

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Complaint Against Kansas)	
Municipal Energy Agency Respondent, for an)	
Order Declaring that Kansas Municipal Energy)	Docket No. 18-KAME-156-COM
Agency is Charging Unjust and Unreasonable)	
Rates, By the City of Pratt, Kansas)	
Complainant.)	

MOTION TO DISMISS PORTIONS OF THE COMPLAINT FILED BY THE CITY OF PRATT, KANSAS

COMES NOW, the Kansas Municipal Energy Agency (“KMEA”) and files this Motion to Dismiss (“Motion”) portions of the Complaint filed by the City of Pratt, Kansas (“Pratt” or “City”) in accordance with K.A.R. 82-1-220 and the January 23, 2018 *Order Accepting Formal Complaint and Adopting Staff’s Memorandum* issued by the Kansas Corporation Commission (“KCC”) or (“Commission.”) In support of its Motion, KMEA hereby states as follows:

I. Background

1. KMEA is a municipal energy agency organized, authorized and existing pursuant to the laws of the State of Kansas, including K.S.A. 12-885 *et seq.* Its registered office is located at 6300 West 95th Street, Overland Park, Kansas. KMEA has over 80 member cities across the State of Kansas and provides wholesale capacity, energy, transmission, and other services to its member-owner municipal electric utilities. Municipal energy agencies are defined by statute as “a quasi-municipal corporation created by agreement between or among two or more cities pursuant to this act to exercise any of the powers granted by K.S.A. 12-885 to 12-8,111, and amendments thereto, and including the acquisition, reconstruction, operation, repair, extension or improvement of electric generation or transmission facilities or the acquisition of any interest

therein or any right to part of all of the capacity thereof.” The agreement creating KMEA was submitted to and approved by the Kansas Attorney General, and the approved agreement was then submitted to the Commission, all in accordance with K.S.A. 12-888.

2. On behalf of member cities, KMEA manages eight wholesale power supply projects, including the Energy Management Project (“EMP”) 2 Project. The EMP 2 Project was created in 2007 between KMEA and now has thirteen participating member cities. Pursuant to the EMP 2 Agreement, these cities operationally combine their municipal electric systems to purchase electric power and transmission as a centrally dispatched group and to manage power supplied from their respective entitlements in the GRDA, SPA, and WAPA projects. The EMP 2 Agreement provides for project governance, establishes common reliability and metering standards, and sets rules for sharing and exchanging power supply resources and determining project power supply pricing. In addition, KMEA provides Southwest Power Pool market participation services for the EMP 2 cities. Pratt and KMEA executed the EMP 2 Agreement on March 26, 2007. The EMP 2 Agreement is attached hereto as **Exhibit A**.

3. On April 15, 2016, Pratt submitted to KMEA its three-year notice of termination of its participation in the EMP 2 Agreement in accordance with Section 3.03 of that Agreement.

4. On October 6, 2017, Pratt filed a formal complaint with the Commission against KMEA, alleging, *inter alia*, violations of K.S.A. 66-101(b) and K.S.A. K.S.A. 12-8,109. Specifically, Pratt asserts that violations of these statutes have occurred due to: (i) the monthly administrative fees charged by KMEA to Pratt for administering the GRDA and MKEC contracts¹ are not just and reasonable; (ii) KMEA has engaged in improper practices in its

¹ On May 11, 2005, KMEA and several of its members entered into a Power Purchase Agreement in which the members agreed to purchase energy from KMEA that KMEA purchased from the Grand River Dam Authority (“GRDA” and “GRDA Agreement”, respectively). The GRDA Agreement was amended on June 1, 2010, to add the City of Pratt and several other

administration of the EMP 2 Agreement through KMEA's implementation of specific risk control policies; (iii) KMEA's acceptance of its own in-house proposal for energy management services has resulted in unjust and unreasonable rates to Pratt; (iv) KMEA's charges to Pratt pursuant to the GRDA and MKEC contracts are unreasonable and are not a "proportionate amount of deficits with respect to a particular project" as required by K.S.A. 12-8,109; and (v) KMEA charges its member cities for unreasonable and duplicative costs.

5. On October 20, 2017, the Staff of the Commission filed its legal Memorandum analyzing Pratt's complaint for compliance with Commission regulations. While making no recommendation concerning the validity or truthfulness of Pratt's claims, Staff recommended that the Commission find that the complaint satisfied the procedural requirements for formal complaints as specified in K.A.R. 82-1-220 and established a prima facie case for action by the Commission.

6. On January 23, 2018, the Commission issued an Order finding that it has jurisdiction to investigate the complaint, accepting Staff's Memorandum, and directing that the complaint be served upon KMEA for KMEA's formal answer and response.

7. Concurrently with the filing of this Motion, KMEA has filed its Answer and Response to Pratt's complaint.

II. Pratt's Claims With Respect to the EMP 2 Agreement Should be Dismissed

8. In paragraphs 17-31 of Pratt's complaint, Pratt makes several allegations that KMEA engaged in improper practices in administering the EMP 2 Agreement. All of Pratt's allegations pertaining to the EMP 2 Agreement should be dismissed because any and all

members. KMEA construes the 2005 agreement and all amendments collectively as the GRDA Agreement. Similarly, on September 15, 2008, KMEA and Pratt entered into a Power Purchase agreement in which Pratt agreed to purchase energy from KMEA that KMEA purchased from the Mid-Kansas Electric Company ("MKEC" and "MKEC Agreement", respectively.)

controversies or claims arising out of or relating to the EMP 2 Agreement must be settled by arbitration in accordance with Article XX of the EMP 2 Agreement.

9. Section 20.01 of the EMP 2 Agreement provides that:

[A]ny controversy or claim arising out of or relating to this Agreement or the breach thereof or appeal from action of the Joint Operating Committee shall be settled by arbitration. Such arbitration shall be conducted before a board of three arbitrators selected by the American Arbitration Association and the arbitration shall be conducted in accordance with the commercial arbitration rules of the American Arbitration Association then in effect, subject to the further qualification that the arbitrators named under said rules shall be competent by virtue of education and experience in the particular matter subject to arbitration.

Section 20.02 states that:

[T]he Participant or Participants demanding arbitration shall give written notice to the other Participant or Participants involved, and that such notice shall conform to the procedures of the American Arbitration Association. Section 20.03 further requires that before the matter is presented to the Board of Arbitrators, a conference shall be held to attempt to resolve the controversy or, if that is not possible, to stipulate as many facts as possible to clarify and narrow the issues to be submitted to arbitration.

10. Pratt has made no such request or demand for arbitration as required by the terms of the EMP 2 Agreement, and therefore all complaint claims pertaining to the EMP 2 Agreement should be resolved through the arbitration process set forth in the Agreement. KMEA respectfully requests that the Commission adhere to and uphold the terms of the EMP 2 Agreement that was voluntarily entered into between KMEA and the City of Pratt and dismiss the portions of Pratt's complaint pertaining to improper practices by KMEA in its administration of the EMP 2 Agreement.

III. Alleged Improper Practices by KMEA in Administering the EMP 2 Agreement

11. As detailed more fully in KMEA's Answer, Pratt specifically makes claims that KMEA violated certain provisions of the EMP 2 Agreement. While KMEA emphatically denies all allegations of wrongdoing, Pratt's assertions regarding any alleged breach of the EMP 2

Agreement clearly amount to a "controversy or claim arising out of or relating to [the EMP 2] Agreement or the breach thereof or appeal from action of the Joint Operating Committee" and accordingly must be settled by arbitration pursuant to Section 20.01 of the EMP 2 Agreement.

