and provide the same net present value return to the equity investors as contemplated at the time of financial closing.

COMPLETION GUARANTEES AND SECURITY

In the event that commercial operation has not been achieved by the delivery start date, and to the extent MPS would have otherwise requested deliveries from LSP, LSP at its option will either (i) provide replacement power to MPS, (ii) pay MPS for its reasonable costs associated with securing replacement power, or (iii) pay delay damages payments. LSP will provide certain forms of security to MPS to guarantee that the project will be completed on time and will operate as promised. These include a milestone completion schedule and completion security. Specific details of these securities need to be further discussed with MPS.

SCHEDULED MAINTENANCE

Scheduled maintenance will be performed in accordance with manufacturer's recommendations and prudent practices. The number of days of scheduled maintenance outages per year will be a function of the type of maintenance that is required, which, in turn, will be a function of the number of starts and the number of operating hours for each unit. The total duration of maintenance outages will be no more than 20 days per year except when a major maintenance outage is required, in which case the total maintenance outage days will be no more than 35 days per year. For partial outages, the number of maintenance days will be prorated accordingly. LSP will coordinate scheduled maintenance outages with MPS.

LS POWER
QUALIFICATIONS AND EXPERIENCE

LS Power, LLC and its affiliates ("LS Power") is a leader in the development of greenfield generation facilities serving the United States market. Within the past several years LS Power completed construction of three projects comprising approximately 700 megawatts and has commenced construction on another two projects representing 716 megawatts of capacity. Additionally, LS Power has another 800 megawatts committed pursuant to power purchase agreements, with numerous other projects under development. Given the transition in the electric utility industry, this accomplishment serves as a testament to LS Power's commitment to the United States market and its ability to structure highly competitive, flexible and innovative business arrangements with its customers.

One key to achieving this success is the nature of the relationship that LS Power establishes with its customers. LS Power considers its customers as partners in the projects it develops, and in some cases, actually formalizes this partnership. The Borger and Mustang Projects illustrate this business philosophy.

The Borger Project is being developed by the partnership of LS Power and Quixx Corporation, a subsidiary of New Century Energies. This 216 megawatt facility will sell electricity under a long term power purchase agreement to Southwestern Public Service Company (also a subsidiary of New Century Energies) and steam to the Phillips Petroleum Refinery located near Borger, Texas. The project started construction in October, 1997 and full commercial operation is scheduled for early 1999.

The Mustang Project is also being developed by the partnership of LS Power and Quixx. This 500 megawatt combined cycle facility is located in Denver City, Texas. Once operational, fifty percent of the project will be sold to Golden Spread Electric Cooperative and the balance of the output from the LS Power/Quixx share of the project will be sold under a long term power purchase agreement with Golden Spread. The project commenced construction in December, 1997 and will be completed in two phases, simple cycle in spring of 1999 and combined cycle in late 1999.

LS Power structures business arrangements that provide attractive economics, equitable risk sharing and other features that may include our customer's participation in the selection of project design and site, joint development of the fuel supply strategy, review of operation and maintenance procedures, flexibility in commercial operation/construction schedules and ownership participation options. An example of this is LS Power's Batesville Project which will provide 800 MW of capacity and energy via tolling arrangements with two power purchasers. This project is located in Batesville, Mississippi on the border of the Tennessee Valley Authority and Entergy Systems.

LS Power has been recognized by the industry as a leader in power project development. The 250 megawatt Whitewater, Wisconsin and Cottage Grove, Minnesota

Projects developed by LS Power were embraced not only by our utility customers, but also by the financial markets, state regulators, environmental agencies and local communities. For example, these projects received *Project Finance Monthly's* (a publication of Information Forecast, Inc.) Most Significant Domestic Project Award for 1995. The $332 million of public debt for our Cottage Grove and Whitewater Projects received a rating of Baa2 by Moody's and BBB by Standard and Poor's. This is a rating higher than for any other independent power project financing.

Another key to LS Power's success is its in-house expertise in the areas of cycle design, permitting and regulatory affairs, gas supply and transportation, financing, public relations, and in particular, understanding of the electric utility industry. One cornerstone of our resource base is that several of LS Power's key personnel have spent decades working in the electric utility industry in the areas of planning, transmission/substation design, power plant design, power plant operations and utility management. This experience empowers us to relate well with our customers, appreciate their needs and offer solutions that are responsive to those needs.

LS Power is also strong financially, serving as the general partner of Granite Power Partners II, L.P., a limited partnership which provides development stage funding for the projects developed by LS Power. Financial investors, including the Chase Manhattan Capital Corporation, are limited partners of Granite. Chase is one of the largest financial institutions in the world and has financed billions of dollars worth of independent power projects. LS Power is a privately held company and as such does not disclose financial information. An annual report for Chase is available upon request.

LS POWER
PROJECT DESCRIPTIONS

COTTAGE GROVE COGENERATION PROJECT

The Cottage Grove Project is located in Cottage Grove, Minnesota. The project is a fully dispatchable, intermediate load, combined-cycle natural gas-fired (with fuel oil backup) combustion turbine cogeneration facility designed to generate approximately 245 MW of electrical power and approximately 200,000 pounds per hour of steam. Electrical energy is being sold to Northern States Power Company (NSP) under a 30 year agreement which was negotiated pursuant to a competitive selection process administered by NSP and approved by the Minnesota Public Utilities Commission. The facility also produces steam for sale to the 3M Cottage Grove Plant, replacing steam previously produced by coal-fired boilers. The project achieved commercial operation in October, 1997.

The Cottage Grove project was selected in June, 1993 by NSP to provide intermediate capacity and associated energy. The selection was made over strong competition from a variety of different sources (Independent Power Producers, Utilities, and the NSP-sponsored Wheaton Project). The Cottage Grove Project was evaluated to have the lowest cost to NSP and its ratepayers along with many socio-economic benefits to the region.

The Cottage Grove Project has contracted with two domestic suppliers (Natural Gas Clearinghouse and Aquila Energy Marketing Company) under an indexed pricing arrangement. These contracts have been structured with several levels of supply to match nomination commitments on a monthly, daily and no-notice basis. Gas transportation has been arranged under a series of long term contracts with Northern Natural Pipeline Company and Peoples Natural Gas Company (the LDC) that involve capacity release, and a combination of storage, firm and interruptible transportation that assures reliable, cost effective delivery.

Westinghouse Electric Corporation provided turnkey engineering, procurement and construction services for the project. Westinghouse Operating Services Company is currently providing operation and maintenance services.

