POWER SALES AGREEMENT

BETWEEN

MEP PLEASANT HILL, LLC

AND

UTILICORP UNITED INC. d/b/a MISSOURI PUBLIC SERVICE

dated February 22, 1999

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POWER SALES AGREEMENT BETWEEN MEP PLEASANT HILL, LLC AND

UTILICORP UNITED INC. d/b/a MISSOURI PUBLIC SERVICE

THIS AGREEMENT, is made and entered into this 22nd day of February, 1999, by and between MEP Pleasant Hill, LLC, a limited liability company organized under the laws of Delaware engaged in the business of generating and purchasing electric power and energy for sale to other entities, having its principal office and place of business at 10750 East 350 Highway, Kansas City, Missouri 64138 (hereinafter referred to as "Project Company"), and UTILICORP UNITED INC. d/b/a Missouri Public Service, a Delaware corporation having its principal office and place of business at 20 West Ninth Street, Kansas City, Missouri 64105 (hereinafter referred to as "MPS"), Project Company and MPS being individually and collectively referred to as, respectively, Party or Parties.

WITNESSETH:

WHEREAS, MPS desires to purchase:

320 megawatts (net) of capacity and associated energy for the period June 1, 2001 through September 30, 2001;

200 megawatts (net) of capacity and associated energy for the months of January through March for the years 2002 through 2005 and the months of October through December for the years 2002 through 2004; and

500 megawatts (net) of capacity and associated energy for the months of April through September in the years 2002 through 2004 and for the months of April and May in the year 2005;

in all cases on the terms and conditions specified in this Agreement;

SCHEDULE FAD-19 Page 5 of 60 WHEREAS, Project Company desires to sell unit capacity and associated energy from a generating station (the "Missouri Generator") to be constructed near Pleasant Hill, Missouri, on property owned by Project Company, such unit to operate in a simple cycle mode during the year 2001 and in combined cycle mode on and after January 1, 2002; and

WHEREAS, it is intended that, as provided herein, unless otherwise agreed, MPS will arrange for the supply of natural gas to the Missouri Generator for MPS's electric energy requirements from the Missouri Generator and the power and energy from the Missouri Generator will be delivered by Project Company to MPS at the Interconnection Point;

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 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 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.
- 1.3 <u>Business Day</u>. Business Day means any week day other than weekdays designated as holidays by the North American Electric Reliability Council (or its successor).
- 1.4 <u>Commercial Operation Date (COD)</u>. Commercial Operation Date (COD) shall mean, as to each generating unit of the Project, and separately in simple cycle and combined cycle mode, the first date on which such unit, in the reasonable opinion of Project Company, is capable of producing and the Project is capable of delivering electric energy for sale to MPS pursuant to the terms and conditions of this Agreement or, in the alternative, Project Company declares that it is ready to provide equivalent service from alternative resources.

- 1.5 <u>Contract Year</u>. Contract Year shall mean the period commencing on the COD of the first unit and expiring at midnight on May 31, 2002, and each subsequent twelve-month period.
- 1.6 Contract Capacity. Contract Capacity shall mean 320 MW during 2001, 200 MW from January 1 through March 31 for each of 2002 through 2005 and October 1 through December 31 for each of 2002 through 2004; and 500 MW from April 1 through September 30 of 2002, 2003 and 2004 and from April 1, 2005 through May 31, 2005.
- agreement with a term of at least thirty (30) years between MPS and Project Company delineating the responsibility of each for design, construction, ownership, maintenance, and operation of the facilities necessary for the interconnection of the Missouri Generator to the MPS transmission system and any transmission facility upgrades or reinforcement to be installed in connection therewith; setting out the terms and conditions of interconnected operations on a firm First Contingency Incremental Transfer Capability basis, including, without limitation, incorporation by reference of the rules and practices of the SPP; and satisfying the criteria set out in Appendix B.
- 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.
- $1.10~{
 m FERC}$. FERC shall mean the Federal Energy Regulatory Commission, or any successor to its functions and responsibilities related to this Agreement.
- 1.11 Interconnection Point. Interconnection Point shall mean the point of interconnection between MPS and the Project, shown on Appendix B.
 - 1.12 Month. Month shall mean a calendar month.

- $1.13~{\rm \underline{MPSC}}$. MPSC shall mean the Missouri Public Service Commission, or any successor to its functions and responsibilities related to this Agreement.
- 1.14 <u>Planned Outage</u>. Planned Outage shall mean an outage of the Missouri Generator or of a major component thereof to perform major or annual maintenance and that is scheduled during the preceding year. There shall be no Planned Outage in the months of June through September. MPS must be informed at least ninety (90) days in advance of Planned Outage.
- 1.15 <u>Project</u>. Project shall mean, at any stage of development, construction, or operation the Missouri Generator, together with all water rights, water transportation and treatment facilities, fuel receipt facilities and interconnection facilities (in each case owned by the owner of the Missouri Generator), associated rights in real property, rights-of-way, and contractual rights.
- 1.16 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 independent 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.
- 1.17 Rated Capability. Rated Capability shall mean the capability of the Missouri Generator, as such capability is determined from time to time by Project Company or the operator of the Project pursuant to the requirements of the SPP in effect from time to time and Prudent Industry Practices.
- 1.18 <u>Scheduled Maintenance</u>. Scheduled Maintenance shall mean a derate or full outage of the Missouri Generator or any major component thereof that is necessary to carry out

maintenance (other than a Planned Outage) consistent with Prudent Industry Practices and which if not carried out prior to the next scheduled maintenance period could result in a forced outage, a reduction in performance (other than heat rate degradations) or reliability, or significant damage to the Missouri Generator or a major component thereof. Scheduled Maintenance shall be scheduled per Section 4.2.2. A Scheduled Maintenance is neither a Planned Outage nor a forced outage. Scheduled Maintenance hours shall be included in equivalent planned derate hours for the purpose of Section 5.3. To the extent possible, Scheduled Maintenance shall be scheduled for the hours from 11 p.m. to 7 a.m. the following day, or on a Saturday or Sunday.

- 1.19 SPP. SPP shall mean the Southwest Power Pool or any successor or alternative thereto of which MPS is a member.
- 1.20 <u>Summer Period</u>. Summer Period shall mean the period from April 1 through September 30, or any part thereof during which service is to be provided under this Agreement.
- 1.21 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. "Reduced 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 a decrease, or (ii) resulting in the exclusion or exemption from the application of any Taxes to a new or different class of Parties.
- 1.22 <u>Winter Period</u>. Winter Period shall mean the period from January 1 through March 31 and October 1 through December 31 of each year, or any part thereof during which service is to be provided under this Agreement.

ARTICLE 2 - TERM OF AGREEMENT

- 2.1 <u>Effective Date</u>. The effective date of this Agreement shall be the date this Agreement has been executed by both Parties.
- 2.1.1 <u>Conditions Precedent</u>. The following shall be conditions precedent to the obligations of the Parties hereunder to purchase or sell capacity and energy:
 - (a) MPSC approval. Final approval by the MPSC of this Agreement upon terms satisfactory to both Parties by July 1, 1999.
 - (b) FERC Acceptance. FERC approval of Project Company's application for Exempt Wholesale Generator status for Project Company and FERC action making this Agreement, or permitting this Agreement to become, effective without modifications that are unacceptable to either Party by the earlier of a date that is ninety (90) days after approval by the MPSC or September 1, 1999.
 - (c) Approval of the Board of Directors of Project Company's parent company, UtiliCorp United Inc., for Project Company or an affiliate to develop, own, and construct the Project and for MPS to participate in this Transaction by February 5, 1999.
 - (d) Electrical Interconnection Agreement. Execution of the Electrical Interconnection Agreement incorporating the provisions of Section 5.1(b) and FERC action making it, or permitting it to become, effective without modifications that are unacceptable to either Party by September 1, 1999.
 - (e) <u>Site Acquisition</u>. Acquisition of all necessary rights-of-way with respect to the Project site by September 1, 1999.