WHEREFORE, KMEA respectfully requests that the Commission dismiss Pratt's stated claims that reference the EMP 2 Agreement so that such claims may be settled by arbitration in accordance with the terms of the EMP 2 Agreement, and for any such further relief as may be just and reasonable.

Respectfully submitted,

POLSINELLI PC

By:



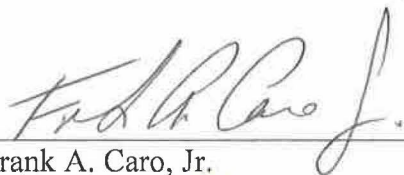
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ATTORNEYS FOR
KANSAS MUNICIPAL ENERGY AGENCY

VERIFICATION

STATE OF MISSOURI)
) SS.
COUNTY OF JACKSON)

Frank A. Caro, Jr., being first duly sworn upon his oath, deposes and states that he is Counsel for Kansas Municipal Energy Agency, that he has read and is familiar with the foregoing and that the statements therein are true to the best of his knowledge, information and belief.



Frank A. Caro, Jr.

Subscribed and sworn to before me this 2nd day of February, 2018.

BRENDA L. LEE
NOTARY PUBLIC-NOTARY SEAL
STATE OF MISSOURI
CLAY COUNTY
MY COMMISSION EXPIRES 9/29/2018
COMMISSION # 14428629



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Response was mailed, postage prepaid, this 2nd day of February, 2018, to:

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A handwritten signature in dark ink, appearing to read "Frank A. Caro, Jr.", is written over a horizontal line.

Frank A. Caro, Jr.

Kansas Municipal Energy Agency

3/26/07

ENERGY MANAGEMENT PROJECT No. 2 AGREEMENT

Between

KANSAS MUNICIPAL ENERGY AGENCY

And

CITY OF Pratt

THIS ENERGY MANAGEMENT PROJECT AGREEMENT ("Agreement") made and entered into this 16th day of April, 2007, by and between the Kansas Municipal Energy Agency, a municipal energy agency, hereinafter called "KMEA", and the Cities which execute this Agreement, hereinafter called "Participants".

RECITALS:

1. KMEA was created for the purpose of planning, studying and developing supply, transmission and distribution facilities and programs, and for the purpose of securing an adequate, economical and reliable supply of electricity and other energy, and transmitting same for distribution through the distribution systems of cities throughout the State of Kansas.

2. Participants own and operate certain electric generating facilities or electric distribution systems, or both, and may own and operate a transmission system, and some Participants may have a contract for the purchase of firm power and energy from the Western Area Power Administration (hereinafter called "WAPA") or the Southwest Area Power Administration (hereinafter called "SPA") and may be purchasing power and energy from other public power utilities or other sources, prior to the effective date of this Agreement, which in the aggregate has been and is used by such Participants prior to said effective date to supply all of its electric power and energy requirements.

Exhibit A

3. The respective electric systems of the Participants are or will be interconnected, either directly or through the electrical systems of other municipalities or public utilities, making possible more beneficial use of generating facilities and assuring better service in emergencies, thereby providing important benefits to the areas served and to the public.

4. KMEA and the Participants (collectively, the "Parties") recognize that it is of the utmost importance to each of the Participants that its electrical facilities are preserved and that the investment in those facilities is utilized in the most efficient manner possible in satisfying each Participant's future electrical energy needs.

5. The Parties recognize the many potential benefits to the Participants and their residents which will result by coordinating the operation of existing generation and transmission facilities and by coordinating the installation of future generation and/or transmission facilities.

6. The Parties desire to study and evaluate on a continual basis the benefits that may result to the Participants and their residents from the coordination of electrical resources and facilities as described above.

7. The Parties desire to utilize on an increasing basis the nation's more abundant and economical energy resources and to help conserve less abundant resources.

8. The Parties hereto desire to enter into an agreement which will help assure each Participant a supply of firm power and energy to meet its requirements and make beneficial use of each Participant's existing dependable generating facilities, where applicable.

In consideration of the agreements herein contained, the Parties do hereby mutually agree as follows:

ARTICLE I

DEFINITIONS

For the purposes of this Agreement and of the Service Schedules which are a part hereof, the following definitions shall apply:

1.01 Accredited Capability of a Participant for any month shall mean (a) the net generating capability of such Participant, plus (b) the value in kilowatts assigned to such Participant's purchases under resource contracts existing prior to the initial effective date of this agreement or listed in Exhibit "B" attached to this agreement, plus (c) Participant purchases under Service Schedules attached to this agreement, and minus (c) the value in kilowatts assigned to any commitment of such Participant to deliver power to another Participant under Service Schedules attached to this agreement, or to any electric supplier or suppliers pursuant to any valid order or under separate contract or contracts now existing or hereafter created. The accredited capability of such Participant will be determined and assigned by the Joint Operating Committee in accordance with the provisions of Paragraph 8.03 hereof.

1.02 Annual System Demand of a Participant shall mean the highest system demand of such Participant occurring during the 12-month period ending with the current month.

1.03 Available Accredited Capability of a Participant shall mean its accredited capability adjusted for generating capacity out of service for maintenance or repair.

1.04 Average Production Cost per kilowatt-hour of a generating unit for a month shall be:

- (a) The total cost of all fuel consumed by the unit in such month divided by the net kilowatt-hours produced by the unit in such month, plus,
- (b) An amount, established by the Joint Operating Committee after annual review which shall represent the average monthly production cost, other than fuel, of the unit, plus,
- (c) An amount, established by the Joint Operating Committee which shall represent the cost per kilowatt-hour of incremental losses on the supplying Participant's system

Exhibit A

and on any other system or systems of electric suppliers not participants hereto incurred in delivering power and energy hereunder.

1.05 Bulk Power Participant shall be defined in Section 5.01 (a).

1.06 Decremental Cost of a receiving Participant for avoiding the operation of generating facilities through the purchase of energy from another Participant shall be:

- (a) The cost of the fuel, operating labor and maintenance which such Participant avoided using by means of such purchase,
- (b) The decremental cost of avoiding the starting and operating of a generating unit or units.

The decremental cost per kilowatt-hour shall be the total of such costs divided by the number of kilowatt-hours scheduled for delivery to the receiving Participant either directly by the supplying Participant or through an intervening system or systems.

1.07 Economy Energy shall mean energy which one Participant may deliver under Service Schedule "E" to another Participant for the purpose of replacing more expensive energy.

1.08 Emergency Energy shall mean energy which is supplied under Service Schedule "C" of this Agreement by any Participant to any other Participant during and as required by an emergency outage on such other Participant's system which is not supplied under another provision of this Agreement.

1.09 Emergency Outage shall mean any unanticipated, unscheduled outage of generating or transmission facilities; however, such outage classification shall not exceed a period of eight hours.

1.10 Incremental Cost of a supplying Participant for operating generating facilities to supply energy to another Participant shall be:

- (a) The incremental cost of the fuel, operating labor, and maintenance required to generate the energy necessary to supply (1) the scheduled delivery to the receiving Participant's system, plus (2) the incremental losses incurred on the supplying

Exhibit A

Participant's system, plus (3) the energy supplied to any intervening system or systems as compensation for losses.

- (b) The incremental cost of starting and operating any generating units which must be started as a result of supplying such energy.