The permits and approvals for the project included a Certificate of Need, Certificate of Site Compatibility, Air Permit and NPDES Permit. The entire permitting process was quite expeditious compared with previous power generation projects in the state, requiring a total of nine months.

This project was developed by LS Power and was financed jointly with the Whitewater Cogeneration Project via LS Power Funding Corporation. The Senior Secured 144A Bonds were arranged by Chase Securities, Inc. and Morgan Stanley & Company, Inc. S&P's rating of BBB is higher than for any other independent power project. Granite Power Partners, L.P. recently sold its majority ownership interest in this project.

WHITEWATER COGENERATION PROJECT

The Whitewater Cogeneration Facility is located in Whitewater, Wisconsin. The project is a fully dispatchable, intermediate load, combined-cycle natural gas-fired (with fuel oil backup) combustion turbine cogeneration facility designed to generate approximately 245 MW of electrical capacity and approximately 200,000 pounds per hour of steam. Electrical energy is being sold to the Wisconsin Electric Power Company (WEPCO) under a 25 year agreement which was negotiated pursuant to a competitive bidding process administered by the Public Service Commission of Wisconsin. The facility provides steam to several steam customers including the University of Wisconsin at Whitewater. The project achieved commercial operation in September, 1997.

The project was proposed in June, 1993 to WEPCO as an alternative to its own self-generation plans (the Kimberly Project). In November, 1993, the PSCW selected the Whitewater Project over numerous other bidders including the Kimberly Project. The evaluation results concluded the LS Power Project offered the lowest cost to WEPCO and its ratepayers.

The Whitewater Project has contracted with two domestic suppliers under an indexed pricing arrangement. Gas transportation has been arranged under a series of long term contracts with Northern Natural Pipeline Company, Wisconsin Natural Gas Company (the LDC) and another Wisconsin utility. These transportation agreements involve a reverse capacity release, and a combination of storage, firm and interruptible transportation that assures reliable, cost effective delivery.

The permits and approvals for the project included a Certificate of Public Convenience and Necessity, Air Permit and WPDES Permit. The entire permitting process was quite expeditious compared with previous power generation projects in the state, requiring a total of thirteen months.

Ownership, financing, turnkey construction, and O&M arrangements for the Whitewater Project are similar to those for the Cottage Grove Project.

LOCKPORT ENERGY ASSOCIATES, L.P.

LS Power, under contract with the CU Energy Partnership, developed and managed the financing and construction of this 200 MW, $220 million combined cycle gas/oil-fired cogeneration project in Lockport, New York. This project sells power to New York State Electric & Gas Company under a power purchase agreement. The project also supplies up to 300,000 pounds per hour of steam and up to 24 MW of electricity to the Harrison Radiator Division of General Motors under a 15-year contract. The project entered commercial operation in December, 1992.

The Lockport Project has secured gas supply from the combination of two domestic and one Canadian suppliers. These gas supply contracts were the first in the industry that utilized fixed, predetermined pricing for the duration of a 15 year contract term. Natural gas is transported to the project site via the Tennessee Gas Pipeline Company ("TGPL") under a set of 15 year firm transportation agreements. The Canadian supplies are delivered via the NOVA Pipeline, TransCanada Pipeline and TGPL.

The project was engineered and constructed by Chas. T. Main, Engineers & Constructors, a subsidiary of the Parsons Corporation, under a fixed price date certain engineering, procurement and construction contract. The project is operated and maintained by North American Energy Services Company.

Chase Manhattan Bank was the construction and term lender for the project. LS Power negotiated all project contracts and agreements, obtained all federal, state and local permits and approvals, participated in and coordinated the debt placement process of the project. The Lockport Project was the first large cogeneration project developed by LS Power as an independent entity.

BORGER PROJECT

In February of 1997, a joint proposal offered by the partnership of LS Power and Quixx Corporation, then a subsidiary of Southwestern Public Service Company (SPS), was selected via a competitive solicitation process to serve SPS's future power supply needs. The project is located at the Phillips Petroleum Refinery near Borger, Texas and will provide approximately 216 MW of electrical capacity to SPS and process steam to the refinery. The project configuration will utilize two natural gas fueled combustion turbines to produce both the electricity and process steam. The project was financed via a public bond offering arranged by Morgan Stanley Dean Witter and ABN-AMRO Chicago Corporation. Construction commenced in October, 1997 and full commercial operation is scheduled to occur in early 1999. Gas will be supplied to the project by GPM Gas Corporation, a subsidiary of Phillips Petroleum Company.

MUSTANG STATION PROJECT

In August of 1996, Golden Spread Electric Cooperative of Amarillo, Texas selected a joint proposal offered by the partnership of LS Power and Quixx Corporation to serve Golden Spread's power supply needs. The project is being developed by the partnership and once operational, fifty percent of the project will be sold to Golden Spread. The output from the partnership share of the project will be sold under a long term power purchase agreement with Golden Spread. Operational decisions will be handled jointly between the partnership and Golden Spread with the day-to-day operational activities managed by the partnership. LS Power was the lead partner responsible for many of the development activities associated with the project including permitting, procurement of water rights, negotiation of major contracts and arranging project financing. LS Power is currently responsible for managing construction of the project. Project financing was completed in January 1998 and was arranged and underwritten jointly by Societe Generale and CoBank, ACB. Natural gas will be provided to the project by a combination of El Paso Energy Marketing Company and Aquila Energy Marketing Corporation.

The Mustang Project is a 500 megawatt combined cycle facility located in Denver City, Texas being constructed in a phased approach. The project will begin operation in simple cycle phase in late spring 1999 and will be converted to combined cycle operation in late 1999. This project was selected as the result of a highly competitive request for proposal process initiated by Golden Spread in 1994, which included a similar project that would have been entirely developed by Golden Spread. The partnership's proposal, however, provided Golden Spread with the optimum combination of economics, risk mitigation and operational flexibility.

BATESVILLE GENERATION PROJECT

In February, 1996, LS Power entered into an option purchase agreement with Tennessee Valley Authority (TVA) for the supply of 750 megawatts of capacity and associated energy. This agreement was the first of its kind for TVA and was the result of a request for proposals in which 138 bidders responded. In late 1997, due to changed market conditions between the execution of the option agreement and the strike date, TVA elected not to exercise its option.

In December, 1998 LS Power issued a reverse RFP to power marketers and other potential power purchasers in the region. As a result of that process, LS Power recently executed two power purchase agreements for the sale of 800 megawatts of capacity and energy under the terms of a tolling arrangement. Under this arrangement, LS Power guarantees completion, output, availability and efficiency performance, and, in exchange for fuel supplied by the power purchasers, the power purchasers receive net electrical output from the facility.