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- (f) EPC Contract. Execution of a contract for the engineering, procurement, and construction ("EPC") of the Missouri Generator on commercially reasonable terms by August 1, 1999; and issuance by Project Company of a notice to proceed to the EPC contractor by September 1, 1999.
- (g) <u>Turbine Purchase</u>. Purchase of the combustion turbines, for the Missouri Generator on commercially reasonable terms by March 15, 1999.
- (h) Water Supply and Permits. Securing by Project Company of rights to acquire sufficient water for the project in combined cycle mode for its useful life and rights of way to transport the water to and from the Project site, in both cases under commercially reasonable terms, and issuance of all necessary permits for such water use by September 1, 1999.
- (i) Air Permit. Issuance of all necessary air permits to Project Company or, to the extent necessary or appropriate, securing of allowances or offsets to permit the operation of the Missouri Generator in a manner reasonably estimated by Project Company by September 1, 1999.
- (j) Construction Permits. Issuance of any necessary zoning adjustments or variances and of all necessary permits for construction of the Missouri Generator.
- (k) Gas Interconnection Agreements.
- (i) Execution of a gas interconnection agreement on commercially reasonable terms with the interstate pipeline (or local distribution company) selected in accordance with Section 5.1(c) and issuance of all necessary regulatory approvals therefor by September 1, 1999;

- (ii) Securing of necessary zoning, rights of way, and construction permits for gas delivery and transportation facilities on the Project site and to the interstate pipeline selected in accordance with Section 5.1(c) on commercially reasonable terms by September 1, 1999; and
- (iii) Execution of EPC contract for the gas delivery and transportation facilities on commercially reasonable terms by September 1, 1999.
- 2.1.2 Agreement to Fulfill Conditions. Project Company and MPS agree to utilize best, commercially reasonable efforts to fulfill each of the conditions listed above which is incumbent upon them to satisfy and shall notify the other Party in writing when each condition is satisfied. Each Party shall cooperate with the other in attempting to satisfy the conditions.
- 2.1.3 <u>Failure of Condition Precedent</u>. In the event that any of conditions in Section 2.1.1, above has not been satisfied by the date specified therein, either Party may terminate this Agreement by giving notice to the other Party in writing. All conditions in 2.1.1 above will be deemed to occur upon financial close and distribution of lending proceeds to Project Company.
- 2.1.4 <u>Effects of Termination</u>. In the event that this Agreement is terminated pursuant to this Section 2.1, then neither Party shall have any other obligation to the other under this Agreement.
- 2.2 <u>Termination Date</u>. The provisions of this Agreement shall continue in effect through May 31, 2005, unless extended by mutual agreement of the Parties or earlier terminated pursuant to Section 2.1, or Article 13.

2.3 MPS Termination and Capacity Reduction Options.

MPS will have the ability to purchase within 30 days of executing this Agreement any one of the four alternatives, listed below, which will give MPS the right to purchase an option to reduce its contractual obligations to purchase some or all of the capacity (and associated energy) covered by this Agreement. The following alternatives are available to MPS for

30 days after execution of this Agreement. The alternatives have the following expiration dates and costs payable within 30 days of executing this Agreement if elected:

Expiration Date		Cost of Alternative	
A:	June 1, 1999	\$630,000	
В:	December 1, 1999	\$1,260,000	
C;	June 1, 2000	\$1,890,000	
D:	December 1, 2000	\$2,520,000	

MPS may purchase any of the above alternatives for a portion of capacity less than the Contract Capacity. for such a portion will be determined on a pro rata basis. is not obligated to choose any of the above alternatives. so elected any of the above alternatives grants MPS the right to select a Termination Option on or before the Expiration The Termination Option provides the opportunity for MPS to purchase for \$0.90 per kW month on the lower of Contract Capacity or Rated Capability the option to reduce its contractual obligations covered by this Agreement. Termination Option is elected MPS agrees to pay the Project Company \$0.90 per kW month of the lower of Contract Capacity or Rated Capability for each of the 36 months commencing from June 1, 2002 to May 31, 2005 for the right to terminate the Agreement or to reduce its purchase obligation by blocks of twenty-five (25) MW for the Summer Period and ten (10) MW for the Winter Period. MPS agrees to pay the \$0.90 per kW month fee irrespective of whether it chooses to exercise the Termination Option. The termination and capacity reduction option may be exercised only on June 1, 2002, June 1, 2003 or June 1, 2004 and shall be exercised by MPS by written notice not later than March 1 preceding the June 1 at which the termination or capacity reduction becomes effective. June 1 on which the termination or capacity reduction becomes effective, MPS shall make a one-time lump-sum payment to the Project Company equal to the product of \$0.90 per kW month and the capacity reduction (or in the case of termination the lower

of Contract Capacity or the highest Rated Capability during the preceding twelve (12) months) for each month from the day of payment until May 31, 2005, and shall then have no further liability with respect to the capacity reduction or this Agreement, as the case may be for the specified capacity.

If MPS does not elect any of the four alternatives listed above, the Project Company agrees to price such an option at any future date if so requested in writing by MPS.

ARTICLE 3 - CAPACITY AND ENERGY TO BE PURCHASED AND SOLD

3.1 Generating Capacity and Energy. Subject to the other provisions of this Agreement, Project Company agrees to sell and MPS agrees to purchase generating capacity in the amount of three hundred twenty megawatts (320 MW) during the simple cycle phase from June 1, 2001 through September 30, 2001; and, during the combined cycle phase, two hundred megawatts (200 MW) from January 1, through March 31, for each of 2002 through 2005 and October 1 through December 31 for each of 2002 through 2004; and five hundred megawatts (500 MW) from April 1 through September 30 in the years 2002, 2003, and 2004 and from April 1 to May 31 in the year 2005, plus, in all cases, energy scheduled in accordance with Article 6. the energy shall pass from Project Company to MPS at the Interconnection Point (or, in the case of substitute energy, at the delivery point to the MPS transmission system) for the term of this Agreement. Capacity and energy from the Missouri Generator shall both be measured at the Interconnection Point, adjusted such that losses between the busbar and the Interconnection Point shall be for the account of MPS.

Notwithstanding the provisions of Article 4 and subject to the provisions of Article 6, Project Company may, at its sole discretion, substitute in whole or in part energy from other resources for energy from the Missouri Generator, so long as that energy is delivered to an interconnection of MPS with another utility or independent generator, and so long as the alternate delivery point has adequate capacity to receive such energy. In this case, the measurement of energy shall be based on the schedule for delivered quantities from the alternative source and/or the transmitting utility. Project Company shall reimburse MPS for any penalties MPS has to pay for failure to

take natural gas or utilize natural gas transportation when MPS has committed to gas purchases or transportation consistent with the dispatch schedules it provides to Project Company, when such penalties are directly caused by Project Company's decision to supply electricity from an alternative source rather than from the Missouri Generator; provided, however, that MPS shall (i) make all reasonable efforts to mitigate such penalties, (ii) upon request by Project Company, promptly provide Project Company with good-faith estimates of the penalties involved if Project Company were to supply some or all of the electricity scheduled by MPS from alternative sources, and (iii) upon notification by Project Company that it intends to supply electricity to MPS from alternative sources in a specified amount for a specified period, refrain from making further commitments for the purchase or transportation of natural gas to generate electricity in those amounts and for that period that would be the basis for penalties.

- Company has not achieved COD for both combustion turbine units in simple-cycle operation by June 1, 2001, the Project Company will pay to MPS as liquidated damages five thousand dollars (\$5,000) per combustion turbine unit per day of delay; provided, however, that Project Company may provide MPS with substitute capacity and energy (to the extent dispatched, and subject to Section 6.3) from other sources, in which case the liquidated damages will apply ratably to the extent that Project Company provides less than 320 MW of available capacity in any day; and provided, further, that there shall be an extension of the June 1, 2001 date for a period equal to the extent of the delay caused the Project Company by one or more Force Majeure events or by the failure of MPS or the Parties to satisfy the following milestones:
- (a) Filing of the application for approval of this agreement with the Missouri Public Service Commission by the Parties by March 1, 1999;
- (b) Issuance of an order of the MPSC approving this agreement by July 1, 1999; and
- (c) Access by Project Company to MPS's substation for the purpose of effecting interconnection by September 30, 2000, and completion by MPS of any transmission

facilities reinforcement or upgrades necessary to permit synchronous operation of the full contract capacity of the Missouri Generator on MPS's system by December 31, 2000.

Notwithstanding the provisions of Article 13, these liquidated damages shall be the exclusive remedy for MPS for Project Company's failure to meet the scheduled COD for the combustion turbines in simple-cycle mode. Such failure is not an Event of Default under Article 13, and MPS may not terminate this agreement for such failure.