The incremental cost per kilowatt-hour for any particular transaction shall be the total of such costs divided by the kilowatt-hours scheduled for delivery to the receiving Participant either directly by the supplying Participant or through an intervening system or systems.

1.11 Net Generating Capability of a Participant for any month shall mean the amount of kilowatts, less station use, that all the generating facilities of such Participant could normally supply simultaneously to its system and the interconnected systems of the Participants at the time of such Participant's maximum system demand for such month under such conditions as may be established by the Joint Operating Committee. The capability of the generating units of a Participant which are out of service for emergency outages or scheduled maintenance or repair shall be included in the net generating capability of such Participant.

1.12 Non-Spinning Reserve shall mean all unloaded generating capability not meeting the spinning reserve criteria (Paragraph 3.29) that can be made fully effective in 10 minutes.

1.13 Operating Reserve shall mean the sum of spinning and non-spinning reserve.

1.14 Operating Reserve Obligation shall mean that amount of spinning reserve and non-spinning reserve which a Participant is obligated under the terms of this Agreement to provide for the purpose of maintaining continuity of service.

1.15 Operational Control Energy shall mean energy which is sold or purchased by the Participants for the requirement or improvement of electric system operation as provided for in Service Schedule "G".

1.16 Parties shall mean KMEA and Participants who is a signatory to this Agreement.

Exhibit A

1.17 Participant shall mean a city or a quasi-municipal corporation who is a voting member in good standing of the Kansas Municipal Energy Agency and a signatory to this Agreement.

1.18 Participation Power shall mean power and associated energy which is sold or purchased by Participants as provided for in Service Schedule "A".

1.19 Peaking Power shall mean power and associated energy which is sold or purchased by the Participants and intended to be available at all times during the period covered by the commitment as provided for in Service Schedule "H".

1.20 Pool shall mean the combination of two or more Participants to this agreement that provides for enhanced reliability and other benefits of resource pooling and to provide further opportunities to coordinate the installation and operation of generation and transmission facilities on the respective systems of its Participant members.

1.21 Pooling Generating Unit and Contracted Resources shall mean any accredited electric power generation resource or purchased resource or portion thereof which is committed to the Pool for purpose of economic dispatch, or any electric power generation resource or purchased resource or portion thereof which the Pool owns and controls.

1.22 Reserve Capacity of a Participant for any month shall mean the excess in kilowatts for each Participant's accredited capability over such Participant's maximum system demand for such month.

1.23 Reserve Capacity Obligation of a Participant shall be the capacity which that Participant is obligated to reserve and use for the purpose of maintaining continuity of service as periodically established by the Southwest Power Pool.

1.24 Scheduled Outage shall mean any outage of generating or transmission facilities which is scheduled in advance and shall include the remainder of emergency outages which are rescheduled as a scheduled outage. Such rescheduling shall be required within eight hours of the initiation of the emergency outage.

Exhibit A

1.25 Scheduled Outage Energy shall mean energy which is supplied under Service Schedule "C" of this Agreement by any Participant to any other Participant as a result of a scheduled outage which is not supplied under another provision of this Agreement.

1.26 Seasonal Participation Power shall mean power and associated energy which is sold or purchased by Participants as provided for in Service Schedule "B".

1.27 Service Power Participants shall be defined in Section 5.01(b).

1.28 Short Term Power shall mean power and associated energy which is sold or purchased by the Participants and intended to be available at all times during the period covered by the commitment as provided for in Service Schedule "I".

1.29 Southwest Power Pool shall mean the provided of bulk transmission service under a Network Integration Transmission Service Schedule or under a Point-to-Point Transmission Service Schedule.

1.30 Spinning Reserve shall mean the amount of unloaded generating capability of a Participant connected to and synchronized with the interconnected system of the Participants and ready to take load. Spinning reserve allocation to any generator shall not exceed the amount of generation increase that can be realized in 10 minutes.

1.31 System Demand of a Participant shall mean the number of kilowatts which is equal to the kilowatt-hours required in any clock hour, attributable to energy required by such Participant during such hour for supply of firm energy to the Participant's consumers including system losses, and also including any Network Transmission losses occurring on other systems and supplied by such Participant for transmission of such firm energy, but excluding generating station uses and excluding wheeling losses supplied by another system.

1.32 Total Pooled Operating Reserve Obligation shall be that amount of spinning reserve and non-spinning reserve of the Participants collectively required to maintain continuity of service and as defined by the Southwest Power Pool.

1.33 KMEA shall mean the Kansas Municipal Energy Agency, a municipal energy agency, organized under the authority of the laws of Kansas, K.S.A. 12-885 to 12-8,111, inclusive, as

amended and supplemented, (the Act), for the purpose of securing an adequate, economical, and reliable supply of electricity and other energy and transmitting the same to the distribution systems of member cities.

- ARTICLE II -

OBJECTIVES

2.01 The objectives of this Energy Management Project are, through joint planning, central dispatching, cooperation in environmental matters and coordinated construction, operation and maintenance of electric generation and transmission owned or controlled by the Participants and through the provisions of a means for more effective coordination with other power pools and utilities:

- (a) To provide the means for an adequate power supply for Participants in conformance with proper standards of reliability.
- (b) To provide the means for optimal use of generation and transmission facilities resulting in the efficient use of natural resources.
- (c) To attain maximum practicable economy to the Participants consistent with proper standards of reliability and to provide for equitable sharing of the resulting benefits and costs.

2.02 In order to attain the objective of this Energy Management Project, each Participant shall observe the applicable provisions of this Agreement in good faith and shall cooperate with all other Participants where possible.

- ARTICLE III -

TERM OF AGREEMENT

3.01 This Agreement including the associated service schedules shall become effective and binding upon the Parties hereto thirty days after any two cities have executed this Agreement.

3.02 After the initial effective date any city which meets the requirements of Article IV of this Agreement may become a Participant with the approval of the Joint Operating Committee by the execution of this Agreement.

3.03 Any Participant may terminate its participation in this Agreement by at least three years' prior written notice to KMEA. KMEA will send written notice to all other Participants notifying them of the termination by the Participant. KMEA may terminate this Agreement on at least three years' prior written notice to all Participants.

3.04 In the event a Participant fails to perform its obligations pursuant to this Agreement, the Joint Operating Committee shall give written notice to such Participant specifying such failure to perform and establishing a reasonable period that Participant shall have to fulfill its obligations pursuant to this Agreement. In accordance with such notice, the Joint Operating Committee shall review the performance of such Participant and if the failure to perform its obligation is continuing, the Joint Operating Committee may immediately terminate such Participant's participation in this Agreement. This provision shall not limit the right of any other Participant to enforce the rights and obligations established pursuant to this Agreement. Any Participant terminated by the Joint Operating Committee shall continue to fulfill its obligations pursuant to any power transaction under the service schedules until the completion of such power transaction.

3.05 Termination of participation in this Agreement or termination of this Agreement by KMEA shall not impair, amend, or change any existing Contract Resources entered into prior to the initial effective date of this Agreement. Such Contract Resources shall continue in full force, including all rates, items, obligations and conditions, until the expiration of such contracts and agreements, or unless sooner released by the Joint Operating Committee.

- ARTICLE IV -

PARTICIPATION PREREQUISITES

4.01 All Participants to this Agreement are and shall remain voting members in good standing of the Kansas Municipal Energy Agency as defined in the Second Amended and Restated Agreement to Create a Municipal Energy Agency and the By-Laws of the Kansas Municipal Energy Agency, or its successor entities.