The project, located in Batesville, Mississippi, has direct access to both the high voltage transmission systems of the Tennessee Valley Authority and Entergy and will interconnect with multiple interstate natural gas pipelines. Construction is scheduled to commence in early summer, 1998, with commercial operation by June, 2000.

Merchant Energy Partners

Aquila Power Corporation
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Fax: 816-936-8775

November 30, 1998

AQUILA ENERGY

Mr. Frank DeBacker
Missouri Public Service
10700 East 350 Highway
Kansas City, MO 64138

Subject: Proposal to Supply Capacity and Energy for Missouri Public Service (MPS)

Dear Mr. DeBacker:

Aquila Power Corporation (APC) is pleased to modify its July 6, 1998 proposal to MPS for the provision of capacity and energy. This proposal revises the July 6 proposal for the period beginning June 1, 2001, with certain terms and conditions identified herein to remain the same. APC also looks forward to finalizing the terms and conditions of the call option sale to MPS for the period June 1, 2000 through September 30, 2000.

This proposal identifies two sources of capacity to meet MPS' requirements. The primary source of capacity is from a combined cycle gas turbine generation facility to be located on property currently owned or controlled by MPS in or around Pleasant Hill, Missouri. This proposal is contingent upon MPS leasing or selling this property to APC or its designated affiliate. The second source of capacity is from a combined cycle generator in Batesville, Mississippi, identified and described in the July 6 bid.

During the summer months June through September of 2001, the Missouri generation facility will be available in a simple cycle configuration only. Conversion to a combined cycle configuration will require that the facility come off-line for approximately the final three months of the year. *Starting January 1, 2002, the generation station will be available in a combined cycle operating* mode. The proposal herein reflects how APC will source capacity to meet MPS' requirements prior to the time that the combined cycle configuration is completed.

This proposal shall remain valid for 90 days, unless otherwise extended by APC. Certain pricing provisions will be subject to revision due to changing market conditions for power sourced from the Batesville, Mississippi power plant.

APC thanks you for the opportunity to submit this revised proposal. Should you have any questions, please do not hesitate to contact me at (816) 936-8622. We look forward to meeting MPS' capacity needs.

Very truly yours,

Mike Jonagan
Director - Power Marketing
Aquila Power Corporation

cc: V.J. Horgan
Joe Gocke
David Stevenson

DESIGNATED GENERATION

APC proposes to meet MPS's capacity requirements from the following capacity sources:

Missouri Generator

The Missouri Generator is a proposed power generation station built on property currently owned or controlled by MPS in or around Pleasant Hill, Missouri. The generator will be interconnected to the MPS transmission system. APC or its designated affiliate will develop, construct, own, and operate the generator (the "Missouri Generator").

The Missouri Generator will be constructed in phases. By June 1, 2001, the generator will be constructed and fully operational in simple cycle mode. This will consist of two "F" class gas turbines with a nominal power output rating of approximately 320 MW. The equipment vendor has not been selected at this time. The generator will operate in simple cycle mode from June 1, 2001 through September 30, 2001. At that time, the generator will be removed from service and construction completed on the combined cycle configuration during the three remaining months of 2001.

APC intends to initiate construction of the generator during the fourth quarter of 1999. Preparation of the Prevention of Significant Deterioration permit is complete and will be filed as an application once MPS represents to APC that it owns or controls the property on which the plant will be built. Significant progress has been made in other areas of development, including initial negotiation with EPC vendors.

The Capacity and Energy Prices quoted herein are based on APC developing, owning and operating the Missouri Generator. APC will construct a pipeline header system connecting the generator to two of three interstate pipelines, including Williams, Panhandle Energy, and KNI. The prices do not include the acquisition of firm gas transportation from any of the pipelines. APC believes that MPS is in the best position to negotiate with the pipelines the firm gas transportation required to meet its needs.

The Capacity and Energy Prices additionally assume that APC will be able to purchase "F" class gas turbines with the approximate capacities identified herein at prices no greater than $32 million per turbine. To the extent that turbine prices exceed that amount, APC will be required to increase its capacity price to MPS based on a pro rata distribution of the term of the final contract with MPS to the expected 30 year life of the facility. Additionally, the capacity quantities quoted in this proposal are estimates based on information supplied by an equipment manufacturer. APC reserves the right to adjust the capacity quantity described in this proposal based upon actual contract capacity of the new plant.

Batesville, Mississippi Project

During the period June 1, 2001 through December 31, 2001, APC is proposing to dedicate capacity as detailed under Option #3 in the Capacity Bid section of this proposal from a 279 MW combined cycle generating unit under construction in Batesville, Mississippi. Please refer to APC's July 6, 1998 bid for additional detail regarding this facility. The facility has a scheduled in-service date of June 1, 2000, a full year prior to the designated time period in this proposal.

CAPACITY BIDS

APC proposes to meet MPS' capacity requirements by giving MPS the option to select capacity for certain time periods from the designated generators. The options being offered, and the corresponding terms, are as follows:

Option 1: Missouri Generator Four Year Toll

Time Periods	Capacity	Capacity Price ($/kWmo)
June 1, 2001 - September 30, 2001	320 MW	$6.20
January 1, 2002 - May 31, 2005	200 MW	$6.40
April 1 - September 30, 2002-2005	300 MW	$8.00

Option 2: Missouri Generator Fifth Year Extender

Time Periods	Capacity	Capacity Price ($/kWmo)
June 1, 2005 - May 31, 2006	200 MW	$7.50
June 1 - Sept 30, 2005	300 MW	$9.00
Apr 1 - May 31, 2006	300 MW	$9.00

Option 3: Batesville, Mississippi 2001 Unit Contingent Call Option

Time Period	Capacity	Capacity Price ($/kWmo)
June 1, 2001 - September 30, 2001	180 MW	$7.90
October 1, 2001 - December 31, 2001	200 MW	$0.50

Summary

The Options have been designed to meet MPS's capacity requirements as understood by APC. Collectively, the options provide 500 MW of capacity to MPS during the all summer seasons of April 1 through September 30, and a minimum 200 MW of capacity to MPS during the winter season of October 1 through March 31.

Please note that all energy and capacity values are quoted at the appropriate generator bus.

11,040
3840
14,880

ENERGY PRICE

Options 1 and 2: Missouri Generator Four Year Toll and Fifth Year Extension

MPS will be required to arrange for and buy all gas associated with start ups, shutdowns, and operation of the power station under a tolling arrangement. The cost of conversion will be $1.25/MWh, escalated from 1998 at the Producer Price Index.