Deemed COD. In the event that delays in achieving the milestones set out in Section 3.2 cause delays in the construction or testing of the Project in either simple cycle or combined cycle operation such that the COD occurs after June 1, 2001 and/or January 1, 2002, respectively, MPS shall begin paying the Capacity Charges for the appropriate period at the Contract Capacity for such period, all as set out in Section 5.1, on June 1, 2001 and/or January 1, 2002, as the case may be; provided, however, that this provision shall apply only if and to the extent that, absent such delay in the achievement of the milestones, Project Company could reasonably have been expected to achieve COD by June 1, 2001 and/or January 1, 2002 and such delay reasonably prevents Project Company from achieving COD by June 1, 2001 or January 1, 2002, as the case may be. If COD would not reasonably have been expected to occur by those dates, but the failure to achieve the milestones caused an additional delay, then this provision will apply only to the additional delay caused by the failure to achieve the milestones. If, following actual testing and COD, the Rated Capability is less than the Contract Capacity, Project Company will refund to MPS the overpayment with interest calculated in accordance with Section 17.5. dispute between the Parties over whether and to what extent payments under this Section 3.3 are due shall be resolved under the procedures set out in Article 16.

ARTICLE 4 - CURTAILMENT OF CAPACITY AND ENERGY

4.1 When Curtailable. Capacity and energy from the Missouri Generator for supply of generating capacity shall be continuously available from the Minimum Generation level at any given time as set out in Appendix D - Operating Limits, up to the full Rated Capability, (but not to exceed the Contract Capacity), subject to the ramp rates and other Operating Limits

set out in Appendix D, except that it may be curtailed at the option of Project Company (subject to Section 5.3) in the event of the occurrence of any or all of the following, as determined by Project Company in accordance with Prudent Industry Practices:

- 4.1.1 <u>Equipment Failure</u>. Equipment failure requiring reduced operation or shutdown of the Missouri Generator for the supply of generating capacity; or
- 4.1.2 <u>Inspection</u>. Inspection requiring reduced operation or shutdown of the Missouri Generator for the supply of generating capacity; or
- 4.1.3 <u>Maintenance or Repair</u>. Maintenance or repair requiring reduced operation or shutdown of the Missouri Generator for the supply of generating capacity; or
- 4.1.4 <u>Unavailability of Fuel</u>. Limitations on the ability of the operator to operate the Missouri Generator in part or in whole due to fuel consistent with the quality parameters identified in Appendix C not being made available to the Missouri Generator for any reason; or
- 4.1.5 <u>Transmission Limitations</u>.

 Transmission limitations on MPS's system affecting MPS' ability to receive the power and energy at the Point of Interconnection as required to implement this Agreement; or
- 4.1.6 Force Majeure. Force Majeure events as defined in Article 12 hereof; or
- 4.1.7 <u>Derate</u>. Derate (defined as a reduction in the Rated Capability) of the Missouri Generator for the supply of generating capacity for any cause other than equipment failure, inspection, maintenance, repair, Force Majeure, or unavailability of fuel.

4.2 Additional Curtailment Provisions:

4.2.1 <u>Effect of Curtailment</u>. 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 Missouri Generator. When the condition leading to curtailment is

removed, generating capacity shall be restored to precurtailment levels.

- 4.2.2 Notice. To the extent practicable, Project Company shall supply MPS reasonable advance notice of all curtailments and interruptions of contracted for capacity and energy under this Agreement, and for Scheduled Maintenance shall provide the following notice: for an outage of less than two (2) days' expected duration, at least twenty-four (24) hours' notice to MPS; for an outage of two to five days' expected duration, at least seven days' notice; and for an outage of five days' or more expected duration, at least ninety (90) days' notice, unless, in each case, MPS has given its permission for shorter notice.
- 4.2.3 <u>Missouri Generator Performance</u>. Project Company shall operate, maintain and restore, either directly or through its agent and operator, the Missouri Generator in accordance with Prudent Industry Practices.
- 4.2.4 Other Resources. When delivery of generating capacity or energy to MPS from the Missouri Generator is curtailed as set forth above, Project Company shall have the right but not the obligation to deliver generating capacity or energy from any other resource subject to Section 5.2.

ARTICLE 5 - PRICE FOR CAPACITY AND ENERGY

5.1 <u>Capacity Charge</u>. Beginning with the later of COD of the combustion turbines (including deemed COD pursuant to Section 3.3) or June 1, 2001, the Capacity Charge for the generating capacity for the Contract Capacity of 320 MW for each month from June 1, 2001 through September 30, 2001 is \$5.70 per kilowatt-month (\$5.70/kW-month) (pro-rated for any partial month prior to COD). Beginning with the later of COD of the Project for combined cycle operations (including deemed COD pursuant to Section 3.3) or January 1, 2002, the capacity charge for the Contract Capacity of 200 MW for each month from January 1, 2002 through May 31, 2005, is \$5.90 per kilowatt-month (\$5.90/kW-month); and for the Contract Capacity of 300 MW for each month from April 1 through September 30 in each of 2002, 2003, and 2004 and from April 1 to May 31, 2005, is \$7.50

per kilowatt-month (\$7.50/kW-month) (pro-rated as appropriate for any partial month prior to COD), subject in each case described in this paragraph to the following adjustments and limitations:

- This pricing is based expressly on the assumption that Project Company can acquire two new "F" class gas turbines each with a nominal power output rating of 160 MW on the stipulated schedule and on terms that are conventional for purchases of this type, including vendor quarantees, warranties, and liquidated damages, for no more than \$32 million per turbine (including rail or truck freight from the manufacturer but excluding taxes and the costs of removal from the rail siding to the project site). If the final price is higher than this amount despite all reasonable efforts of Project Company to obtain a lower price, the Capacity Charges will be adjusted pro rata using as a scale an increase of \$0.055 per kW-month for a \$1 million increase in the equipment price (which adjustment reflects a pro-rating of the additional investment over the useful life of the Project) or Project Company will be compensated in an alternative manner acceptable to Project Company. This adjustment will not apply to any increase in the price of the turbines in excess of five hundred thousand dollars (\$500,000) per turbine.
- (b) This pricing is based expressly on the assumption that Project Company will have to spend no more than two million dollars (\$2,000,000) on the interconnection with MPS at the Interconnection Point and that MPS will be responsible for the costs and implementation of any transmission system upgrades and reinforcements necessitated in whole or in part by the interconnection of the Missouri Generator and any and all other costs on its side of the Interconnection Point, except for that as provided in Appendix B. To the extent that the final cost of interconnection is less than or exceeds this amount, the Capacity Charges will be adjusted in the same manner as set out in (a), above or unless Project Company or MPS, as the case may be, is compensated in an alternative manner acceptable to, as the case may be, Project Company or MPS.
- (c) Project Company will construct a gas pipeline header system at its expense connecting the Missouri Generator, either directly or through the local distribution company, to one of the following three interstate pipelines:

Williams, Panhandle Energy, and KNI, as mutually agreed by the Parties. If the Parties cannot agree, Project Company will eliminate one of the three pipelines from consideration, and MPS will select from the remaining two pipelines, subject to the ability of Project Company to arrange for such connection on commercially reasonable terms. The Parties may mutually agree to have Project Company build a second connection to another of the pipelines listed above, in which case the Capacity Charges shall be adjusted in the manner set out in (a) and (b) above for the additional cost of the second connection.