- ARTICLE V -

TYPES OF PARTICIPATION

5.01 Participants to this Agreement may choose to participate in one, but not concurrently both, of the following types of participation as defined below and as shown in Exhibit "A" as amended from time to time.

- (a) Bulk Power Participant shall mean a Participant who, by free and willful action of its responsible authorities, contractually commits to KMEA the energy output of all existing generation facilities which are owned by the Participant for purposes of economic dispatching, by KMEA, of generation facilities for the common benefit of Participants, and who may pool financial and other resources with other Participants in order to provide for the construction of future generation facilities or the acquisition of a ready reliable power supply for the common benefit of Participants, or both. Participant will agree to receive all capacity and energy from KMEA except that already under contract with the Western Area Power Administration (WAPA) or the Southwestern Area Power Administration (SPA) and certain other contracts as identified in Exhibit "B" attached to and made a part of this Agreement. Exhibit "B" may be changed from time to time by approval of the Joint Operating Committee. Bulk Power Participants will obligate KMEA to economically dispatch all existing and future resources and to schedule all required capacity and energy for the Participant's needs in accordance with Service Schedule K attached. Provided, that any Bulk Power Participant which contracts with KMEA to receive all capacity and energy from KMEA, under Service Schedule M, except that already under contract

Exhibit A

with Western Area Power Administration (WAPA) or Southwestern Area Power Administration (SPA) and certain other contracts identified in Exhibit "B", attached hereto, will be relieved of all obligations it had under Service Schedule K.

- (b) Service Power Participant shall mean a Participant who maintains full control and responsibility for existing and future resources to meet the anticipated load of that Participant. Service Power Participants may enter into transactions with KMEA or directly with other Service Power Participants according to the terms of various service schedules defined in this Agreement, or with utilities not a party to this Agreement on its behalf or, on behalf of KMEA with written authorization from KMEA.

5.02 Any Participant to this Agreement may change its participation status from Bulk Power Participant to Service Power Participant, subject to the approval of the Joint Operating Committee, upon at least two years prior written notice of intent to KMEA and other Participants.

5.03 Any Participant to this Agreement may change its participation status from Service Power Participant to Bulk Power Participant subject to the approval of and the conditions established by the Joint Operating Committee.

5.04 Transition of participation status pursuant to this Agreement shall not excuse the performance of any existing contractual obligations, nor shall it impair, amend, or change any previous contracts or agreements. Such contracts and agreements shall continue, including all rates, items, obligations and conditions until the expiration of such contracts and agreements.

- ARTICLE VI -

JOINT OPERATING COMMITTEE

6.01 The Joint Operating Committee shall consist of one representative from each Participant. Each Party shall designate the person who shall act as its representative by written notice to KMEA. By similar notice, a Participant may change its representative on the Joint Operating Committee and also designate an alternate representative to act in the absence of the designated representative.

Exhibit A

6.02 The Joint Operating Committee shall administer this Agreement so as to accomplish the objectives of the Energy Management Project.

6.03 The Joint Operating Committee shall hold an annual meeting and quarterly meetings at such time and place as the chairman shall designate and shall hold meetings at other times at the call of the chairman or upon call of two or more committee members. At least ten days prior written notice shall be given to each member of the Joint Operating Committee of any meeting of such committee. The notice shall state the time and place of the meeting and shall include an agenda of the items to be considered and no other items shall be considered except that by majority consent of the representatives present, action may be taken on items other than those items included on the agenda for the particular Joint Operating Committee meeting.

6.04 The Joint Operating Committee, at its annual meeting, shall elect three officers who shall serve until the next annual meeting. They shall be a chairman and a vice-chairman elected from the representative of the Participants on the committee and a secretary of the Joint Operating Committee, who need not be a member of the committee and who, if not a member, shall have no voting privileges on the Joint Operating Committee. The chairman shall not serve for more than two consecutive terms.

6.05 Each member of the Joint Operating Committee shall have the right to cast one vote on actions of the Joint Operating Committee. No action of the Joint Operating Committee shall be taken unless fifty percent or more of the Participants are represented at the meeting. Actions requiring a Participant to obtain City approval must be unanimously approved. Pool operational actions require a majority vote of those Participants present.

6.06 Polling of Joint Operating Committee representatives for the purpose of voting on actions of the Joint Operating Committee may be conducted by telephone or by other common carrier as necessary at the discretion of the Joint Operating Committee chairman. Written confirmation of the vote shall be mailed to the chairman by each representative voting within twenty-four hours of the vote.

6.07 The duties of the Joint Operating Committee include but are not limited to the following:

Exhibit A

- (a) Supervise the development of plans and procedures that will result in the attainment of the objectives of this Agreement,
- (b) Specify the duties and authority of various committees and task forces which may be established from time to time by the Joint Operating Committee.
- (c) Make such administrative arrangements as may be required pertaining to matters which are pertinent to this Agreement, but which are not specifically covered herein.
- (d) Establish utility standards with respect to any aspect of arrangements between Participants and non-Participants which it determines may adversely affect the reliability of KMEA and to review such arrangements to determine compliance with such standards.
- (e) The Joint Operating Committee shall establish and revise as necessary reliability standards for the bulk power supply of KMEA. Review and approve planning and operating studies made to show conformance with reliability standards.
- (f) Approve revisions to the total operating reserve obligation and the formula for determining the operating reserve obligation of each Participant as required from time to time. Approve revisions to the reserve capacity obligation of the Participant as required from time to time.
- (g) Develop long range plans and establish annually a plan for the ensuing ten years or longer period covering:
 - (i) Size and type of generating unit(s) to be installed,
 - (ii) The voltage and capacity of each transmission facility,
 - (iii) The location of such facilities,
 - (iv) The time when such facilities should be placed in operation,
 - (v) The entities which should install such facilities,

- (vi) The purchases and sales between Participants under service schedules listed in this Agreement to enable each of the Participants to maintain its accredited capability equal to or greater than its annual system demand plus its reserve capacity obligation,
- (vii) The purchases from non-Participant electric systems which may be required to enable each Participant to maintain its accredited capability equal to or greater than the annual system demand plus its reserve capacity obligation.

Consideration shall be given to system reliability, system economy, and the size and anticipated rate of growth of each Participant's load, the size of each Participant's largest generating unit, the excess reserve capacity of each Participant, and the equitable staggering of future investments by the Participants and generation and transmission facilities. The Joint Operating Committee shall also give consideration to the plans of any entity not a Participant to this Agreement for the construction of generation or transmission facilities when such facilities would contribute significantly to the reliability of KMEA operation and such plans are made available. Representatives of such entities may attend the meetings of the Joint Operating Committee considering long range plans.

- (h) Review on a continuing basis the load and capability forecast of the Participants and make the necessary determinations in accordance with Article VIII of this Agreement.
- (i) Review plans and procedures relating to the coordination of the bulk power production and transmission facilities and operations with adjoining systems, pools and regional power coordinating groups.
- (j) Establish and revise rules relating to the effect of abnormal conditions on system demand, reserve capacity obligations and related operating conditions.
- (k) Establish and revise rules for the determination of accredited capability of the Participants using established utility procedures.

