

**CITY UTILITIES OF SPRINGFIELD, MISSOURI
FUEL ADJUSTMENT CLAUSE**

Applicability

This Fuel Adjustment Clause shall be applicable to the following Electric Rates: Residential Electric Service Rate, General Lighting Service Rate, General Power Service Rate, Large General Power Service Rate, Large Power Service Rate, and Interruptible Power Service Rate. Customers served under the applicable Electric Rates shall have their monthly billing amount adjusted (increased or decreased) to compensate for changes in the cost of fuel and purchased energy to City Utilities. The Fuel Adjustment shall be the product of the Fuel Adjustment Factor and the customer's monthly billing consumption.

Fuel Adjustment Factor

The Electric Rates to which this Fuel Adjustment Clause is applicable are designed upon a base cost to City Utilities of \$0.0409 per kilowatt-hour sold attributable to fuel as defined in this clause. Semiannually, a Fuel Adjustment Factor shall be implemented which reflects the changes, either increases or decreases, in the cost of fuel. City Utilities shall project the cost of fuel required during the six-month period the Fuel Adjustment Factor is to be in effect, either April through September or October through March, and compute a Fuel Adjustment Factor in accordance with the following formula:

| | |
|-------------|---|
| | Projected Fuel Cost Dollars (for the six months the Fuel Adjustment Factor is to be in effect) |
| LESS: | Fuel Cost Dollars Collected through the Base Rates (projected for the six months the Fuel Adjustment Factor is to be in effect) |
| PLUS: | Under-Recovery (Over-Recovery) of Prior Fuel Cost Dollars (actual amounts through the previous month) |
| PLUS/MINUS: | Audited Adjustments |
| PLUS: | 3% for Payment to the City in Lieu of Taxes |
| SUBTOTAL: | Fuel Adjustment |
| DIVIDED BY: | Projected Kilowatt-Hour Sales (for the six months the Fuel Adjustment Factor is to be in effect) |
| EQUALS: | Fuel Adjustment Factor |

The Fuel Adjustment Factor shall be rounded to the nearest hundredth of a cent and expressed as dollars per kilowatt-hour. The Fuel Adjustment Factor may either increase or decrease from one calculation to the next.

APPROVED BY CITY COUNCIL September 22, 2014
EFFECTIVE Cycle 1, October 2014

APPROVED BY BOARD OF PUBLIC UTILITIES
OF SPRINGFIELD, MO August 21, 2014

Supersedes rate schedule effective Cycle 1, October 2006, approved by Board of Public Utilities August 26, 2010.

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Definitions

As used herein:

1. Fuel shall include coal, natural gas, bio-mass, fuel oil, purchased energy, and emissions consumables as further defined within this clause.
2. The term “coal” shall mean the dollar cost of coal burned in the generation of electricity. It shall include the cost of freight but shall not include the cost of labor and equipment to unload the coal.
3. The term “natural gas” shall mean the dollar cost of natural gas burned in the generation of electricity.
4. The term “bio-mass” shall mean the dollar cost of bio-mass burned in the generation of electricity. It shall include the cost of freight but shall not include the cost of labor and equipment to unload the bio-mass.
5. The term “fuel oil” shall mean the dollar cost of fuel oil burned in the generation of electricity.
6. The term “emissions consumables” shall mean the dollar cost of consumable materials, such as lime, urea, mercury absorbent, and other materials which are used to reduce emissions in conjunction with the burning of fuel in the generation of electricity. It shall not include the cost of labor and equipment to unload the consumable materials.
7. The term “allowances required to comply with emissions requirements” shall mean the dollar cost of allowances used to comply with emissions requirements in the generation, purchase, or sale of electricity. It shall not include allowances purchased or sold for purposes other than compliance with emissions requirements.
8. The term “purchased energy” shall mean the dollar cost of electricity purchased by City Utilities for resale. It shall also include a credit for the dollar amount of energy banked with the Southwest Power Administration and shall not include any connect or capacity charges.
9. The phrase “fuel cost dollars collected through the base rates” shall mean the product of the base fuel cost to City Utilities upon which the Electric Rates were designed (\$0.0409 per kilowatt-hour) and the appropriate volume of kilowatt-hour sales.

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10. The phrase “under-recovery (over-recovery) of fuel costs” shall mean the difference between actual expenditures for fuel costs and the amount of fuel costs collected, both through the base rates and through the Fuel Adjustment. An under-recovery shall mean that fewer dollars have been collected than have been spent. An over-recovery shall mean that fewer dollars have been spent than have been collected. In the Fuel Adjustment Factor formula, over-recoveries are subtracted from the projected fuel cost dollars. Expenses or proceeds sustained through the purchase or sale of allowances required to comply with emissions requirements are additive (or subtractive) to the fuel cost used to determine under-recovery (over-recovery) of fuel costs. Expenses or proceeds sustained through financial instruments obtained for the purpose of reducing volatility and/or costs of fuels included within the clause are additive (or subtractive) to the fuel cost used to determine under-recovery (over-recovery) of fuel costs. Purchased energy costs are reduced by offsetting revenues from the Optional Rider G; Solar Energy, by subtracting \$0.0815 times the kilowatt-hours billed to customers through Optional Rider G; Solar Energy from the fuel costs used to determine under-recovery (over-recovery) of fuel costs.
11. The term “kilowatt-hour sales” shall mean all kilowatt-hours sold for revenue both to system customers and to other utilities. It shall not include nonrevenue sales to the City of Springfield or electricity used by other departments, nor shall it include electricity banked with or sold to the Southwest Power Administration. Sales will be reduced by energy generated by the Noble Hill Landfill Renewable Energy Center and by energy billed to customers through Optional Rider G: Solar Energy.

Emergency Recalculation of the Fuel Adjustment Factor

In the event that the amount of under-recovery (over-recovery) of prior fuel cost exceeds \$15,000,000, the Fuel Adjustment Factor may be recalculated. The recalculation shall use projected data for the next six months. The new Fuel Adjustment Factor shall become effective for the month following approval by the Board of Public Utilities and shall remain in effect until the next scheduled semiannual change to the Fuel Adjustment Factor.

Conditions

1. Changes to the Fuel Adjustment Factor shall become effective with the first regular billing cycle for the month.
2. A detailed calculation of the new Fuel Adjustment Factor shall be submitted to the members of the Board of Public Utilities and to the members of the City Council of Springfield, Missouri, for information purposes.
3. The Fuel Adjustment Factor shall be approved by the Board of Public Utilities.
4. Annually the calculations of the Fuel Adjustment Factor shall be audited by an independent auditing firm and any exceptions noted shall be included in the next calculation of the Fuel Adjustment Factor.
5. The power to repeal the Fuel Adjustment Clause is retained by the City Council of the City of Springfield, Missouri. Repeal of this Clause shall be by ordinance. No ordinance repealing the Fuel Adjustment shall be adopted later than the day which is six months prior to the end of any fiscal year, nor shall it have an effective date other than the end of the fiscal year in which the ordinance was adopted.

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