- (d) In the event that, after adjustment for any difference in methodology, the Rated Capability is less than the Contract Capacity, the Rated Capability shall be used as the basis for both Capacity Charges and the formula for Equivalent Availability set out in Section 5.3.
- Energy Charge. Unless otherwise agreed by the 5.2 Parties, all natural gas for operation of the Missouri Generator to supply energy to MPS will be supplied and paid for by MPS. The quantity of natural gas that MPS is required to provide each day to the Project Company is equal to the sum, for each hour, of the energy scheduled by MPS for such hour multiplied by the effective heat rate found in Appendix C for such energy dispatch level. The Energy Charge for all energy delivered by Project Company to MPS under this Agreement is \$1.25 per MWh, in 1998 dollars indexed quarterly to the Producer Price Index published by the U.S. Department of Commerce, using as a base value the level of such index on July 1, 1998. In addition, MPS shall provide natural gas for all start-ups of a combustion turbine that is a part of the Missouri Generator, that are requested or caused by MPS, and shall pay in addition the incremental costs, including but not limited to additional maintenance costs, related to start-ups requested or caused by MPS in excess of 175 start-ups per combustion turbine per year. MPS shall not have to pay for natural gas consumed by the Missouri Generator (whether to gas suppliers or, if the Parties agree that Project Company shall purchase gas to generate electricity for MPS, to Project Company) to the extent that the Missouri Generator is operating at higher heat rates (MMBtu (HHV) per MWh) than the guaranteed levels, which are set out in Appendix C. The annual effective heat rates used to calculate allowable usage of natural gas shall be the lower of the actual heat rates, determined from

time to time by testing, and the guaranteed heat rates. heat rates shall also be adjusted for part-load operation using the heat rate curves supplied by the EPC contractor and/or equipment vendor, which initial guaranteed heat rate curves shall be appended hereto in Appendix C. To the extent that Project Company chooses to generate energy at a level which is greater than the level at which it is scheduled pursuant to Section 6.1, in order to make sales to others (other than in the circumstance described in Section 6.2), MPS will be responsible for purchased gas costs only up to the level calculated by multiplying the purchased gas price times the scheduled level of output at the appropriate heat rate for such level of scheduled output as shown in Appendix C. Notwithstanding the foregoing, during periods when Project Company is providing substitute energy, MPS is obligated to pay the Energy Charge plus either (i) provide fuel to the Missouri Generator or, (ii) in lieu of providing fuel, pay to Project Company the equivalent of the avoided purchased gas cost multiplied by the scheduled level of output multiplied by the appropriate heat rate set out in the heat rate curves in Appendix C.

- 5.3 Guaranteed Minimum Equivalent Availability. Project Company guarantees the Equivalent Availability ("EA"), as defined hereafter, of the energy output of the capacity supplied hereunder shall be not less than ninety-four percent (94%) for each of the period from April 1 to September 30 of the year (or any part of such period during which service is to be provided under this Agreement) (the "Summer Period") and the period comprising January 1 to March 31 and October 1 to December 31 of the year (or any part of such period during which service is to be provided under this Agreement) (the "Winter Period"). The Capacity Charge specified in Section 5.1 above shall be adjusted as provided below based on the EA during any such period:
 - (i) When EA, as defined below, is less than 94% for any Winter Period, the capacity charge stated above in Section 5.1 for the Winter Period of such year shall be adjusted by multiplying it by the ratio of the actual EA for such period to 0.94.
 - (ii) When EA, as defined below, is less then 94% for any Summer Period, the weighted average of the

capacity charge for the 200 MW block for that year (weighted as two-fifths) and the capacity charge for the 300 MW block for that year (weighted as three-fifths) shall be adjusted by multiplying it by the ratio of the actual EA for such period to 0.94.

Project Company shall pay MPS the difference between capacity payments received in connection with such period and the result of the calculation described above, with interest as provided in Section 17.5, within thirty (30) days of the end of the period.

EA shall be determined as provided below with Contract Capacity subject to Section 5.1(d):

$$EA = (PH - (EUDH + ESMH + EPOH))/PH$$

Where:

EUDH is the number of equivalent unplanned derate hours for the period calculated as the sum of, for each unplanned derate below the applicable Contract Capacity, the product of the number of hours of full or partial derate times the size of the reduction below the applicable Contract Capacity divided by the Contract Capacity for such 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 Missouri Generator is less than the amount of energy dispatched, excluding unavailability due to Force Majeure events and due to unavailability of natural gas;

- ESMH is the number of equivalent planned derate hours including Scheduled Maintenance hours calculated as the sum, for each planned derate below the Contract Capacity applicable during the period, of the product of the number of hours of full or partial derate times the size of the reduction below the applicable Contract Capacity divided by the Contract Capacity for such period. For the purposes of this calculation, a planned derate excludes unavailability due to Force Majeure events and due to unavailability of natural gas and unavailability due to Scheduled Maintenance when and to the extent that MPS has not scheduled the Missouri Generator for energy deliveries during such period;
- PH is the number of hours in the applicable period (for example, 2928 (the number of hours from 00:00 hours Central Prevailing Time (CPT) on June 1, 2001 through 24:00 hours CPT on September 30); and
- EPOH is the product of the number Planned Outage hours during the period times the difference between the applicable Contract Capacity and available capacity during the Planned Outage (if lower), divided by the lower of the applicable Contract Capacity or the Rated Capability for such period.

For the purposes of calculating EA, Project Company shall receive credit in the calculation for those hours when the output of the Missouri Generator is restricted, when and to the extent Project Company is delivering power and energy to MPS, as scheduled hereunder, from alternate generating resources.

- 5.4 Exclusive Remedy. The reduction in the Capacity Charge as set forth above and liquidated damages described in Section 3.2 for late COD shall be MPS's exclusive remedy for any failure of Project Company to deliver capacity and/or energy pursuant to this Agreement, and all other remedies are hereby waived.
- 5.5 No Petitioning for a Change. Project Company 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

Routine 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 Project Company. Schedules for each day shall be made by thirty (30) minutes before the time that the gas suppliers or transporters must be notified on the previous Business Day of orders for gas, unless otherwise agreed by Project Company and MPS. Schedules shall be submitted by MPS to Project Company by facsimile or telephoned instruction to Project Company's designated representative for this transaction. Unless otherwise agreed. the minimum schedule block is as set out in Appendix D, as each level may be adjusted by Project Company to comply with air permit restrictions and Prudent Industry Practices for any hour the power is scheduled. The minimum schedule duration is four (4) consecutive hours for simple cycle operation during 2001 and eight (8) consecutive hours for combined cycle operation. Each day's schedule shall provide no more than one output level per hour, and the changes from one output level to another shall be consistent with Prudent Industry Practices, including but not limited to ramp rates as specified by the equipment manufacturers and the operator as set out in Appendix D; and compliance with the terms of the facility's air quality permit. Unless otherwise provided by written agreement between the Parties that provide for compensation for Project Company for increased operating and maintenance costs consistent with Section 5.2, there shall be no more than one start-up per calendar day and no more than 175 start-ups per combustion turbine per Contract Year, except for the first Contract Year, for which the permitted number of starts is 150, decreased pro rata upon delays in COD.

- Emergency Scheduling. In the event that MPS suffers an unscheduled outage of a generating resource that is serving MPS's native load, including an energy resource the output of which is being purchased by MPS under an economy energy or other purchase arrangement, and MPS immediately notifies Project Company thereof, Project Company will, by the end of the half-hour following the half-hour in which the outage occurred and MPS notifies Project Company of the outage (that is, when the automatic provision of emergency energy from the SPP under its reserve sharing program ends), Project Company shall make available to MPS any capacity and energy not already scheduled for delivery to MPS from units that are on line at the time of such notice up to the Rated Capability. the outage is expected to extend until the time that a unit not on line at the time of notice of the outage could be brought up, in a manner consistent with Prudent Industry Practices, to serve load, and MPS directs Project Company to bring such unit or units on line, Project Company will also supply MPS from such unit as soon as possible consistent with Prudent Industry Practices. MPS shall reimburse Project Company for the incremental costs of such a start-up. All energy and fuel provided under this section shall be paid for in accordance with Section 5.2.
- 6.3 Operating Committee. Each Party shall designate in writing two (2) employees as its representatives to the Operating Committee. Each Party can change its representative at any time by written notice to the other Party. The Operating Committee shall meet within forty-five (45) days prior to the expected COD of the first combustion turbine, within forty-five (45) days of the expected COD of the Project in combined cycle mode, and at least every six (6) months thereafter to coordinate the operations of the Parties and develop any written procedures deemed necessary or desirable by the Parties; provided, however, that the members of the Operating Committee shall not have the authority to amend this Agreement or to agree to procedures inconsistent with this Agreement.

ARTICLE 7 - CLEAN AIR ACT EMISSIONS ALLOWANCES

MPS shall provide any and all emissions allowances necessary to operate the Missouri Generator in accordance with

the schedules provided by MPS or, if it cannot do so, shall reimburse Project Company for the cost of such allowances.

ARTICLE 8 - BILLING AND PAYMENT

- 8.1 Timing; Method of Payment. Project Company 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 Project Company, 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 Project Company by wire transfer pursuant to the wire transfer instructions as set forth in Section 15.13.
- 8.2 <u>Late Payment</u>. Amounts owed by MPS and not disputed, if not remitted within the time period specified under Section 8.1 above, shall be subject to a late payment charge based on the rate of interest calculated as provided in Section 17.5 hereof
- 8.3 <u>Disputed Billings</u>. In case any portion of an invoice submitted pursuant to Section 8.1 hereof is in bona fide dispute, the undisputed amount shall be payable when due. With each partial payment, MPS shall provide Project Company 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 17.5 hereof, accruing from and after the date such payment would otherwise have been due.
- 8.4 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.

