

SCHEDULE RD-12

AQUILA, INC.
Board of Directors
November 6, 2002

RESOLUTIONS

Approval of Bank Waiver of Breach of Interest Coverage Ratio and Bank Consent to Asset Dispositions

WHEREAS, on February 6, 2002, the Board authorized the Company to negotiate, execute, and perform its obligations under two new bank facilities consisting of a \$325,000,000, 364-day revolving credit agreement and a \$325,000,000, 3-year revolving credit agreement, as may be modified, revised or amended from time to time (the "Credit Agreements"); and

WHEREAS, the terms of the Credit Agreements require the Company to, among other things, (i) maintain at all times a minimum interest coverage ratio of not less than 2.25:1 (the "Financial Covenant") and (ii) subject to certain exceptions, not sell more than 15% of the Company's total consolidated assets during any 12-month period (the "Negative Covenant");

WHEREAS, (i) as a result of its operating performance, winding up of its merchant energy business, and its asset disposition program, the Company will not, based on current projections, be able to comply with the Financial Covenant and similar covenants in other finance arrangements and (ii) in order to achieve its announced strategy of selling \$1 billion of non-core assets, the Company will be required to sell more than 15% of its total consolidated assets and, therefore, fail to comply with the Negative Covenant (the "Non-Compliance");

WHEREAS, the Company wishes to execute, and perform its obligations under, the waiver set forth on Schedule "A" attached hereto (the "Waiver") in order to remedy the Non-Compliance, as it pertains to the Credit Agreements;

WHEREAS, as a condition to the effectiveness of the Waiver, the Company has agreed, among other things, that:

- i. upon any sale of its assets located in North America resulting in proceeds in excess of \$5,000,000, the Company shall use a percentage of the net sale proceeds to prepay (or, if applicable, post collateral) to reduce the principal amount of debt, plus the aggregate unfunded commitments to lend or extend credit, under each finance arrangement described on Schedule "A" to the Waiver;
- ii. it will not increase the amount of the annual dividend payable by the Company above \$0.25 per year or declare, issue, or pay any special or extraordinary cash dividend prior to April 12, 2002; and

- iii. it will make all regulatory filings and use commercially reasonable efforts to obtain all other approvals and consents required to pledge its domestic, regulated assets for the purpose of securing the Company's debt obligations; and

WHEREAS, the Board deems it advisable for the Company to enter into the Waiver, as well as seek any waivers or consents (including, without limitation, with respect to the Clay County, Piatt County, and turbine lease financings, waivers and consents similar in form and substance to the Waiver) required under the Company's other finance arrangements to remedy the Non-Compliance and any causes thereof; be it

RESOLVED, that the Waiver (and each act required to be taken by the Company in order to comply with the terms and conditions of the Waiver) be, and hereby is, approved as it may be agreed to, modified, revised, amended or supplemented from time to time upon terms and/or conditions approved by the President, Chief Operating Officer, Chief Financial Officer, Treasurer, Assistance Treasurer, or any Vice President of the Company (each, an "Authorized Officer"), such approval to be conclusively evidenced by his or her execution thereof;

RESOLVED FURTHER, that an Authorized Officer be, and each of them hereby is, authorized to negotiate, execute, and deliver all other waivers and consents required under the Company's other finance arrangements to remedy any non-compliance, breaches or defaults relating to, or arising in connection with, the Non-Compliance or any causes thereof, as such waivers and consents may be agreed to, modified, revised or amended from time to time upon terms and/or conditions approved by such Authorized Officer, such approval to be conclusively evidenced by his or her execution thereof;

RESOLVED FURTHER, that each Authorized Officers be, and hereby is, authorized, in the name of and on behalf of the Company, to execute, deliver, and consummate such documents, agreements, certificates and instruments (including, without limitation, amendments to the applicable financing agreements) and to take such other action (including, without limitation, filing for or otherwise seeking to obtain any approvals required in connection with the Waiver) as may be or become reasonably necessary, appropriate, or convenient to carry out and put into effect the foregoing resolutions, the authority for any such action to be conclusively evidenced by the taking thereof; and

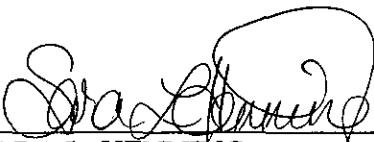
RESOLVED FURTHER, that any and all acts authorized by any of the foregoing resolutions be, and hereby are, ratified, confirmed, approved and adopted as acts taken in the name and on behalf of the Company.

OFFICER CERTIFICATE

I, Sara L. Henning, do hereby certify that I am the duly elected and acting Assistant Secretary of Aquila, Inc. (the "Company"), and as such corporate officer have in my custody and under my control the corporate records and seal of the Company.

I further certify that the attached resolutions are full, true and correct copies of resolutions adopted by the Board of Directors of said Company on November 6, 2002, said resolutions are in full force and effect and have not been amended or revoked.

IN WITNESS WHEREOF, I have hereunto signed this Certificate effective as of December 5, 2002.



SARA L. HENNING
ASSISTANT SECRETARY