Time Periods	Guaranteed Heat Rate (MMBtu (HHV)/MWh)*
June 1, 2001 - September 30, 2001	Approximately 11.1
All other summer periods	Approximately 7.0
All other winter periods	Approximately 7.8

* The final Guaranteed Heat Rate will be based on equipment manufacturer's design. The values for the first two Time Periods assume full load operation. Operation at part load will result in a higher (worse) heat rate.

Option 3: Batesville, Mississippi 2001 Unit Contingent Call Option

Time Periods	Price
All periods	$200.00/MWH

DELIVERY POINTS

Missouri Generator

APC shall deliver energy to the interconnection of the Missouri Generator with the MPS transmission system or any other MPS interface at APC's sole discretion. MPS agrees to enter into an interconnection agreement between itself and the company or partnership to be established that will own the power generator. This proposal includes a cost of $5,560,000 to make the transmission system upgrades required to interconnect the Missouri Generator to the MPS transmission system. The capacity charges contained in this proposal will be adjusted accordingly if this cost is changed. To the extent such upgrades need not be borne by APC or its designated affiliate, APC will reduce the Capacity Price to MPS for Option 1 and Option 2, such reduction to be pro rata. Likewise, to the extent such upgrades cost more than $5,560,000, APC will increase the Capacity Price to MPS for Option 1 and Option 2, such increase to be pro rata.

Batesville, Mississippi Project

See July 6, 1998 bid.

CONDITIONS PRECEDENT

Any agreement entered into between APC and MPS shall have certain conditions precedent to the effectiveness of the agreement, including but not limited to:

1. APC receipt of all required regulatory approvals, including Federal Energy Regulatory Commission.

2. UCU Board and management approval to develop, own and construct the Missouri Generator.

3. *For the Missouri Generator, achieving financial close no later than December 1, 1999 unless* such condition is waived by APC.

4. For the Batesville, Mississippi Project, acquisition of firm transmission service as directed by MPS.

5. Completion of construction and reaching commercial operation for both the Missouri Generator and the Batesville, Mississippi generators.

AVAILABILITY

Missouri Generator

APC or its designated affiliate will be responsible for maintaining the unit in accordance with equipment manufacturer recommendations. APC will guarantee the availability of the generator to MPS at a monthly average rate of 94%. The Capacity Price paid to APC will be reduced pro rata each month that availability is less than 94%.

Batesville, Mississippi Project

Please refer to APC's July 6, 1998 bid for information pertaining to operation and maintenance.

APC will guarantee a minimum availability of 93% each month after the unit achieves commercial operation.

SCHEDULING

Missouri Generator

The generator shall be fully dispatchable by MPS within the design limitations of the equipment manufacturer, to be determined, and consistent with prudent industry practices. The minimum run time shall be sixteen (16) hours and the plant may be started only once each day. MPS shall be responsible for nominating and scheduling gas to the pipeline header system to be constructed by APC or its affiliate. MPS will schedule energy by 10:00 AM CPT one business day prior to the day of the schedule. This pricing does not include the cost for firm gas transportation to the site.

Batesville, Mississippi Project

Scheduling requirements will be consistent with APC's July 6, 1998 bid with the exception that the minimum run time shall be sixteen (16) hours.

CONTRACT TERMINATION OPTIONS

APC proposes to provide MPS the option to terminate the contract under the following conditions:

I. The option to terminate is available for contract years beginning June 1, 2002. A contract year is defined as any 12 consecutive-month period beginning June 1 and ending May 31.

II. MPS must notify APC no later than March 1 prior to the first contract year for which the option is exercised. For example, MPS must notify APC no later than March 1, 2003 to terminate the contract beginning June 1, 2003.

III. The termination option cannot be exercised on partial contract years.

Option Pricing: MPS will pay APC an option premium for each month for which the termination option may be exercised. This premium is paid every month for which the termination option may *be exercised irrespective of whether the option is exercised.*

Option 1: Missouri Generator Four Year Toll

$0.90 per kW Month

Option 2: Missouri Generator Fifth Year Toll Adder

$0.90 per kW Month

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AQUILA ENERGY

December 17,1998

Mr. Frank DeBacker
Missouri Public Service
10700 East 350 Highway
Kansas City, MO 64138

Subject: Proposal to Supply Capacity and Energy for Missouri Public Service - Revision regarding land

Dear Mr. DeBacker:

This letter is a revision to the proposal submitted November 30, 1998 regarding the land on which the proposed Missouri Generator would be located. In that proposal, APC stated that the proposal was contingent upon MPS leasing or selling this property to APC or its designated affiliate. APC hereby revises that letter to remove that contingency. In fact, APC or its designated affiliate will procure ownership of the land on which the Missouri Generator is proposed to be located. The APC proposal thereby does become contingent upon the ability of APC to procure that property, or rights to construct a power station on that property, no later than January 15, 1999.

Should you have any questions, please do not hesitate to contact me at (816) 936-8622.

Very truly yours,

Mike Jonagan

Mike Jonagan
Director - Power Marketing
Aquila Power Corporation

cc: V.J. Horgan
Joe Gocke
David Stevenson
Rob Freeman
John McKinney

Rcvd 0923
12/22/98

Aquila Energy Marketing Corporation
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AQUILA ENERGY

December 22, 1998

Mr. Frank DeBacker
V.P. Fuel & Purchased Power
UtiliCorp Power Services
10700 East 350 Highway
Kansas City, MO 64138

Dear Frank:

The following are Aquila Power Corporation's responses to the questions asked in your December 9, 1998 letter.

Question 1

The capacity price quoted is based on a $32 million purchase price for the combustion turbines. What is the basis for the $32 million figure? That is: Is the price FOB plant site or factory? Does the price include all taxes? Does the price include spares? If the price of the combustion turbines increases 5%, what will be the resulting capacity price?

Answer 1

The combustion turbine price of $32,000,000 per unit is current as of 11/30/98 based on a telephone quote (confirmed by fax) from both GE and Westinghouse solicited by Black & Veatch. This quote is specific to the Cass County project for both vendors.

The price includes standard terms and conditions which transfer title to the equipment to the Owner "Ex-Works" while risk of loss or damage remains with the vendor until arrival on board carrier at the nearest published accessible rail siding (for rail shipments) or on board carrier at the jobsite (for truck shipments).

The rail or truck freight from the factory is included in the $32,000,000 price.

The heavy haul from the rail siding to the plant site is NOT included in the $32,000,000 price.