- 8.5 <u>Audit Rights</u>. 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.
- 8.6 Meters. Project Company shall install, maintain, read, and test metering devices to measure the electrical output for sale to MPS, all in accordance with Appendix A hereto. When Project Company is selling electricity from the Missouri Generator to MPS and to one or more other buyers at the same time, the electrical output shall be allocated first to MPS, until the full scheduled deliveries are made, with any surplus allocated to the other transaction or transactions. Natural gas delivered on MPS's behalf to Project Company for generation of electricity for MPS shall be measured in accordance with Appendix A.

ARTICLE 9 - TAXES

Any New Taxes imposed on Project Company 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 reimbursed to Project Company by MPS unless Project Company should reasonably have known of such New Taxes on January 25, 1999. Any Reduced Taxes to the benefit of Project Company will be passed through as and when realized by Project Company to MPS, unless MPS should reasonably have known of such Reduced Taxes on January 25, 1999.

ARTICLE 10 - INDEMNIFICATION; LIMITATION OF LIABILITY

- 10.1 Indemnification. Each Party shall indemnify, save harmless and defend the other Party hereto, including the other Party's parent, subsidiaries, and affiliates, and their respective officers, directors, agents, and employees, from and against all claims, demands, costs and expenses (including reasonable attorneys' fees) made or incurred by third parties 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 Interconnection Point 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. 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. claim shall be made by either Party under this Section until the claims of third parties exceed \$50,000 in any calendar vear.
- 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 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 10.2 shall not limit or negate the right of either Party to be fully indemnified as provided in Section 10.1 above.

ARTICLE 11 - FORCE MAJEURE

11.1 <u>Force Majeure Defined</u>. 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, earthquakes. storms, lightning, hurricanes, or tornadoes; sabotage; terrorism; war, riots or public disorders; fires; explosions; accidents in transportation affecting equipment or supplies; labor disputes; and actions or failures to act of any governmental agency (including expropriation, requisition, or changes in applicable law after January 25, 1999 including a change in any governmental approval or permit, or the conditions attached to such approval or permit and any other environmental constraint lawfully imposed by any governmental agency) preventing, delaying, or otherwise adversely affecting performance of a Party hereto or the cost of producing electricity where such consequences result despite the efforts of the affected Party to avoid or mitigate such consequences. 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. An event meeting the description of this section and affecting a contractor or supplier to a Party shall be a Force Majeure event for such Party.

11.2 Excuse by Reason of Force Majeure. Project Company nor MPS shall be in default of any of its obligations under this Agreement, including but not limited to Project Company's obligation to deliver capacity and energy or MPS's obligation to receive capacity and energy, when such failure to perform is caused by a Force Majeure event. affected Party shall be excused only for the period of time and to the extent necessary for the affected Party, using all reasonable efforts, to cure or mitigate the effects of the Force Majeure event provided, however, that this provision does not require the affected Party to settle a labor dispute. Notwithstanding the foregoing, a Force Majeure event shall not excuse the payment of any amounts due under this Agreement, including, without limitation, MPS's obligation to pay for capacity when it is excused from accepting or receiving or Project Company is excused from generating and delivering electricity; provided, however, that MPS shall be excused from making such payments after the earlier of (i) 120 days of a continuous Force Majeure event or (ii) the date on which Project Company is entitled to receive equivalent payments

under its business interruption insurance. The Parties' respective obligations to perform shall resume on cessation of the Force Majeure event. Any period during which equipment failure has required reduced operation or shutdown of the Missouri Generator shall, for the purposes of the calculation provided in Section 5.3 hereinabove, be deemed to be a period of unavailability, unless the equipment failure results from a Force Majeure event.

- 11.3 Changes in Law. In the event that there is a change in law applicable to Project Company that is enacted or comes into effect after January 25, 1999 (and, in the latter case, where Project Company could not have known, using reasonable efforts, of the change in law on or before January 25, 1999) that increases (i) the operating costs (including the consumption of parasitic load) of the Missouri Generator or (ii) requires additional facilities and investment, in the case of (i) the Energy Charges set out in Section 5.2 shall be adjusted to keep Project Company whole against such increased operating costs and, in the case of (ii), the Capacity Charges set out in Section 5.1 shall be increased in the manner set out in Section 5.1(a) and (b) with respect to combustion turbine and interconnection costs. respectively, to compensate Project Company for the cost of the additional facilities.
- 11.4 Limitation on Force Majeure Delay. By written notice delivered to Project Company at least sixty (60) days prior to the date of intended termination, MPS may terminate this agreement pursuant to the provisions of Article 2 if one or more Force Majeure events delays the COD in combined cycle mode or causes a total Project outage following COD in combined cycle mode, in each case for more than twelve (12) months, unless the Force Majeure event (or events) affects a major piece of generating equipment, such as a rotor or stator, that must be custom-ordered and manufactured, in which case the applicable period will be eighteen (18) months.

ARTICLE 12 - CONSTRUCTION OF THE PROJECT

Starting sixty (60) days after the Effective Date, Project Company shall report to Purchaser, each Month, on the construction status and completion schedule for the Missouri Generator and related facilities. Such report shall, at a minimum, provide a schedule showing items completed and to be completed, the expected Commercial Operation Date, and, after construction commences, the estimated percent complete.

ARTICLE 13 - PERFORMANCE

- 13.1 Event of Default. (a) An Event of Default shall mean the failure of a Party to (i) make any payments in the time or manner required by Article 8 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; or where an exclusive remedy is provided in this Agreement.
- (b) The failure of Project Company to achieve COD for the Project in combined cycle mode by October 1, 2002, shall be an Event of Default.
- (c) Either Party may declare an Event of Default if (i) the other Party (A) makes a general assignment for the benefit of creditors, (B) has a receiver, trustee, or similar such officer appointed for it and such appointment is not terminated within sixty (60) days, or (C) is subject to bankruptcy proceedings or suspension of payment; or (ii) proceedings are commenced for winding-up, liquidation, or dissolution of the other Party, and the situation giving rise to such proceedings is not remedied and such proceedings discontinued within sixty (60) days.
- 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 (i) of Section 13.1(a), the Party in default shall have five (5) days after receipt of written notice to pay all amounts owed, plus interest

determined pursuant to Section 17.5, 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 (ii) of Section 13.1(a), the Party in default shall have thirty (30) days after receipt of written notice 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 the one described in Section 13.1(b), Project Company shall have ninety (90) days after receipt of written notice within which to cure such Default, 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 to terminate this Agreement upon written notice to the Party in Default provided that to the extent that such Party seeking termination is prevented from so doing without first having FERC approval, acceptance by FERC of any required notice of termination or petition for withdrawal; in all other respects, 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. 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, but in all other respects the Parties have elected the remedies provided in this Agreement and waive all other remedies provided in law or in equity.

ARTICLE 14 - RIGHT OF INFORMATION

14.1 <u>Right of Access</u>. Project Company hereby grants to MPS, during the term of this Agreement, the right of ingress and egress at reasonable times to and from the Missouri Generator and site for purposes of inspecting any buildings or facilities constructed thereon. MPS shall give Project Company

advance notice, which notice may be oral, before exercising its right of access established here.

14.2 Notice of Proceedings. Project Company 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 involving the Missouri Generator or other facilities needed for its operation, which could affect Project Company'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 <u>Authority of Parties</u>. Project Company represents and warrants to MPS that it is a limited liability company duly organized and validly existing under the laws of Delaware and that this Agreement and the purposes thereof are lawfully within the scope of its authority.

MPS represents and warrants to Project Company that it is a division of Utilicorp United, Inc. d/b/a Missouri Public Service, that Utilicorp United, Inc. is a corporation duly organized and validly existing under the laws of Delaware, and that this Agreement and the purposes thereof are lawfully within the scope of its 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 <u>Survivorship of Obligations</u>. 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 10.1 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 Project Company from its future 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 (except that Project Company may assign this agreement to an affiliate that is in the business of developing and operating power plants and may make an assignment for the benefit of lenders, in each case without the consent of MPS). Such consent shall not be unreasonably withheld. MPS will execute a consent to the assignment of this agreement by Project Company (or its permitted assignee) to and for the benefit of lenders in a form conventionally required for project financing, including without limitation provisions for payment to bank accounts controlled by lenders, for notices of default to lenders, and for lender cure rights and cure periods.