Exhibit A

- (l) Cause studies to be made as necessary for administration of the aforesaid duties.
- (m) Establish procedures for the use of service schedules.
- (n) Coordinate the operation of the power generation and transmission facilities of the Participants so as to affect optimum reliability and economy of service.
- (o) Establish rates for transactions under Service Schedules (B), (C), (D), (E), (F), (G), (H), (I), (J), (K), (K-1), and (L) of this Agreement, which rates and charges will be sufficient to reimburse KMEA for expenses incurred on behalf of Participants within such period of time as shall be established by KMEA.
- (p) Coordinate the maintenance schedules of the Participants so as to maintain at all times the total operating reserve obligation.
- (q) Determine and periodically review the procedures to be followed by the Participants in restoring service following emergency conditions.
- (r) Coordinate the periods and methods of reporting scheduled and actual power and energy flows.

6.08 The Joint Operating Committee shall at all time adhere to sound engineering principles and prudent utility practice and in particular shall evaluate alternative generation and transmission expansion programs on appropriate uniform assumptions with respect to cost of capital, rates of escalation, carrying charges and other necessary conditions.

6.09 The Joint Operating Committee shall have the authority to appoint task forces for particular studies and to name thereto available employees of Participants. A Participant may be reimbursed, at the discretion of the Joint Operating Committee, for the time and expenses of any of its employees engaged in such task force work.

- ARTICLE VII -

POOL COORDINATION CENTER

7.01 KMEA shall provide for the services of a Coordination Center as the Joint Operating Committee may from time to time direct. All costs associated with the services of the Coordination Center shall be allocated to the Participants according to fair and equitable procedures established by the Joint Operating Committee as set out in Exhibit "C".

7.02 Each Participant to this Agreement shall retain the sole responsibility for the operation of its system in accordance with the principles set forth in this Agreement and the attached schedule hereof, and for the utilization of the information which may be provided from the Coordination Center.

7.03 Subject to a determination by the Joint Operating Committee that such action can be taken without prejudicing the fulfillment of obligations to the Participants for services from the Coordination Center, KMEA may contract with electric power suppliers which are not parties to this Agreement for services from the Coordination Center or with parties for other services under conditions approved by the Joint Operating Committee.

7.04 The duties and functions of the Coordination Center shall include but are not limited to the following:

- (a) The day to day scheduling and coordination, in accordance with directions of the Joint Operating Committee, of the generation and transmission facilities in which the Participants have entitlements or own and control, and of those resources which serve to supply the demand and energy of the Participants.
- (b) Buy and sell capacity and energy on behalf of and to the benefit of the Participants according to the various service schedules and within the guidelines established by the Joint Operating Committee.
- (c) Provide for the record-keeping associated with the functions of the Coordination Center.

Exhibit A

- (d) Perform such other duties as may be directed from time to time by the Joint Operating Committee.

The functions of the KMEA Coordination Center shall be carried out consistent with the goal of satisfying the energy requirements of the Participants at the lowest practical cost.

- ARTICLE VIII -

MAINTENANCE OF ADEQUATE CAPABILITY

8.01 Each Participant expects and is expected to maintain utility responsibility for its own load and as a part of such responsibility, shall maintain during each month accredited capability in an amount equal to or greater than its maximum system demand for such month plus such Participant's reserve capacity obligation.

8.02 The reserve capacity obligation of each Participant, for any month, shall be established and revised from time to time by the Joint Operating Committee and set out in Exhibit "D".

8.03 The Joint Operating Committee shall determine the accredited capability of each Participant. Determinations of accredited capability shall be reviewed by the Joint Operating Committee at least semi-annually or at any other time upon the written request of any Participant and any appropriate changes resulting from such review shall be made. The Joint Operating Committee will establish the rules and regulations for determining accredited capability in order to secure consistence and continuity in such determination.

8.04 The Joint Operating Committee shall continually review the load and capability forecast of the Participants. If the forecast of a Participant indicates that, during any month of the ensuing period, the length of period being determined by the Joint Operating Committee, such Participant will not meet its reserve capacity obligation, such Participant shall make arrangements either individually or through KMEA to obtain additional accredited capability as approved by the Joint Operating Committee so that during such month it will have sufficient capacity to meet its reserve capacity obligation. In the event that during any month the Participant did not meet its maximum system demand plus its reserve capacity obligation period, such Participant shall be

Exhibit A

required to obtain additional accredited capability from the other Participants or KMEA. The amount of accredited capability required by the deficient Participant and the source or sources will be determined by the Joint Operating Committee. If accredited capability is not available from the Participants or KMEA, the Joint Operating Committee may recommend purchase from Non-Participants by KMEA on behalf of the deficient Participant, or other means of sharing reserve capacity to effect equalization of reserves.

8.05 Nothing in this Agreement shall be interpreted to require a Participant to install facilities.

8.06 Nothing in this Agreement shall be interpreted to restrict a Service Power Participant's election of whether to install facilities or purchase power to maintain its accredited capability.

- ARTICLE IX -

MAINTENANCE OF ADEQUATE OPERATING RESERVE

9.01 Each Participant shall provide Spinning Reserve and Non-Spinning Reserve in proportions established by the Joint Operating Committee equal to or greater than the Operating Reserve Obligation of the Participant, as provided in Paragraph 9.02. As soon as practicable after the occurrence of an incident which utilizes Operating Reserve, each Participant shall restore its Operating Reserve Obligation by following procedures determined by the Joint Operating Committee.

9.02 The Total Pooled Operating Reserve Obligation at any time shall be determined using the Southwest Power Pool's reserve margin requirements.

9.03 The Joint Operating Committee will establish procedures for determining the Operating Reserve that is available on the systems of the Participants at all times. Whenever a Participant is unable to meet its Operating Reserve Obligation, such Participant shall immediately advise all other Participants and make arrangements to restore its Operating Reserve Obligation.

- ARTICLE X -

SERVICES TO BE RENDERED

10.01 The various specific services to be rendered in furtherance of the purposes of this Energy Management Project are covered by Service Schedules of this Agreement which are listed as follows:

- (a) Participation Power Interchange Service (Partial Requirements Contract)
- (b) Seasonal Participation Power Interchange Service
- (c) Emergency and Scheduled Outage Interchange Service
- (d) Operating Reserve Interchange Service
- (e) Economy Energy Interchange Service
- (f) Wheeling Services and Losses
- (g) Operational Control Energy Interchange Service
- (h) Peaking Power Interchange Service
- (i) Short-Term Interchange Service
- (j) Firm Power
- (k) Bulk Power Supply
- (l) Scheduled Interchange Energy Service
- (m) Total Power Requirements Power Purchase Agreement

Other schedules may be established from time to time at the discretion of the Joint Operating Committee and KMEA.

10.02 KMEA shall provide or cause to be provided and the Bulk Power shall take from KMEA the bulk power supply required by the Participant. KMEA will assist and make recommendations for planning, negotiating, designing, contracting for and administering all generation and transmission arrangements and facilities necessary to effect the delivery and sale of such bulk power supply to the Bulk Power Participants, provided, however, that the Service Power Participants may procure alternate bulk power supply resources pursuant to the terms of Article V hereof.

10.03 KMEA may use electric energy from the Bulk Power Participant which is surplus to the requirements of those Participants, as such surplus may be available from time to time, for the

Exhibit A

purpose of economy interchange service or other interchange service with others, and any net revenues received by KMEA for any such services shall be credited to the Bulk Power Participants by KMEA according to Service Schedule "K".

10.04 KMEA will economically dispatch the generation owned by the Bulk Power Participants and committed to KMEA for economic dispatch control. Resources contracted by or constructed and operated by KMEA on behalf of the Bulk Power Participants will be included in the economic dispatch control.