There are NO taxes included in the $32,000,000 price.

There are NO spare parts included in the $32,000,000 price.

The Owner has incorporated an allowance for the heavy haul, taxes, and a major maintenance and spare parts program into the capacity price as bid.

The capacity price as bid is currently variable and directly proportional to the price of the combustion turbines. Any savings or increases resulting from a "committed price" (secured by a down payment) for the combustion turbines will be passed through to the capacity price without any markup by APC.

Every $1,000,000 increase in the $32,000,000 combustion turbine price quoted in the proposal will result in the quoted capacity price increasing $0.055 per kWmo for Option #1 only. Thus, a 5% increase in the turbine price would be $1,600,000, resulting in a quoted capacity price increase for Option #1 equal to $0.088 per kWmo.

Question 2

Option 3 is for purchase from Aquila's Batesville project. What will be the cost of transmission (including losses) from the project to MPS system?

Answer 2

It is our understanding that you no longer have an interest in Option 3.

Question 3

What heat rates will apply to purchases at levels less than full output of the facility?

Answer 3

	MW Output	Heat Rate (MMBtu/MWh)
Simple Cycle		
	320	11.1
	240	12.2
	161	13.8
	160	11.1
	80	12.2
Combined Cycle	500	7.0
	375	7.5
	251	8.3
	250	7.2
	200	7.8
	150	8.2
	100	9.5

NOTE: Only the base load heat rates as quoted are guaranteed for this proposal and these are subject to the final plant design to be specified in the Engineering, Procurement, and Construction Contract. Part load heat rates are rarely guaranteed by vendors without payment of additional premium. No such part load guarantees are included in the capacity price as bid.

Part load heat rates will vary significantly as a function of the method of load reduction (increase) on the combustion turbines and the timing point at which a combustion turbine is removed (added) from service.
The final method and timing will generally be defined by the operating (emissions) restrictions included in the Air Emissions Permit.

Question 4

The proposal states that MPS shall schedule energy by 1000 the previous business day. Under what condition will MPS be able to schedule energy on short notice (less than 14 hours but no sooner than 4 hours)?

Answer 4

Attached please find a revised page 3 from our November 30, 1998 proposal. These prices reflect a minimum of four (4) hours notice to schedule energy. All other terms and conditions would remain the same.

Please let me know if you have any additional questions.

Sincerely,

Mike Jonagan

Mike Jonagan
Director - Power Marketing
Aquila Energy Corporation

cc: V.J. Horgan
Joe Gocke
David Stevenson
Rob Freeman
John McKinney

CAPACITY BIDS

APC proposes to meet MPS' capacity requirements by giving MPS the option to select capacity for certain time periods from the designated generators. The options being offered, and the corresponding terms, are as follows:

Option 1: Missouri Generator Four Year Toll

Time Periods	Capacity	Capacity Price ($/kWmo)
June 1, 2001 - September 30, 2001	320 MW	$6.40
January 1, 2002 - May 31, 2005	200 MW	$6.40
April 1 - September 30, 2002-2005	300 MW	$8.00

Option 2: Missouri Generator Fifth Year Extender

Time Periods	Capacity	Capacity Price ($/kWmo)
June 1, 2005 - May 31, 2006	200 MW	$7.50
June 1 - Sept 30, 2005	300 MW	$9.00
Apr 1 - May 31, 2006	300 MW	$9.00

Option 3: Batesville, Mississippi 2001 Unit Contingent Call Option

Time Period	Capacity	Capacity Price ($/kWmo)
June 1, 2001 - September 30, 2001	180 MW	$8.90
October 1, 2001 - December 31, 2001	200 MW	$0.75

Summary

The Options have been designed to meet MPS's capacity requirements as understood by APC. Collectively, the options provide 500 MW of capacity to MPS during the all summer seasons of April 1 through September 30, and a minimum 200 MW of capacity to MPS during the winter season of October 1 through March 31.

Please note that all energy and capacity values are quoted at the appropriate generator bus.

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Fax: 816-936-8775

January 6, 1999

AQUILA ENERGY

Mr. Frank DeBacker
Missouri Public Service
10700 East 350 Highway
Kansas City, MO 64138

Subject: APC Proposal of November 30, 1998 to Supply Capacity and Energy for Missouri Public Service - Identification of Legal Entity That Will Develop Missouri Generator

Dear Mr. DeBacker:

Pursuant to our conversation, this letter serves to identify the specific legal entity that will develop, construct and own the Missouri Generator that is the subject of the referenced Proposal.

Aquila Energy Corporation has established a wholly owned subsidiary, MEP Holdings, Inc. d/b/a Merchant Energy Partners, that is engaged in energy asset acquisitions and development through special purpose subsidiary companies. The Missouri Generator will be owned by such a special purpose entity, to be established upon notification from MPS of the awarding of the project to Aquila. This will also be the contracting entity with MPS on the project.

Accordingly, from this point forward all communications on this project will be from Merchant Energy Partners' management.

Please let me know if you have any questions. Thank you.

Sincerely,

Mike Jonagan

Mike Jonagan
Director - Power Marketing
Aquila Power Corporation

cc: Max Sherman
Laurie Hamilton

Merchant Energy Partners
10750 East 350 Highway
P.O. Box 11739
Kansas City, MO 64138
816-936-8712
Fax: 816-936-8724
Pager: 800-431-7491

AQUILA ENERGY

January 7, 1999

Max A. Sherman
Senior Director
Origination

Mr. Frank A. DeBacker
Missouri Public Service
10700 East 350 Highway
Kansas City, Missouri 64138

Subject: Power Supply RFP for Missouri Public Service (MPS)

Dear Frank:

This letter responds to several of the issues you raised in a meeting with Merchant Energy Partners (MEP) personnel on January 4, and additionally in a conversation with me this morning. This letter attempts to clarify, on those points, the rough draft contract we provided for MPS review on December 24, 1998. In particular:

1. Assurances on the Summer 2001 Commercial Operation Date.

    a. A detailed project schedule, which we are prepared to provide for your review, indicates MEP can achieve a mid-summer 1999 financial closing date and issuing a Full Notice to Proceed to the EPC contractor. The present schedule calls for that on July 29. We believe, for staged construction involving simple cycle commercial operation to meet a June 1, 2001 deadline, there is easily 3 months of margin in that schedule (e.g, the June 1, 2001 date can be achieved if Full Notice to Proceed were as late as October 1999).

    b. We are still considering your liquidated damages question for the summer of 2001.

    c. We assume the January 2002 commercial operation date for the plant in combined cycle configuration is less of an issue than Summer 2001, and have therefore not focused on that item.