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 - DISPUTE RESOLUTION

- 16.1 Administrative Committee Procedure. If any disagreement arises on matters concerning this Agreement, the disagreement shall be referred to representatives of each Party, who shall attempt to timely resolve the disagreement. If such representatives can resolve the disagreement, such resolution shall be reported in writing to and shall be binding upon the Parties. If such representatives cannot resolve the disagreement within a reasonable time, or a Party fails to appoint a representative within ten days of written notice of the existence of a disagreement, then either Party may initiate proceedings under Section 16.2 or 16.3, as appropriate.
- 16.2 <u>Regulatory Matters</u>. A dispute over a matter that is under the primary jurisdiction of the MPSC or the FERC may be submitted by either Party to such agency for resolution.
- 16.3 Arbitration. If pursuant to Section 16.1 the Parties are unable to resolve a disagreement arising on a matter pertaining to this Agreement but not subject to Section 16.2, such disagreement shall be settled by arbitration in Kansas City, Missouri. The arbitration shall be governed by the United States Arbitration Act (9 U.S.C. 1 et seq.), and any award issued pursuant to such arbitration may be enforced in any court of competent jurisdiction. This agreement to arbitrate entered into in accordance herewith will be specifically enforceable under the prevailing arbitration law of any court having jurisdiction. Notice of demand for arbitration must be filed in writing with the other Party to this Agreement. Arbitration shall be conducted as follows:
- (a) Either Party may give the other Party written notice in sufficient detail of the disagreement and the specific provision of this Agreement under which the disagreement arose. The demand for arbitration must be made within a reasonable time after the disagreement has arisen. In no event may the demand for arbitration be made if the institution of legal or equitable proceedings based on such disagreement is barred by the applicable statute of limitations. Any arbitration may be consolidated with any other arbitration proceedings relating to this Agreement.

- (b) The Parties shall attempt to agree on a person with special knowledge and expertise with respect to the matter at issue to serve as arbitrator. If the Parties cannot agree on an arbitrator within ten days, each shall then appoint one person to serve as an arbitrator and the two thus appointed shall select a third arbitrator with such special knowledge and expertise to serve as Chairman of the panel of arbitrators; and such three arbitrators shall determine all matters by majority vote; provided however, if the two arbitrators appointed by the Parties are unable to agree upon the appointment of the third arbitrator with five days after their appointment, both shall give written notice of such failure to agree to the Parties, and, if the Parties fail to agree upon the selection of such third arbitrator within five days thereafter, then either of the Parties upon written notice to the other may require appointment from, and pursuant to the rules of, the Kansas City, Missouri office of the American Arbitration Association for commercial arbitration. Prior to appointment, each arbitrator shall agree to conduct such arbitration in accordance with the terms of this Agreement.
- The Parties shall have sixty days from the appointment of the arbitrator(s) to perform discovery and present evidence and argument to the arbitrator(s). During that period, the arbitrator(s) shall be available to receive and consider all such evidence as is relevant and. within reasonable limits due to the restricted time period, to hear as much argument as is feasible, giving a fair allocation of time to each Party to the arbitration. arbitrator(s) shall use all reasonable means to expedite discovery and to sanction noncompliance with reasonable discovery requests or any discovery order. arbitrator(s) shall not consider any évidence or argument not presented during such period and shall not extend such period except by the written consent of both Parties. the conclusion of such period, the arbitrator(s) shall have forty-five calendar days to reach a determination. extent not in conflict with the procedures set forth herein. which shall govern, such arbitration shall be held in accordance with the prevailing rules of the Kansas City, Missouri office of the American Arbitration Association for commercial arbitration.

- (d) The arbitrator(s) shall have the right only to interpret and apply the terms and conditions of this Agreement and to order any remedy allowed by this Agreement, but may not change any term or condition of this Agreement, deprive either Party of any right or remedy expressly provided hereunder, or provide any right or remedy that has been excluded hereunder.
- (e) The arbitrator(s) shall give a written decision to the Parties stating their findings of fact, conclusions of law and order, and shall furnish to each Party a copy thereof signed by them within five calendar days from the date of their determination.
- (f) Each Party shall pay the cost of the arbitrator(s) with respect to those issues as to which they do not prevail, as determined by the arbitrator or arbitrators.
- 16.4 Preliminary Injunctive Relief. Nothing in Section 16.3 shall preclude, or be construed to preclude, the resort by either Party to a court of competent jurisdiction solely for the purposes of securing a temporary or preliminary injunction to preserve the status quo or avoid irreparable harm pending arbitration pursuant to Section 16.3.
- 16.5 <u>Settlement Discussions</u>. The Parties agree that no written statements of position or offers of settlement made in the course of the dispute process described in this Article will be offered into evidence for any purpose in any litigation or arbitration between the Parties, nor will any such written statements or offers of settlement be used in any manner against either Party in any such litigation or arbitration. Further, no such written statements or offers of settlement shall constitute an admission or waiver of rights by either Party in connection with any such litigation or arbitration. At the request of either Party, any such written statements and offers of settlement, and all copies thereof, shall be promptly returned to the Party providing the same.

ARTICLE 17 - MISCELLANEOUS

17.1 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.

17.2 Confidentiality. Neither Party shall disclose the terms of this Agreement to any third party (other than such Party's employees, counsel, accountants or other advisors; its affiliates and its lenders; and the employees, counsel, accountants, or other advisors of such affiliates and lenders) except in filings with the MPSC or the FERC or otherwise 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 Project Company.

- 17.3 <u>Section Headings Not to Affect Meaning</u>. 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.
- 17.4 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 the State of Missouri, in which event the period shall run until the end of the next Business Day.
- 17.5 <u>Interest</u>. 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.

- 17.6 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.
- 17.7 <u>Counterparts</u>. 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.
- 17.8 Amendments. This Agreement may only be amended by written agreement signed by an authorized representative of each Party.
- 17.9 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.
- 17.10 <u>Waivers</u>. Waivers of the provisions of this Agreement or any 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.
- 17.11 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.
- 17.12 <u>Character of Sale</u>. The sale of unit power hereunder shall not constitute a sale, lease, transfer or conveyance to MPS or any other party of any ownership interests in any generating unit, nor does the sale of unit power

hereunder constitute a dedication of ownership of any generating unit.

17.13 <u>Notices</u>. 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 Project Company:

MEP Pleasant Hill, LLC 10750 East 350 Highway Kansas City, MO 64138 Attention: Vice President - Asset Optimization

Payment by Wire: For the Acct. of Project Company The Northern Trust Company ABA # Account #

Invoices:

MEP Pleasant Hill, LLC 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	(402)	498-4543
	Administration		
Operations/Nominations	Scheduling Desk	(402)	498-4543

(ii) To MPS:

Missouri Public Service 10700 East 350 Highway Kansas City, MO 64138 Vice President Attention:

Reason for Notice:	Attention:	Facsimile Number:	
Statements/Payments	Accounting Dept.	(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 17.13 by giving written notice to the other Party.

17.14 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.

For Missouri Public Service

For MEP Pleasant Hill, LLC:

Robert W. Holzwarth VP & General Manager

UtiliCorp Power Services

Date: Feb 26, 1999

[Name and Title]
[VI #CKGAN President
MEP Pleasad Hill LLS

Date: 26 Feb 99

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Appendix A

Metering and Testing

A. ELECTRICITY METERING

- (a) Location of Meters. The net electrical output for all of Project Company's electricity generators shall be measured by Project Company's electricity metering devices located at the electricity metering points ("Project Company Electricity Meters"). Unless otherwise mutually agreed by the Parties, the general location of the Project Company Electricity Meters shall be as shown on Figure A-1. The Project Company Electricity Meters shall be owned and operated in accordance with this Agreement, and shall be used for purposes of billing and payment in accordance with Article 8.
- Electricity Meters shall be designed in accordance with Prudent Industry Practices and shall consist of meters, metering current and voltage transformers and associated equipment required to determine the amounts and time of delivery of energy by Project Company to MPS. The Project Company Electricity Meters shall be sealed. Project Company may test its meters at its own expense at any time. MPS can request that such meters be tested upon reasonable cause to believe that the meters are inaccurate. MPS shall have witness rights to such tests. MPS will pay for such tests, unless the meters are found to be inaccurate outside the band guaranteed by the meter manufacturers, in which case Project Company will pay for the test.
- (c) Meter Outputs/Data Recording/Telemetering. The Project Company Electricity Meters shall be capable of measuring MWs, MVARs and MWhs of each Project Company electric generator in accordance with appropriate NERC criteria and Prudent Industry Practices, and shall have the capability to totalize such data hourly. The output of the meters shall be recorded in electronic format and stored on-site. The necessary telemetering equipment and associated facilities, necessary to facilitate transmittal of the instantaneous MW and MVAR information to MPS, shall be owned and installed on-site by the Project Company.