10.05 KMEA will purchase or provide such generating capacity reserve service, transmission service, maintenance service, emergency service, economy interchange service and other interchange service as may be necessary for the reliable and economical supply of energy and services and will cause to be delivered to the Bulk Power Participant during each month its entitlement share of such energy and services.

10.06 In addition the duties of KMEA will include but are not limited to the following:

- (a) Provide coordination, according to specific service schedules made a part of this Agreement, of purchase and sale of capacity and energy among Service Power Participants and for Bulk Power Participants.
- (b) Provide for facilities for central dispatching and coordination of the generation and transmission facilities of the Participants and such other facilities, materials and supplies as the Joint Operating Committee may determine are necessary and desirable to carry out the provisions of this Agreement.
- (c) Act on behalf of all Participants in carrying out any action properly taken pursuant to the provisions of this Agreement and within the authority granted by the Joint Operating Committee.
- (d) Execute any contract, lease or other instrument which has been properly authorized by the Joint Operating Committee pursuant to this Agreement and file, if necessary, with appropriate governmental bodies this Agreement and documents amending or supplementing this Agreement, contracts with Non-Participants, and related rate schedules and certificates of concurrence.

10.07 KMEA will perform such other services for Participants as the Joint Operating Committee may from time to time direct.

10.08 All expenses incurred by KMEA in the execution of duties under this Agreement plus a management fee to be set by the Board of Directors of KMEA and approved by the Joint Operating Committee shall be paid by Participants according to a formula or formulas developed by the Joint Operating Committee. The reimbursement of expenses incurred on behalf of the Participants shall be made within such period of time as shall be established by KMEA.

- ARTICLE XI -

INTERCONNECTION AGREEMENTS

11.01 As part of this Agreement KMEA shall negotiate, contract for and administer Interconnection Agreements with other area electrical utilities on behalf of Bulk Power Participants and may negotiate, contract for and administer Interconnection Agreements with other electric utilities on behalf of Service Power Participants. Such Interconnection Agreements shall to the extent possible provide for the uninhibited flow of energy over the respective transmission systems in order to provide an adequate, reliable supply of capacity and energy to the Participants.

- ARTICLE XII -

BULK POWER PARTICIPANT OBLIGATIONS

12.01 For purposes of this Article the term "Participant" shall mean "Bulk Power Participant" as defined in Paragraph 5.01(a) of this Agreement and the term "KMEA" shall mean the Kansas Municipal Energy Agency acting as representative of the Bulk Power Participants.

12.02 Any Bulk Power Participant, upon request by KMEA, shall supply to KMEA energy up to the full amount of its Available Accredited Capability provided that such request conforms with the provisions of Service Schedule "K".

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12.03 The systems of the Bulk Power Participants shall be operated interconnected continuously under normal system conditions, and the Participants shall cooperate in keeping the frequency of the interconnected systems of the Parties at 60 Hz as closely as is practicable, in keeping the interchange of power and energy between the systems of the Participants as closely as is practicable to the scheduled amounts or as determined by economic dispatch, and in maintaining mutually satisfactory voltage levels. Each Participant shall be responsible for the reactive volt-ampere requirements of its system. Reactive volt-amperes may be interchanged between systems from time to time, subject to agreement between the Participants involved, when benefit to one system may be gained thereby without causing hardship to another system.

12.04 The systems of the Participants shall normally be so maintained and operated as to minimize in accordance with good utility practice the likelihood of a disturbance originating in the system of a Participant causing impairment to the service of the system of any other Participant, or any other system, with which the systems of the Participants are interconnected.

12.05 The Bulk Power Participants to this Agreement will maintain all generating units owned by the respective Bulk Power Participants in good operating condition. The Participants will be required to periodically operate generating facilities according to an operating schedule established by the Joint Operating Committee to prove the accredited capability of such units. Scheduled outages of all or any part of a Participant's generating facilities will be coordinated with the Coordination Center.

12.06 All Participants will be required to prepare and submit all such reports concerning schedules, loads and capabilities and generating facilities as may be reasonably requested by KMEA.

12.07 All Participants will be required to maintain continuously two manned telephone numbers for contact by KMEA and response by the Participant to a request for any of the services provided by this Agreement.

- ARTICLE XIII -

SERVICE POWER PARTICIPANT OBLIGATIONS

13.01 For purposes of this Article the term "Participant" shall mean "Service Power Participant" as defined in Paragraph 5.01(b) of this Agreement and the term "KMEA" shall mean the Kansas Municipal Energy Agency acting as representative of the Bulk Power Participants.

13.02 It is recognized that the systems of the Participants or KMEA are now or may be interconnected with other systems and that other agreements for interconnection, mutual assistance, pooling, power supply and transmission service may exist or may be entered into between Participants or between a Participant or KMEA and another system. It is understood that the Participants intend to assist each other and KMEA to the maximum extent of their capabilities, but it is recognized that such other agreements may limit the capacities available to Participants under the terms hereof.

13.03 Any Participant or KMEA upon request by any other Participant or KMEA shall supply to such other Participant or KMEA Emergency Energy up to the full amount of its Available Accredited Capability provided that such request conforms to the provision of Service Schedule "C" except that the provisions of this Section shall not apply to any Participant listed in Exhibit "E".

13.04 Any Participant or KMEA upon request by any other Participant or KMEA shall supply to such other Participant or KMEA Scheduled Outage Energy up to the full amount of its Available Accredited Capability not required to maintain its Operating Reserve obligation, provided that the delivery thereof shall conform with the provisions of Service Schedule "C"; and provided further that, if the requesting Participant or KMEA is not using its total Available Accredited Capability, the Participant requested to supply Scheduled Outage Energy or KMEA shall not be obligated to supply such energy when in the sole judgment of such Participant the supply of such energy would cause a hardship except that the provisions of this Section shall not apply to any Participant Listed in Exhibit "E".

13.05 Any Participant or KMEA, if requested to do so by any other Participant or KMEA, shall endeavor to procure through its interconnection with other electric suppliers, Emergency Energy or Scheduled Outage Energy in addition to that which can be supplied by the Participants or KMEA which may be available under agreements covering such interconnections from a source or

Exhibit A

sources which will result in the lowest cost to the receiving Participant or KMEA and shall arrange for the delivery of such Emergency Energy or Scheduled Outage Energy to such receiving Participant or KMEA provided that the delivery thereof can be made in the sole judgment of the Participant procuring such service or KMEA, without endangering its facilities or interfering with its obligations to its customers, other Participants, or other electric suppliers.

13.06 Any Participant whose transmission facilities are required to wheel Emergency Energy from the supplying Participant to the receiving Participant or KMEA, shall transmit such energy up to such amounts as will not, in the sole judgment of the wheeling participant or KMEA, endanger its facilities or interfere with its obligations to its customers, other Participants or other electric suppliers.

13.07 Any Participant or KMEA upon request by any other Participant or KMEA shall supply to such other Participant Operating Reserve up to the full amount of its available accredited capability not required to maintain its Operating Reserve obligation, provided that the delivery thereof shall conform with the provisions of Service Schedule "D" and provided further that there shall be no obligations of a Participant to supply Operating Reserve if the requesting Participant is not making full use of its available accredited capability.

13.08 Any Participant or KMEA when called upon to do so by any other Participant or KMEA may supply Economy Energy to such other Participant or KMEA provided such call conforms to the provisions of Service Schedule "E".