2. Scheduling flexibility. MEP is willing to revise Article 6 – Scheduling to provide for the following deal points in response to your articulated need for scheduling flexibility:

a. Day-ahead scheduling submitted by MPS to MEP.

b. MEP can relax the minimum run time of 16 hours; we are considering a minimum of eight (8) hours when committing the plant in combined cycle mode, and less in simple cycle mode for the summer of 2001.

c. One start per day, unless we can agree in the PPA on a charge to compensate MEP for the accelerated and additional associated operating and maintenance expense. MEP will also need an annual cap on the number of starts.

d. Ability of MPS to pre-schedule different hourly values over the schedule, subject to equipment operational constraints as determined by the OEM and EPC contractors, and the air permit. This obviously affects the heat rate (discussed below).

e. Ability of MPS to change the schedule in the event MPS loses a resource serving its' native load, including economy energy resources. Schedule changes by MPS would be made consistent with the scheduling requirements of the Southwest Power Pool reserve sharing program, in which reserves are provided through the end of the next half hour. MEP would therefore receive between 31 and 59 minutes' notice of any schedule change, and MPS would therefore receive the additional power at the end of that period to replace the SPP reserves, subject to the generating equipment being on line.

f. We have your request for Automatic Generation Control under review, and want to have further discussions with MPS to resolve this item.

3. Emission Allowances. Per our discussion on January 4 concerning Article 7 of the draft PPA, any emission allowances required to supply energy from the plant to MPS will be provided for by MPS.

4. Part-load heat rate curves -- Estimated values are provided. These are necessarily subject to final selection of the OEM, associated final cycle design, and assumed heat rate degradation between scheduled maintenance.

5. Minimum load requirements -- Estimated values for both simple and combined cycle operation, as expected to be constrained by the Missouri air permit, are (a) ~105 MW

net for simple cycle operation (one combustion turbine on line); (b) ~105 MW net for one combustion turbine on line with heat rejection to the condenser, which is not a normal operating condition; (c) ~155 MW net in combined cycle operation with one combustion turbine on line and steam from the HRSG to the steam turbine; and (d) ~318 MW net in combined cycle operation with both combustion turbines on line and steam from the HRSG to the steam turbine. These estimates are based on a 99°F summer day.

Other issues can be negotiated next week if MEP is awarded the supply contract. Should you have any questions, please do not hesitate to call.

Very truly yours,

Max A. Sherman

Max Sherman
Project Manager

Enclosure

cc: V.J. Horgan
Joe Gocke
Rob Freeman
Becky Sandring
John McKinney

Estimate

Estimated Heat Rates -- "F" Technology Turbines (2x1)

EPC Guaranteed Values -

From B+V Revised bid dated 11/30/98

	99F Unfired	54F Unfired
Net Power (kw)		
GE	464,700	498,220
Westinghouse	486,460	518,110
Advantage W =	21,760	19,890
Net HR (btu/Kwhr) HHV		
Westinghouse	6,971	6,951

Part Load Heat Rates -

Percent Plant Load	100%	90%	80%	70%	60%	50%	40%	30%	20%	
(From B+V performance curve 12/11/98 TYPICAL)										
HR Adjustment Factor	1	1.015	1.045	1.08	1.12	1.185	1.065	1.16	1.32	
99F Unfired - Westinghouse	7041	7146	[illegible]	7609	7886	← 1% Degrade				
Heat Rate (btu/kwhr)	6,971.0	7,075.6	7,284.7	7,528.7	7,807.5	8,260.6	7,424.1	8,086.4	9,201.7	← New & Clean
Load (kw)	486,460	437,814	389,168	340,522	291,876	243,230	194,584	145,938	97,292	
54F Unfired - Westinghouse						← 1% Degrade				
Heat Rate (btu/kwhr)	6,951.0	7,055.3	7,263.8	7,507.1	7,785.1	8,236.9	7,402.8	8,063.2	9,175.3	
Load (kw)	518,110	466,299	414,488	362,677	310,866	259,055	207,244	155,433	103,622	

NOTE: The air permit is expected to limit sustained operation of each CT to about 65% load except for startups. Management of this operating constraint will modify the above values.

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AQUILA ENERGY

January 12, 1999

Max A. Sherman
Senior Director
Origination

Mr. Frank A. DeBacker
Missouri Public Service
10700 East 350 Highway
Kansas City, Missouri 64138

Subject: Power Supply RFP for Missouri Public Service (MPS)

Dear Frank:

This letter follows up on discussions between MPS and Merchant Energy Partners (MEP) personnel on January 8, 1999 and your e-mail to me on January 11 on certain transmission issues. We are also choosing to enhance our proposal, as provided below, with the expectation that there won't be another round where bidders will be given another opportunity to revise their proposals.

We also wish to advise that MEP has taken a number of steps to advance our project, since our formal proposal was submitted, to assure timely completion. These include, but are not limited to:

1. We have signed an agreement to purchase the plant site near Pleasant Hill, Missouri. Closing on the transaction is scheduled for Friday, January 15, 1999.
2. MEP has filed the air permit application with the Missouri Department of Natural Resources/Air Quality Division. We expect approval in early June. Approval at the end of the statutory review period does not impact our planned date for issuing a Final Notice to Proceed to the EPC contractor.
3. MEP expects to have a signed Memorandum of Understanding, within the next few days, with our chosen EPC contractor.
4. Similarly, MEP expects to have a letter of intent within the next 2 or 3 weeks with our selected combustion turbine manufacturer, including a committed reservation payment for equipment supply. You will note in Section II.A below that we have provided MPS a cap on combustion turbine prices.

With regard to the issues you have identified in the last few days, we have the following responses:

I. MPS Questions on Transmission Upgrades.

Under the section titled "Delivery Points", the proposal states " The proposal includes a cost of $5,560,000 to make the transmission upgrades required to interconnect .....".

A. What upgrades are included in the $5.6 M figure?

Response: Based on discussions with MPS Transmssion, MEP included $3.56 million of "contribution in aid of construction" in the capacity price to assist MPS in completing a new 161 kV circuit from Pleasant Hill to Belton South as the preferred system upgrade. MEP understands this upgrade will significantly improve the MPS 161 kV system in addition to the 69 kV system in the northern Cass County area.

B. Does the $5.6 M figure include the cost of connecting your proposed facility to the MPS substation at Pleasant Hill?

Response: Yes. The cost to expand the existing 161 kV substation and interconnect the proposed 500 MW plant (from the high side of the step up transformer) to the MPS system has been estimated by MPS Transmission to be $2 million. This cost is included in the capacity price as bid, and is part of the $5.6 million cited above. The interconnect costs have been estimated conservatively, but are not firm at this time.