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B. FUEL METERING

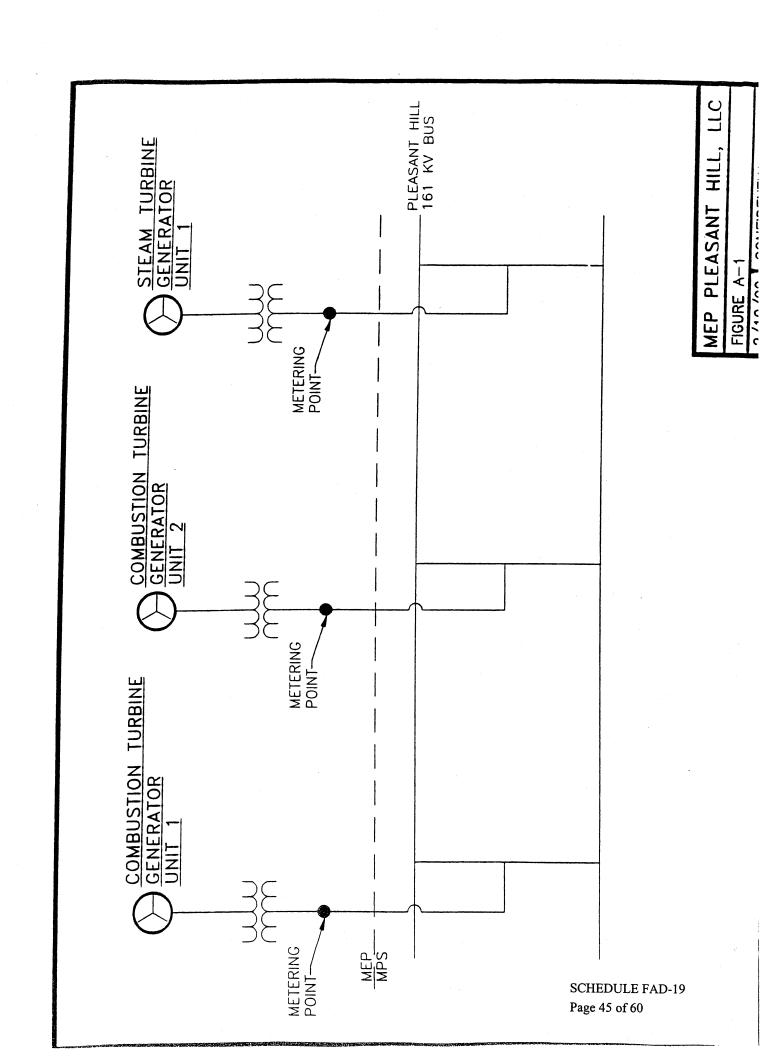
(a) Location of Meters. The fuel delivered by MPS to the Project Company shall be measured by Project Company's fuel meters located at the Fuel Metering Points as shown in Figure B-1 ("Project Company Fuel Meters"). MPS shall deliver pipeline quality natural gas to the Fuel Meter Points in accordance with the terms of the Agreement and shall be used for purposes of billing and payment in accordance with Article 8 and Appendix C.

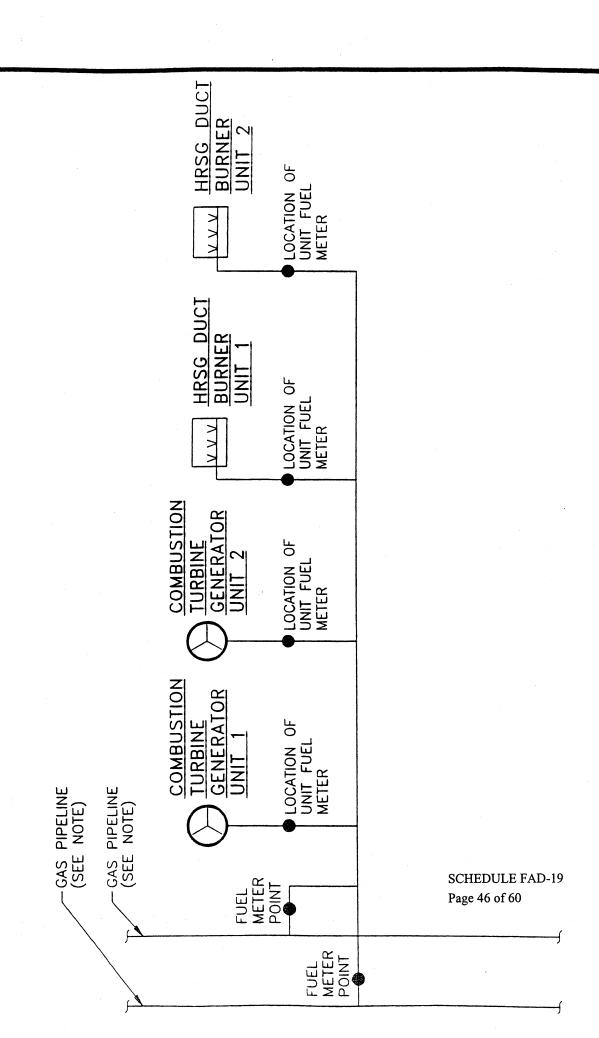
Fuel metering devices also shall be located at each Project Company combustion turbine and duct firing inlet at the approximate location shown on Figure A-2 to measure the fuel used by each combustion turbine to produce the net electrical output ("Unit Fuel Meters").

MPS can request, at its own expense, that Project Company Fuel Meters and Unit Fuel Meters can be tested upon reasonable cause to believe that the meters are inaccurate. MPS shall have witness rights to such tests.

- Meters shall be designed in accordance with Prudent Industry Practices and shall consist of meters and associated equipment required to determine the amounts and time of delivery of fuel by MPS to Project Company, and shall have the capability to totalize such data hourly. Project Company may test its meters at its own expense at any time. MPS can request that such meters be tested upon reasonable cause to believe that the meters are inaccurate. MPS shall have witness rights to such tests. MPS will pay for such tests, unless the meters are found to be inaccurate outside the band guaranteed by the meter manufacturers, in which case Project Company will pay for the test.
- (c) Meter Outputs/Data Recording/Telemetering. The Project Company Fuel Meters shall measure fuel in units of MMBtu in accordance with Prudent Industry Practices and the tariffs of the interstate pipeline(s). The output of the meters shall be recorded in electronic format and stored onsite. The necessary telemetering equipment and associated facilities, necessary to facilitate transmittal of the real time fuel flow information from the Project Company Fuel Meters to MPS, shall be owned and installed by Project Company.

(d) <u>Priority to MPS</u>. To the extent that the Project Company has scheduled fuel delivery through the Project Company Fuel Meters from the interstate pipeline(s) in addition to that scheduled by MPS, MPS shall be given priority credit for delivery of fuel versus other Project Company gas schedulers.





MEP PLEASANT HILL, LLC FIGURE A-2

ONE PIPELINE IS REQUIRED.
SECOND PIPELINE IS OPTIONAL

Appendix B

Interconnection Point; Criteria for Electrical

Interconnection Agreement

A. Point of Interconnection

Project Company shall deliver net electrical output to MPS at the Interconnection Point for receipt by MPS in accordance with the terms of Appendix A. The interconnection voltage shall be at 161 kV. There will be three (3) generator step-up transformers at the Missouri Generator. MPS will provide a breaker position with a dead end tower for each of these step-up transformers, inside the MPS substation adjacent to the Missouri Generator. Project Company shall be responsible for termination of their conductor and associated dead end assemblies on the MPS dead end towers. MPS will connect the jumpers to the Project Company conductors at the dead end towers. The Point of Interconnection shall therefore be the connection of the Project Company and MPS conductors at the dead end towers.