13.09 The service obligations set forth in this Agreement are each subject to the limitations that the Participant on which the request is made as therein stated or KMEA shall not be obligated to use Available Accredited Capability if it is at the time being used to supply the requirements of its customers including obligations now existing or hereafter created to other Participants or to other electric suppliers. A Participant shall not be obligated to deliver power and energy over its transmission facilities if in the sole judgment of said Participant such deliveries will endanger its facilities or interfere with its obligations to its customer or to other electric suppliers.

13.10 The Participant or KMEA, purchasing power and energy under Service Schedules "A", "B", "H", "I" and "J" shall be responsible for initiating scheduled deliveries there under and the scheduled rate of delivery shall not exceed the amount being purchased under the Schedule. In the

Exhibit A

scheduling of deliveries due consideration shall be given to the rate of change of delivery and the continuity of delivery so as not to cause undue hardship on the system of the supplying Participant.

- ARTICLE XIV -

METERING AND RECORDS

14.01 All Participants shall provide and maintain in accordance with good utility practice and standards as required by the Southwest Power Pool complete metering equipment of revenue metering accuracy including instrument transformers, non-reversible watt-hour meters, and clock hour sixty-minute interval demand meters for recording the deliveries of power and energy between the systems of each Participant and the systems of other utilities with which it is interconnected.

14.02 The aforesaid metering equipment shall be tested at reasonable intervals as agreed upon by the Joint Operating Committee and its accuracy of registration maintained in accordance with good practice and accepted industry standards. The expense involved in such tests shall be borne by the Participant owning the metering equipment. On request of any Participant, special tests shall be made. In the event that test discloses an inaccuracy in excess of one (1) percent the cost of such test shall be borne by the owner of such metering equipment, and if such test discloses an inaccuracy of one (1) percent or less the cost of such test shall be borne by the requesting Participant. All Participants shall afford opportunity to representatives of the other Participants to be present at all regular or special tests, if desired.

14.03 If any test of metering equipment discloses an inaccuracy exceeding one (1) percent, the Participants shall be promptly notified and the accounts between the Participants for service supplied shall be adjusted in accordance with this Section. Such correction and adjustment shall be made from the date the meter became inaccurate, if known; if this cannot be determined, then such adjustment shall be made for the previous month, or from the date of the latest test if within the previous month and for the elapsed period in the month during which the test was made. Should any metering equipment at any time fail to register or should the registration thereof be so erratic as to be meaningless, the power and energy transmitted shall be determined by the Participants from the best available data pursuant to procedures developed and approved by the Joint Operating Committee.

Exhibit A

14.04 In addition to meter records, the Participants shall keep log sheets and other records as determined by the Joint Operating Committee as may be needed to afford a clear history of the various movements of power and energy between the systems and the Participants involved both in transactions hereunder and in transactions between Participants to this Agreement and other systems to effect such differentiation as may be needed in connection with settlements in respect to such transactions. The original of all such meter records and other records shall be open to inspection by representatives of the Participants concerned and by the Joint Operating Committee.

14.05 Each Participant shall furnish to the Joint Operating Committee appropriate data from meter registrations and from other sources on such time basis as are determined by the Joint Operating Committee when such data is needed for settlements, special tests, operating records, or for other purposes consistent with the objectives hereof. As promptly as practicable after the end of each month, each Participant shall render to KMEA or to other Participants, as required, statements setting forth appropriate data from meter registrations and other sources in such detail and with such segregation as may be needed for operating records and for settlements hereunder.

- ARTICLE XV -

INSTALLATION OF ADDITIONAL FACILITIES

15.01 It is the intent of this Agreement to provide for an equitable staggering of future investments in generating capacity and other facilities, including communication and telemetry equipment, in order to maintain maximum economy and benefits from this arrangement. It is understood that the generating units installed by the Participants hereafter or by KMEA on behalf of the Participants should be the most economical size and type practicable, taking into consideration the size of the installation Participants' systems, the loads of the Participants, the anticipated growth of such loads, the transmission facilities required to transmit the output thereof to such loads or to supply such loads when the unit is not in service, and the ability of the systems of the Participants in their interconnections with other interconnected systems to withstand the instantaneous loss of such units without causing unstable operation. It is also anticipated that the amount and type of additional generating capacity to be installed by any Participant or by KMEA on behalf of any Participants shall take into consideration the load and the load growth of such Participant and that the installation of specific generating units shall be timed so as to accomplish this overall intent.

Exhibit A

15.02 It is understood by the Participants that nothing in this Agreement is intended to preclude a Participant from constructing or utilizing generation and transmission facilities other than those recommended by the Joint Operating Committee, however, such facilities shall be subject to the established reliability standards of the Joint Operating Committee.

15.03 It is an objective of this Energy Management Project that each Participant shall have an appropriate opportunity to meet its additional system requirements and operating reserve obligations from KMEA units. However, it is recognized that each Service Power Participant has the freedom to construct or participate with other utilities in the construction of alternate generating resources. Each Participant will keep KMEA advised of all matters relating to the Participant's power supply planning including but not limited to load forecast, proposed transmission and generation additions and delivery points.

15.04 Any Participant which desires to offer excess capacity in a generating unit on a short or long-term basis shall be obligated to make the offering first to all other Participants before making any offering to Non-Participants subject to any obligations which a Participant has to any other agreements in effect as of the effective date of this Agreement.

- ARTICLE XVI -

BILLINGS AND PAYMENTS

16.01 For billing purposes, the amount of energy delivered pursuant to this Agreement by a supplying Participant or KMEA on behalf of any Participant to a receiving Participant, or delivered to the receiving Participant through an intervening wheeling system during any period, shall be the amount scheduled for delivery at a point or points where the system of the receiving Participant interconnects with the system of the supplying Participant or with the system of the wheeling utility with which the receiving Participant is interconnected.

16.02 Billing for any transaction involving generation or transmission capacity pursuant to this Agreement, including any transmission charges pertaining to such transaction, shall be based upon the amount of such capacity committed in advance for delivery at a point or points where the system of the receiving Participant connects with either the system of the supplying Participant or the intervening transmission system.

Exhibit A

16.03 All bills for services supplied pursuant to this Agreement shall be rendered monthly by the supplying Participant to KMEA or by KMEA to the Participant not later than thirty days after the end of the period to which such bills are applicable. Unless otherwise agreed upon by the Joint Operating Committee such periods shall be from 12:01 A.M. of the first day of the month to 12:01 A.M. of the first day of the succeeding month. Bills shall be due and payable within thirty days from the date such bills are rendered and payment shall be made when due and without deduction. Interest on any unpaid amount from the date due until the date upon which payment is made shall accrue at the rate of one percent per month or fraction thereof.

16.04 In the event a Participant desires to dispute all or any part of the charges submitted by some other Participant or by KMEA it shall nevertheless pay the full amount of the charges when due and give notification in writing within sixty days from the date of the statements stating the specific grounds on which the charges are disputed and the amount in dispute. The complaining Participant will not be entitled to any adjustment on account of any disputed charges which are not brought to the attention of KMEA as the Participant making such charges within the time and in the manner herein specified. If settlement of the dispute results in a refund to the payee, interest at one percent per month or fraction thereof shall be added to the refund.