C. What is the impact on the quoted capacity price in $/kW-mo. of the $5.6 M figure?

Response: Per our conversation late yesterday, the impact should refer to $3.56 million of system upgrade costs. That comprises $0.20/kW-month in the capacity price. If system upgrades will be paid for by MPS without the contribution in aid of construction, the capacity price will be reduced accordingly.

II. Risk Mitigation and Value Enhancement

With the revisions noted below, MEP has mitigated certain risks which MPS has identified in our discussions over the last week; these revisions have significantly increased the value of our proposal:

A. <u>Capacity price contingent on combustion turbine pricing.</u> MEP hereby revises our December 22 , 1998 letter, Answer 1 to Question 1. Combustion turbine pricing in our contract with MPS shall not exceed a $0.5 million/turbine increase over the quoted $32,000,000 price. Pricing of that equipment will therefore use the $32,000,000 price (including rail or truck freight from the factory but excluding taxes and the heavy haul from the rail siding to the plant), all as described in our December 22 letter, with any price adjustments to MPS for that scope capped at $0.5 million/turbine.

A. Commitments on In-Service Date. MEP will commit to a June 1, 2001 in-service date for the combustion turbines if MEP and MPS can agree on the dates for : (1) MPS award to MEP; (2) execution of the Power Purchase Agreement; (3) filing date by MPS for its request with the Missouri Public Service Commission for approval of the PPA, and (4) date for obtaining such approval;. If MEP fails to meet the June 1, 2001 date for reasons unrelated to items (1) through (4) above, MEP will pay MPS liquidated damages in the amount of $10,000/day, in addition to suspension of the capacity payment until simple cycle project completion, for the duration and to the extent (e.g., pro rata) simple cycle capacity is not provided to MPS.

C. Deadline for Corporate Approvals. Please be advised we have obtained Aquila Energy senior management approval for this transaction. Board of Directors approval is scheduled for February 4, 1999.

D. Heat Rate Guarantees. MEP offers to pass through to MPS the benefits of our negotiation with the OEM, less a degradation allowance. MEP will be able to offer definitive heat rate guarantees when we've locked in equipment supply from the selected manufacturer. We're talking about equipment coming off a very limited number of production lines, with very close heat rate curves from the major OEMs, so we don't see this as a substantive issue.

E. Reduction in Minimum Schedules taken by MPS. MEP is willing to consider lowering the minimum schedule taken by MPS, which we believe to have significant value to MPS. However, an initial review of the matter indicates there is a cost to MEP for allowing this flexibility, for which we'll need some offsetting compensation or value. We suggest a meeting to discuss this at your convenience. If we can make this work, it will require that MEP retain the right to supply power to MPS from off-system resources, in order to minimize the risk transferred from MPS to MEP.

   Additionally, MEP would enjoy discussing with you the opportunity to provide additional value to MPS by providing the Fixed Fuel Capacity Reservation and associated transportation required to support your schedule.

F. Reduction in capacity price. MEP hereby reduces its capacity price, for the term of the PPA and in addition to the reduction identified in Item I.C above associated with transmission system upgrades, by thirty cents per kilowatt-month ($0.30/kW-month).

Capacity pricing is therefore, including the transmission-related price adjustment identified above, as follows:

Term	Quantity	Capacity Price
June 1, 2001 through September 30, 2001	320 MW	$5.70/kW-month
January 1, 2002 through May 31, 2005	200 MW	$5.90/kW-month
April 1, 2002 through September 30, 2002	300 MW	$7.50/kW-month
April 1, 2003 through September 30, 2003	300 MW	$7.50/kW-month
April 1, 2004 through September 30, 2004	300 MW	$7.50/kW-month
April 1, 2005 through May 31, 2005	300 MW	$7.50/kW-month

In sum, our revised pricing reflects a $0.50/kW-month reduction across the board, including the $0.20/kW-month transmission price reduction described in Section I.C above.

Other issues can be negotiated when MEP is awarded the supply contract. We look forward to bringing the bidding process to a prompt conclusion. Should you have any questions, please do not hesitate to call.

Very truly yours,

Max Sherman

Max Sherman
Project Manager

New Century Enegies

NEW CENTURY
ENERGIES™

PUBLIC SERVICE
COMPANY OF COLORADO™

SOUTHWESTERN
PUBLIC SERVICE COMPANY™

CHEYENNE LIGHT
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Amarillo, Texas 79170-0001
Telephone 806.378.2121

July 3, 1998

UtiliCorp Energy Group
Attn: Mr. Frank A. Debacker
107500 East 350 Highway
Kansas City, Missouri 64138

RE: Request for Proposals dated May 22, 1998.
Purchase of Resource Specific Capacity and Energy for the period June 1, 2000 through May 31, 2004.

In response to UtiliCorp Energy Group's ("UEG") request for proposals, Southwestern Public Service Company ("SPS") will agree to sell the following resource specific capacity and energy to UEG's operating division Missouri Public Service ("MPS") under the terms presented in the following options, pursuant to and in accordance with SPS' Market Based Tariff. Terms used, but not defined herein shall have the meaning ascribed to them in the definitive agreement. Information contained in this response is to be used solely by UEG for evaluation purposes only and contains privileged and confidential information not to be shared with third parties without prior written consent of SPS.

OPTION A - PARTIAL REQUIRMENT POWER SERVICE, WITH PEAKING POWER SERVICE

The term "Partial Requirements Power Service, with Peaking Power Service" shall mean that quantity of firm electric power and associated energy that SPS will make continuously available to UEG and which will meet the capacity and energy needs of UEG.

Contract Period: The months of June 1, 2001 through May 31, 2004.

Partial Requirements Capacity Amounts: As per the following Table 1:

TABLE 1	
Period	**Capacity**
June 1, 2000 - May 31, 2001	25 or 75 MW
June 1, 2001 - May 31, 2002	50 or 100 MW
June 1, 2002 - May 31, 2003	50 or 100 MW
June 1, 2003 - May 31, 2004	50 or 100 MW

Peaking Power Capacity Amounts: As per the following Table 2 (and to be taken in addition to the Partial Requirements Capacity amounts):

TABLE 2	
Period	**Capacity**
June 1, 2000 - September 30, 2000	25 MW

Billing and Scheduling Charge: $320.00 per month.

