

INDEPENDENCE POWER & LIGHT DEPARTMENT
Independence, Missouri

Schedule FA-1
Power Supply Fuel-Energy Cost Adjustment

APPLICABILITY

The Power Supply Fuel-Energy Cost Adjustment Schedule FA-1 shall be applicable to the Department's Retail Rate Schedules RS-3, RS-4, GS-1, LGS-1, TEGS, LP-2, SCH-1, SP-1, GSSH-1, SCIS-1, TRS-2, PSL-2FR, PSL-3CF, and PSL-3DF.

POWER SUPPLY FUEL-ENERGY COST ADJUSTMENT

Purpose of Adjustment

The Power Supply Fuel-Energy Cost Adjustment Rate is to compensate the Department for the changes in the cost of fuel and purchased power including applicable taxes (adjusted for sale of energy to other Utilities and entities) that are not included in the energy rates per kilowatt-hour of the Department's Retail Rate Schedules.

Adjustment Formula Charge

When the Department's monthly adjusted unit Fuel-Energy cost for the preceding calendar month (adjusted for the purchase and sale of energy to other Utilities and entities) is less than or exceeds \$1.847 per million Btu, the Net Monthly Bill shall be decreased or increased respectively by a fuel-energy adjustment charge of 0.0015 cents per KWH of customer usage for each one tenth cents per million Btu change in the cost of fuel and purchase power. The 0.0015 cent per KWH adjustment rate is based upon a production efficiency at Net System KWH Input Level of 12,765 (Btu/KWH) of fuel heat used for each net KWH of generation produced or purchased.

Application of Adjustment

The application of the monthly fuel-energy adjustment charge for each billing month shall apply to meter readings on approximately the 20th day of the month (billing cycle one) following each preceding month's unit fuel cost determination.

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Monthly Unit Fuel-Energy Cost Determination

The monthly unit cost per million Btu will be determined from the following formula:

$$A = \frac{\$(B + C - D + E + F)}{(G + H - I) \text{KWH} \times (12,765 \frac{\text{Btu}}{\text{KWH}}) \times \frac{(1 \text{ MBtu})}{1,000,000 \text{ Btu}}}$$

- Where
- A = Adjusted Cost per Million Btu of equivalent heat used.
 - B = FOB cost of fuel used at the Department's Generating Stations including storage and handling costs plus environmental costs incurred in order to comply with State and Federal environmental regulations including, but not limited to, cost of environmental emission allowance credit purchases, emission taxes, and FOB cost of certain energy-related environmental commodities used to limit emissions.
 - C = The cost from other Utilities or entities of purchased electric energy plus any demand or capacity charge (exclusive of Border Customers purchases) plus transmission delivery costs, less \$717,600 per month (the amount of demand and capacity charge already included in the Department's Retail Rate Schedules).
 - D = The Department's cost of energy sales to other Utilities and entities which shall be computed as the Department's average variable cost of fuel plus purchased energy cost per kilowatt-hour of energy supply multiplied by the sale of electric energy to other Utilities or entities (exclusive of Border Customer sales).
 - E = Reconciliation of the cumulative over or under cost recovery of power supply fuel-energy costs from the previous twelve-month period computed as the difference between the power supply fuel-energy revenues collected computed as the sum of Schedule FA-1 revenues and \$0.027705 per kWh times retail kilowatt-hour energy sales for power supply fuel-energy cost already in the Department's Retail Rate Schedules less the 9.08 percent gross receipts tax payment to City and the retail power supply fuel-energy cost incurred for the same twelve-month period, commencing at the effective date of Schedule FA-1. Such reconciliation costs will be added or subtracted, as applicable, on a twelve-month amortization basis to subsequent monthly fuel-energy costs.
 - F = Adjustment for anticipated increases or decreases in the Department's power supply fuel and purchased power costs so as to provide for the timely recovery of such costs with such adjustment as approved by the Power & Light Director.
 - G = The net Kilowatt-hour generation of the Department's generating plants.
 - H = The delivered Kilowatt hours into the Department's system of purchased electric energy from other Utilities or entities (exclusive of Border Customer purchases).
 - I = The net Kilowatt-hour sale of electric energy to other Utilities or entities (exclusive of Border Customer sales).

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PAYMENT IN LIEU OF TAXES TO CITY OF INDEPENDENCE

The net monthly formula charge of this service schedule includes charges for the Department's payment in lieu of taxes (PILOT) to the City's General Fund as authorized by Section 3.17 of the City Charter. The Department's PILOT payment to the City is equal to the amount of City taxes and fees charged on privately owned utilities, including the 9.08 percent franchise fee, applicable utility property taxes and sales taxes.

TERMS OF SERVICE

Service rendered under this schedule is subject to the Department's standard rules and regulations.