

RIDER UG

MUNICIPAL UNDERGROUND COST RECOVERY RIDER

APPLICABILITY

If any Municipality or other governmental subdivision (hereinafter referred to as the "Municipality") by ordinance or other regulation requires Company to construct lines and appurtenances or other facilities designed for any Distribution or Transmission voltages (hereinafter referred to as "facilities") underground for any new or existing facilities in the Municipality when the Company, absent from such ordinance or regulation, would construct or continue to maintain the facilities overhead, and where the recovery of the additional cost for such underground is not otherwise provided for in the Company's General Rules and Regulations Applying to Electric Service, the cost of the additional investment required by the Company to construct the facilities underground shall be assessed against the Municipality.

Before Company starts placing any facilities underground pursuant to this Rider, the Municipality shall provide adequate assurance to Company that the Municipality's obligations to pay for such facilities are valid, lawful, and enforceable against the Municipality.

INVESTMENT RECOVERY

The following shall be used in determining and recovering the additional investment from each Municipality:

1. The Company shall estimate the installed cost of the underground facilities and the installed cost of equivalent overhead facilities and shall provide these estimates to the Municipality to aid the Municipality in determining whether to proceed with the undergrounding of the facilities.
2. Where underground facilities will not replace existing overhead facilities, any actual cost of installing underground facilities in excess of the estimated cost of installing overhead facilities, plus the cost of estimating the installed cost of both facilities, shall be the additional investment.
3. Where underground facilities will replace existing overhead facilities the actual installation cost of underground facilities, plus all costs associated with the retirement of the existing overhead facilities, plus the costs of estimating the underground facilities and retirement of the existing facilities, shall be the additional investment. The costs associated with retirement of the facilities shall include all costs associated with removal, as well as the original cost of such facilities, less accrued depreciation and salvage value.

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INVESTMENT RECOVERY (Cont'd.)

4. The length of the recovery of this additional instrument will be seven years or such terms as agreed by the Municipality and the Company from the date of installation of each underground project. For recovery periods greater than ten years, the Company must file for Commission approval.

5. Monthly charges under this Rider shall be calculated by multiplying the additional investment by the Company's monthly fixed charge rate in effect as of the date the first monthly charge for that additional investment was billed. The monthly fixed charge rate shall include a component for equity return, debt return, depreciation, taxes, property taxes, and administrative and general expenses. Monthly charges shall be shown as a separate line item on the monthly electric bill of the Municipality. If the Municipality does not take electric service from the Company, the Company shall render monthly bills for the charges to the Municipality.

The monthly fixed charge shall be determined as follows:

$$FC = PVRR \times \left[\frac{i}{1 - (1 + i)^{-N}} \right] \div 12$$

Where:

FC = Levelized fixed charge

$$PVRR = \sum_{T=1}^N Revenue Requirement_T \left(\frac{1}{1+i} \right)^T$$

PVRR = Present Value of Annual Revenue Requirements

i = Composite Return (overall after-tax rate of return)

N = Number of years

T = Year

Revenue Requirement_T = Dbt + Pfd + Eq + Dpr + Tax + Prop Tax + A&G

Dbt = Return on Debt

Pfd = Return on Preferred

Eq = Return on Common Equity

Dpr = Return of investment, depreciation

Tax = Current & Deferred Income Taxes

Prop Tax = Property Taxes

A&G = Administrative and General

MO.P.S.C. SCHEDULE NO. 6

Original

SHEET NO. 85.2

CANCELLING MO.P.S.C. SCHEDULE NO. _____

SHEET NO. _____

APPLYING TO MISSOURI SERVICE AREA

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INVESTMENT RECOVERY (Cont'd.)

- 6. The monthly charge will appear on bills rendered to the Municipality 30 days after placing in service the first facilities for each project that are subject to that Municipality's ordinance or regulation in service. The monthly charge may reflect the total estimated costs of undergrounding until the final actual costs of the additional facilities are known. The monthly charge shall be adjusted to reconcile the estimated costs to the actual costs. The amount of the monthly charge shall be reviewed and adjusted at least once annually or more often at the discretion of the Company to reflect the cost of additional facilities installed underground.

- 7. All costs of the Company referenced in this Rider shall include the total cost of all labor and materials, applicable retirements, easements, licenses, permits, cleared right-of-way and all other incidental costs, including indirect costs. The indirect costs will include, where applicable, the cost of engineering, supervision, inspection, insurance, payments for injury and damage awards, taxes, AFUDC (Allowance for Funds Used During Construction), legal and administrative and general expenses associated with these costs. The percentage used for indirect costs reflects the Company's historical indirect cost experience. A copy of the Company's estimate of the cost of construction including direct and indirect costs shall be furnished to the customer upon request prior to construction.

- 8. If the Municipality repeals or rescinds its requirements concerning underground facilities subject to this Rider, the monthly charges shall continue until all costs incurred pursuant to ordinance or regulation have been paid.

- 9. Failure by the Municipality to pay the monthly charges shall be grounds for disconnection of service to such customer in accordance with the Company's General Rules and Regulations Applying to Electric Service.

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