Partial Requirements Capacity Charge: The price of the Partial Requirements Power Service Capacity is as shown in the Table 3:

TABLE 3	
Period	**Capacity**
June 1, 2000 - May 31, 2001	$ 5,200/MW - Month
June 1, 2001 - May 31, 2002	$ 5,200/MW - Month
June 1, 2002 - May 31, 2003	$ 5,400/MW - Month
June 1, 2003 - May 31, 2004	$ 5,400/MW - Month

Peaking Power Capacity Charge: The price of the Peaking Power Capacity is as shown in Table 4:

TABLE 4	
Period	**Capacity Charge**
June 1, 2000 - September 30, 2000	$ 9,000/MW - Month

Partial Requirements Energy Price: The price of energy delivered to UEG shall be $1.00/MWh plus the Wholesale Fuel Cost Adjustment Factor.

Wholesale Fuel Cost Adjustment Factor: Attachment 1 is a copy of SPS' Wholesale Fuel Cost Adjustment (FCA) Clause currently in effect. Table 5 shows an estimate of the anticipated Wholesale FCA for the calendar years shown.

TABLE 5	
Year	**Projected Wholesale FCA Factor ($/MWh)**
2000	19.00
2001	18.17
2002	17.79
2003	15.90
2004	16.38

Unless another method is mutually agreed upon, SPS will notify UEG of the estimated Wholesale FCA Factor prior to the upcoming month. Any deviations from the actual to the estimated Wholesale FCA Factor shall be accounted for in the month immediately following.

Peaking Power Energy Price: The energy price for all energy produced for UEG from Peaking Power Service shall be $4.00/MWh plus either of the following of the pricing methods:

1. The price of natural gas multiplied by 1.05 (New Mexico Gross Receipts Tax) and multiplied by the assigned heat rate of 11.5 MMBtu/MWh. The price of natural gas shall be the greater of the Gas Daily Index plus $0.30 or Gas Daily Index times 1.15. Where the Gas Daily Index is the price stated in dollars per MMBtu for the daily midpoint of Northern (Mids 1 - 6) as published on the day of delivery in Pasha Publication's Gas Daily under the table titled "Daily Price Survey".
2. UEG can be responsible for the procurement and delivery of all natural gas to a suitable delivery point for all the electric energy requested by UEG.

Point of Supply: The Points of Supply shall be the generator bus or busses from any of SPS generation resources. UEG shall be responsible for reimbursing SPS for the cost of firm transmission and ancillary services through SPS from any of SPS' generation resources to the MPS transmission system, including losses, as outlined in the section entitled "Transmission and Ancillary Services."

Availability: In the case of Partial Requirements Power Service, with Peaking Power Service, SPS defines availability as the amount of available capacity from SPS generation resources designated to deliver energy to its firm customers. As long as SPS has generation available to its firm customers, SPS will supply the energy.

Partial Requirements Energy Scheduling: The energy shall be scheduled by notifying SPS by 8:30am for all energy to be delivered for the following day unless mutually agreed upon otherwise by both parties. Should UEG need to schedule Partial Requirements Energy on an emergency basis (i.e. only two hours notice), SPS can quote to UEG the price of electric energy for delivery. The minimum amount of energy to be scheduled shall be 10 MW for one hour. There are no monthly or annual minimum energy take requirements. SPS reserves the right to supply the energy from other SPS generation resources, or other sources that can make that energy available for delivery to MPS through any available interconnection with MPS.

Peaking Power Energy Scheduling: The energy shall be scheduled by notifying SPS by 8:30am for Peaking Power energy to be delivered for the following day unless mutually agreed upon otherwise by both parties. Should UEG need to schedule this on an emergency basis (i.e. only two hours notice) SPS can quote to UEG the price of electric energy for delivery. The minimum amount of energy to be scheduled shall be 25 MW for eight hours. There are no monthly or annual minimum energy take requirements. SPS reserves the right to supply the energy from other SPS generation resources, or other sources that can make that energy available for delivery to MPS through any available interconnection with MPS.

Buy-Out Provision: Should UEG wish to remove itself from its Partial Requirements capacity purchase obligations for the Contract Years beginning June 1, 2002 through May 31, 2004, UEG may do so under the schedule shown in Table 6:

TABLE 6			
Contract Year	**Notice of Buy -Out Given During:**	**Amount of Capacity to Buy-Out**	**Cost per MW of Capacity Buy-Out**
June 2002 through May 2003	10/1/2001 - 12/31/2001	100 MW	$ 2,700/MW – Month
June 2002 through May 2003	1/1/2002 - 2/28/2002	100 MW	$ 4,050/MW – Month
June 2003 through May 2004	10/1/2002 - 12/31/2002	100 MW	$ 2,700/MW – Month
June 2003 through May 2004	1/1/2003 - 2/28/2003	100 MW	$ 4,050/MW – Month

Other General Buy-Out Provisions:

- UEG may buy-out all, or portions thereof, of their capacity obligations in 50 MW increments, during the Contract Years for June 2002 - May 2003 and June 2003 - May 2004. After February 28, 2002, UEG cannot remove itself from the obligation to purchase the capacity for June 2002 - May 2003, but will still have the ability to buy-out of its obligation to purchase capacity for the Contract Year June 2003 - May 2004, for the amount shown in Table 6.
- UEG shall reimburse SPS for long-term transmission and ancillary services purchased to meet delivery obligations to MPS.
- SPS shall not be liable for any 'stranded costs' of UEG relating to fuel acquisitions or fuel transportation arrangements should UEG execute any buy-out provision.

OPTION B - INTERRUPTIBLE POWER SERVICE

The term "Interruptible Power Service" shall mean that quantity of electric power and associated energy that SPS will make continuously available to UEG, except at times of system contingencies as determined by SPS at its discretion at which time it may be curtailed.

Contract Period: The period from June 1 2000, through May 31, 2004.

Capacity Amounts: Up to the amounts shown in Table 7, in 50 MW increments and a minimum of 50 MW for all Contract Years:

Table 7

Contract Year	Months & Capacity Amount	Months & Capacity Amount
6/1/2000 – 5/31/2001	June – September: 100 MW	October – May: 75 MW
6/1/2001 – 5/31/2002	June – September: 100 MW	October – May: 150 MW
6/1/2002 – 5/31/2003	June – September: 100 MW	October – May: 150 MW
6/1/2003 – 5/31/2004	June – September: 100 MW	October – May: 150 MW

In the three contract years, from June 1, 2001 through May 31, 2004, UEG may only purchase capacity during the months of October through May in amounts no less than what was purchased for June through September of the same Contract Year.