B. Electrical Interconnection Agreement

This Appendix B, Section B defines the criteria for the Electrical Interconnection Agreement in accordance with the provisions of this Agreement.

- 1. No charges to Project Company for delivering power and energy from the Missouri Generator interconnection to MPS shall apply under the Electrical Interconnection Agreement.
- 2. Unless otherwise mutually agreed, the Electrical Interconnection Agreement shall require MPS to complete any required facilities upgrades, using due diligence and in accordance with Section 3.2, by December 31, 2000 subject to Force Majeure in accordance with this Agreement.

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- Interconnection Agreement shall require MPS to complete the required MPS interconnection facilities, using due diligence and in accordance with Section 3.2, by September 30, 2000 subject to Force Majeure in accordance with this Agreement.
- 4. The transmission system upgrades identified by MPS shall be adequate (using the same standard for upgrades that the relevant utility would apply to any comparable generation unit interconnected to its system) to receive the entire output of the Missouri Generator delivery into MPS, not to exceed 603 MW.
- 5. The Electrical Interconnection Agreement shall have no obligation for Project Company to provide reactive power or other ancillary services to MPS without agreement by Project Company with MPS on acceptable compensation.
- 6. Project Company and MPS shall each have the right to metering data at the Points of Interconnection.
- 7. The term of the Electrical Interconnection Agreement shall be at least thirty (30) years.
- 8. Emergency conditions as used in the Electrical Interconnection Agreement shall be defined in accordance with Prudent Industry Practice in a manner not inconsistent with FERC's open access transmission policy.
- 9. MPS shall have the right to witness all metering testing by Project Company. Project Company shall have the right to witness all metering testing by MPS for the Points of Interconnection.
- 10. Project Company will agree not to interconnect the Missouri Generator with other transmission providers during the term of the Electrical Interconnection Agreement, and that MPS will be the sole transmission facility interconnected to the Missouri Generator, subject to the sale of MPS's Pleasant Hill substation.
- 11. Project Company will agree to pay to MPS the costs, if any, as determined by MPS, or a mutually agreed upon independent expert if requested by either party,

associated with MPS providing incremental transfer capability through its system above the Contract Capacity. MPS will identify such costs to Project Company within thirty (30) days after execution of this Agreement.

Appendix C

Effective Heat Rates

MPS Gas Supply Requirement / Initial Guaranteed Maximum Effective Heat Rate

Each hour that MPS schedules energy from the Missouri Generator, MPS is obligated to provide and pay for the natural gas for operations. The amount of gas in Btu to be supplied for each hour of energy scheduled by MPS (such amount of gas excluding that which MPS must provide for start-up and ramping requirements of the gas turbines) is calculated as the number of net kilo-watts of energy scheduled during that hour multiplied by the effective heat rate (measured in Btu/kWhr) (HHV) for the scheduled energy load and measured ambient temperature. Figures C-1 and C-2 present the initial guaranteed maximum effective heat rates that will be applied to any scheduled energy load, adjusted for temperature.

Measured Ambient Temperature

The ambient dry bulb temperature will be measured at the Missouri Generator site for each hour that MPS schedules energy. The temperature measured at 30 minutes into each hour will be the temperature used for locating the effective heat rate appearing in Figures C-1 and C-2. Project Company will be responsible for maintaining the temperature measurement device. The necessary telemetering equipment will be purchased and installed by the Project Company such that MPS and the Project Company will receive real time temperatures.

COD Testing

During testing to achieve COD, the heat rate of the Missouri Generator will be measured under the ambient conditions existing at that time. Heat rate tests will be conducted in accordance with testing procedures to be established in the EPC contract. Adjustments to the heat rate measured during COD testing, for the varying loads and temperatures, will be made according to manufacturers' recommendations to demonstrate compliance with performance guarantees required in the EPC contract. The adjusted calculated numbers will be further

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increased by 1.0% to account for expected degradation to the new and clean equipment plus an amount equal to the test measurement uncertainty (presently estimated as 0.5% for power and 1.8% for heat rate). These adjusted calculated heat rates for varying loads and temperatures will replace the initial guaranteed maximum effective heat rates appearing in Figures C-1 and C-2 to the extent that the tested/adjusted heat rates are less than the initial guarantees.

Notwithstanding the foregoing, the effective heat rates appearing in this Appendix C, as adjusted from time to time, will not be greater than the initial guaranteed maximum effective heat rates.

Annual Testing

The Project Company will conduct heat rate tests annually in a manner consistent with COD Testing, with the exception that only Missouri Generator instruments will be used. The measurements taken will be adjusted in a manner consistent with adjustments made during COD Testing. The new calculated effective heat rates will replace all heat rates then appearing in Figures C-1 and C-2, with the exception that the initial quaranteed heat rates will not be exceeded.

Notwithstanding the foregoing, the effective heat rates appearing in this Appendix C, as adjusted from time to time, will not be greater than the initial guaranteed maximum effective heat rates.

Adjustment to Load Range

Additional rows for lower loads will be added to Figures C-1 and C-2 to the extent that the Missouri Generator is able to operate at such lower loads and maintain compliance with all Missouri Generator permits and manufacturers recommended ranges of operation.

Fuel Quality

Fuel provided by MPS must be within the specifications identified in Figure C-3 in order for the effective heat rates contemplated within this Appendix C to be applicable. If fuel

SCHEDULE FAD-19 Page 51 of 60 is provided that does not comply with the specifications in C-3, MEP reserves the right curtail operations of the Missouri Generator consistent with Section 4.1.

Figure C-1

Initial Guaranteed Maximum Effective Net Heat Rate (Btu(HHV)/kWhr)

Simple Cycle

Load Profile (MWs)	Btu/kWhr
320	10,850
301-319	10,950
281-300	11,200
261-280	11,400
260	11,500
161-170	10,650
151-160	10,950
141-150	11,200
131-140	11,400
130	11,500
115	12,200

Figure C-2

Initial Guaranteed Maximum Effective Heat Rate (Btu/kWhr)

Combined Cycle

	Temperature Range (Degrees Fahrenheit)		
Load Profile (MWs)	37.0 degrees and less	37.1 to 75.0 degrees	75.1 degrees and higher
500	7,250	7,150	7,300
476-499	7,260	7,170	7,250
451-475	7,280	7,250	7,270
425-450	7,380	7,350	7,350
400-424	7,430	7,430	7,430
251-275	7,300	7,180	NA
226-250	7,380	7,300	7,380
201-225	7,500	7,400	7,500
176-200	7,750	7,650	7,900
156-175		7,850	8,100

Figure C-3
Purchaser's Fuel Gas Constituents Range

CONSTITUENTS	RANGES
C6+	0-0.06
Propane C3H8	0-1.5
I-Butane C4H10	0-0.8
N-Butane C4H10	0-0.8
I-Pentane C5H12	0-0.8
N-Pentane CH12	0-0.8
Nitrogen N2	0-7.7
Methane CH4	84-98
Carbon Dioxide CO2	0-2.0
Ethane C2H6	0-6.0

Appendix D

Operating Limits

Minimum Generation Levels:

Project Company estimates that the Missouri Generator will be able to operate at minimum generation levels of, (1) 115 MW at $99^{\circ}F$ and 117 MW at $54^{\circ}F$, per combustion turbine during the simple cycle phase; and (2) 156 MW at 99°F, 160 MW at 54°F, and 177 MW at 2°F for one combustion turbine during the combined cycle phase; and (3) 319 MW at $99^{\circ}F$, 327 MW at $54^{\circ}F$, and 361 MW at 2°F for both combustion turbines during the combined cycle phase. These estimates are based on preliminary performance data the Project Company has received from its intended EPC contractor coupled with the estimated minimum load level that the plant will be able to operate at under its air permit. final minimum generation levels will be determined upon COD and will be based on manufacturers' recommendations and warranty operating conditions, as well as testing associated with achieving COD. At no time will be Missouri Generator operate, nor will MPS be able to schedule energy, at a generation level that would force the plant to operate in contradiction of any of its permits.

Ramp Rates:

Ramp rates shall be in accordance with manufacturers' recommendations. Project Company's present understanding of those recommendations are provided in the attached figures.

Special Provision:

When Project Company is serving MPS from sources other than the Missouri Generator from time to time, 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 SPP. In such event MPS and Project Company will develop procedures, working with

SCHEDULE FAD-19 Page 56 of 60 transmission providers, to allow longer ramp times if required to facilitate desired schedule changes.