- ARTICLE XVII -

UNCONTROLLABLE FORCES

17.01 A Participant shall not be considered to be in default in respect to any obligation hereunder if prevented from fulfilling such obligation by reason of uncontrollable forces. The term "uncontrollable forces" shall be deemed for the purposes hereof to mean storm, flood, lightning, earthquake, fire, explosion, failure of facilities not due to lack of proper care or maintenance, civil disturbance, labor disturbance, sabotage, war, national emergency, restraint by court or public authority, or other causes beyond the control of the Participant affected which such Participant should not reasonably have expected to avoid by exercise of due diligence and foresight and by provision of reserves in accordance with the requirements of this Agreement. Any Participant unable to fulfill any obligation by reason of uncontrollable forces will exercise due diligence to remove such disability with reasonable dispatch, but such obligation shall not require the settlement of a labor dispute except in the sole discretion of the Participant experiencing such labor dispute.

- ARTICLE XVIII -

NOTICES

18.01 Any formal notice, demand or request required or authorized by this Agreement shall be deemed properly given if mailed postage prepaid to KMEA and to the Joint Operating Committee representative of the Participant concerned at the address of such Participant.

18.02 Any written notice or request of a routine character in connection with delivery of power and energy or in connection with operation of facilities shall be given in such a manner as the Joint Operating Committee from time to time shall establish.

- ARTICLE XIX -

SUCCESSORS AND ASSIGNS

19.01 No party shall assign this Agreement without the consent in writing of the other parties except in connection with the sale and merger of a substantial portion of its properties.

19.02 The several provisions of this Agreement are not intended to and shall not create rights of any character whatsoever in favor of any persons, corporations, or associations other than the Participants to this Agreement, and the obligations herein assumed are solely for the use and benefits of the Participants to this Agreement.

- ARTICLE XX -

ARBITRATION

20.01 Any controversy or claim arising out of or relating to this Agreement or the breach thereof or appeal from action of the Joint Operating Committee shall be settled by arbitration. Such arbitration shall be conducted before a board of three arbitrators selected by the American

Exhibit A

Arbitration Association and the arbitration shall be conducted in accordance with the commercial arbitration rules of the American Arbitration Association then in effect, subject to the further qualification that the arbitrators named under said rules shall be competent by virtue of education and experience in the particular matter subject to arbitration.

20.02 The Participant or Participants desiring arbitration shall demand such arbitration by giving written notice to the other Participant or Participants involved. Such notice shall conform with the procedures of the American Arbitration Association and shall include a statement of the facts or circumstances causing the controversy and the resolution, determination or relief sought by the Participant or Participants desiring arbitration.

20.03 Before the matter is presented to the Board of Arbitrators, a conference shall be held to attempt to resolve the controversy or if that is not possible, to stipulate as many facts as possible to clarify and narrow the issues to be submitted to arbitration.

20.04 The Board of Arbitrators shall have no authority, power or jurisdiction to alter, amend, change, modify, add to or subtract from any of the provisions of this Agreement nor to consider any issues arising other than from the language in and authority derived from this Agreement.

20.05 The decision or award of the arbitrator shall be final and binding upon the Participants and the Participants shall do such acts as the arbitration decision or award may require of them. Judgment upon any award rendered by the arbitrators may be entered into any court having jurisdiction and execution issued thereon. This provision shall survive the termination of this Agreement.

20.06 The Participant or Participants demanding arbitration shall pay the costs incurred in connection with such arbitration.

- ARTICLE XXI -

AMENDMENTS

21.01 Any Participant may propose an amendment to this Agreement by filing such proposed amendment with the chairman of the Joint Operating Committee who shall immediately

Exhibit A

forward copies thereof to the Participants. Each Participant shall forward his vote to the chairman of the Joint Operating Committee and said vote must be received by the chairman within sixty days after the date of filing.

21.02 In voting on any amendment, each Participant shall have the same number of votes as its representative would have. If a majority of the total authorized votes favor the amendment such amendment will be presented to the Executive Committee of KMEA at their next regular meeting for their consideration. If the amendment is approved by KMEA, such amendment will become effective thirty days after approval but no amendment shall have an effect on transactions agreed upon in writing prior to the effective date of such amendment.

- ARTICLE XXII -

RELATION TO OTHER AGREEMENTS AND OBLIGATIONS

22.01 Each Participant represents that there are no conditions in such Participant's existing agreements, including financing agreements, which will preclude such Participant from performance of all obligations hereunder; and, further, each Participant agrees not to enter into an agreement which will preclude performance hereunder. The failure by any Participant to get approval under any financing agreement for entering into a contract, or amending or terminating any existing agreement, shall not excuse performance hereunder.

22.02 The execution of this Agreement shall not impair, amend or change any previous contracts or agreements, and such contracts and agreements shall continue, including all rates, terms, obligations and conditions until the expiration of such contracts and agreements.

Execution: Separate copies of this Agreement are executed by the Parties with the understanding that, when each of the Parties has executed a copy, its separately executed copy will be joined together with all other similarly executed copies and one conformed master copy of said Agreement shall be prepared, which shall bind all of the Parties to the same extent and purpose as if all of said Parties had joined in the execution of said master copy.

Exhibit A

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed by its duly authorized officer as of the day and year shown below.

KANSAS MUNICIPAL ENERGY AGENCY

By *Jim Wade*
General Manager

CITY OF Pratt

By *E. David Harschal*

Title City Manager

ATTEST:

Lillian Kemer
City Clerk

(SEAL)

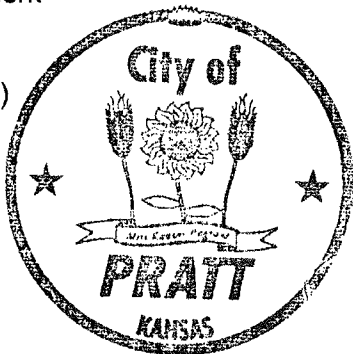


EXHIBIT "A"

Energy Management Project Participants as of 5/1/2007.

<u>CITY</u>	<u>PARTICIPANT STATUS</u> <u>(Bulk / Service)</u>
<u>Ashland</u> _____, Kansas	<u>Service</u> _____ Power
<u>Beloit</u> _____, Kansas	<u>Service</u> _____ Power
<u>Greensburg</u> _____, Kansas	<u>Service</u> _____ Power
<u>Hoisington</u> _____, Kansas	<u>Service</u> _____ Power
<u>Lincoln Center</u> _____, Kansas	<u>Service</u> _____ Power
<u>Osborne</u> _____, Kansas	<u>Service</u> _____ Power
<u>Pratt</u> _____, Kansas	<u>Service</u> _____ Power
<u>Russell</u> _____, Kansas	<u>Service</u> _____ Power
<u>Stockton</u> _____, Kansas	<u>Service</u> _____ Power
<u>Washington</u> _____, Kansas	<u>Service</u> _____ Power

EXHIBIT "B"

CITY OF Pratt

Contracts for capacity and energy required to be listed pursuant to Article V, Section 5.01(a) of the Energy Management Project.

<u>AGREEMENT</u>	<u>AMOUNT</u>
KMEA – GRDA	_____ MW
KMEA – Nearman	_____ MW
KMEA – SPA	_____ MW
KMEA – WAPA	_____ MW
OTHER:	
<u>MKEC SYSTEM</u>	<u>9.173</u> MW
_____	_____ MW

EXHIBIT "C"

Allocation of KMEA Coordination Center Costs

<u>Type Participant</u>	<u>Allocation Method</u>
Bulk Power Participant	KMEA Budget
Service Power Participant	<u>100</u> Percentage

EXHIBIT "D"

Reserve Capacity Obligation

The reserve capacity margin obligation shall be 12% of a Participant's peak load.

EXHIBIT "E"

Participants Exempt from Reserve Obligations

None as of May 1, 2007