

Electric Rate Rider		
ENVIRONMENTAL SURCHARGE RIDER RIDER E17	BOARD OF PUBLIC UTILITIES KANSAS CITY, KANSAS	Page 1 of 4

PURPOSE:

The purpose of this Rider is to provide for the annual recovery of the Utility's capital investment in projects that are required to meet Federal, State or Local environmental regulations. All such costs shall be accounted for separately and shall be the basis for the rider discussed below.

APPLICABILITY:

Applicable to all retail electric customers billed under any of the Board's electric rate schedules whether metered or unmetered.

BILLING:

Billing for this surcharge shall be included with the regular billings for electric service as a separate line item on the bill in an amount sufficient to compensate the BPU for any dollar amount expended on required environmental capital projects for retail customers.

AMOUNT:

The amount of Environmental Surcharge Rider (ESC) to be paid by retail customers shall be calculated pursuant to the following formula:

Total Cost = ECC +/- RA for the current year where

ECC = Environmental Capital Costs for the projected 12 month period starting October 1 and ending September 30, expressed in dollars, as recorded in the accounts of the BPU and not recovered through the application of a rate schedule or rider or through other means such as reimbursement through government assistance. Environmental capital costs shall be the sum of: (i) debt service payments (principal plus interest) in the projected 12 month period on material environmental capital projects which have been or are projected to be debt financed in the projected 12 month period, plus (ii) that portion of cash expenditures associated with material environmental capital projects which has been or is projected to be debt financed which are to be recovered in the projected 12 month period as described herein, to the extent that such cash expenditures associated with such projects will not be debt financed, less (iii) debt service payments or cash expenditures on such material environmental capital projects that are projected to be recovered from

Electric Rate Rider		
ENVIRONMENTAL SURCHARGE RIDER RIDER E17	BOARD OF PUBLIC UTILITIES KANSAS CITY, KANSAS	Page 2 of 4

Participation or other non-retail customers in the projected 12 month period. Cash expenditures associated with material environmental capital projects included in an application of this rider may include projected cash expenditures for the projected 12 month period, subject to reconciliation of projected to actual expenditures at the end of the 12 month period, and may also include cash expenditures incurred in connection with such material environmental capital projects which have not been recovered under this rider or otherwise. Recovery of cash expenditures may be amortized over more than one year. No more than 25% of the total cost of a material environmental capital project or projects will be recovered under this Rider to pay cash expenditures associated with such project. An environmental capital project or projects will be considered material if (a) the cost of such project equals or exceeds \$10,000,000, (b) the utility is required to make similar capital investments for environmental projects to more than one plant or generating unit to satisfy an environmental regulation and the aggregate cost of such environmental capital investments to such plants or generating units equals or exceeds \$10,000,000, or (c) the utility is required to make capital investments for related environmental projects to one or more plant or generating units, to satisfy related environmental regulations, and the aggregate costs of such environmental capital investments equals or exceed \$10,000,000.

RA = Reconciliation Adjustment expressed in dollars. The actual ECC for the most recent prior 12 month period starting October 1 and ending September 30, less the actual ESC revenue billed for the same period, plus or minus the historical over/under collection from previous years.

The charge applicable to each rate schedule shall be calculated by multiplying the Total Cost times the rate schedule production capacity allocation formula percentage as determined in the most recent rate setting procedure and set forth in the following table:

Electric Rate Rider		
ENVIRONMENTAL SURCHARGE RIDER	BOARD OF PUBLIC UTILITIES KANSAS CITY, KANSAS	Page 3 of 4
RIDER E17		

Table of Production Capacity Allocation Formula Percentages

Rate Schedule	Production Capacity Allocation Formula Percentage
Rate Code 100-109	
Rate Code 200- 222	
Rate Code 250- 262	
Rate Code 300- 322	
Rate Code 400- 446	
Rate Code 500	
Rate Code 700	

The charge applicable to each rate schedule shall equal the Total Cost times the production capacity allocation formula percentage divided by the twelve months billing units ending three months prior to the effective date of the new adjustment which shall be expressed in kWh for Rate Codes 100, 101, 200- 222 and 700. For all other Rate Codes the billing units shall be expressed in kW of billing demand.

BASIS OF ADJUSTMENT:

The calculation of the actual ESC shall be determined in the fourth quarter of each calendar year and applied to customer bills rendered beginning January 1 of the following calendar year. The Utility shall give notice to the Board of the ESC amount for the following calendar year, and shall provide annual reports to the Board of its collections including a calculation of the total revenue collected and expenditures made under this Rider.

IMPLEMENTATION OF RIDER

This Rider shall initially be applied to recover the costs of the installation of Low Nox Burners with Overfire Air, as required by regulatory mandates for the reduction of Ozone in the Kansas City Metropolitan area. For any future application of the Rider, the Utility shall cause notice of a proposed application of this Rider to a material environmental capital project(s) to be published no less than 120 days prior to the date on which the recommendation will be presented to the Board for approval, and shall

Electric Rate Rider		
ENVIRONMENTAL SURCHARGE RIDER RIDER E17	BOARD OF PUBLIC UTILITIES KANSAS CITY, KANSAS	Page 4 of 4

further cause notice to be provided to any Utility customer which has intervened in a rate proceeding within the past three years. Such notice shall include a description of the material environmental capital project(s), the estimated cost of the material environmental capital project(s) and anticipated amount thereof to be debt financed, and the anticipated amortization period for collection of revenues to pay or recover the cost of the material environmental capital project(s). Any affected Utility customer may provide comments to the Utility and/or the Board relating to the proposed application of the Rider. The Rider shall be applied to a material environmental capital project(s) upon approval by the Board. No additional notice or approval shall be required following the initial Board determination that the Rider shall be applied to recover the costs of a material environmental capital project(s).