



January 20, 2015

The Role of Prairie State in the PPS Recovery Plan

Rate Recovery Plan

- Goals-FY2015:
 - Stabilize PPS finances
 - No increase in the PCA, hold at \$0.0215/kWh (15% of base rate).
 - Eliminate the PCA deficit (\$4.7m).
- Goals-FY2016:
 - Reduce PCA effective July 1, 2015 to \$0.0052/kWh (76% reduction).
- Keys to Goals: Surety Bond and new Portfolio Manager
- Ongoing efforts to improve finances

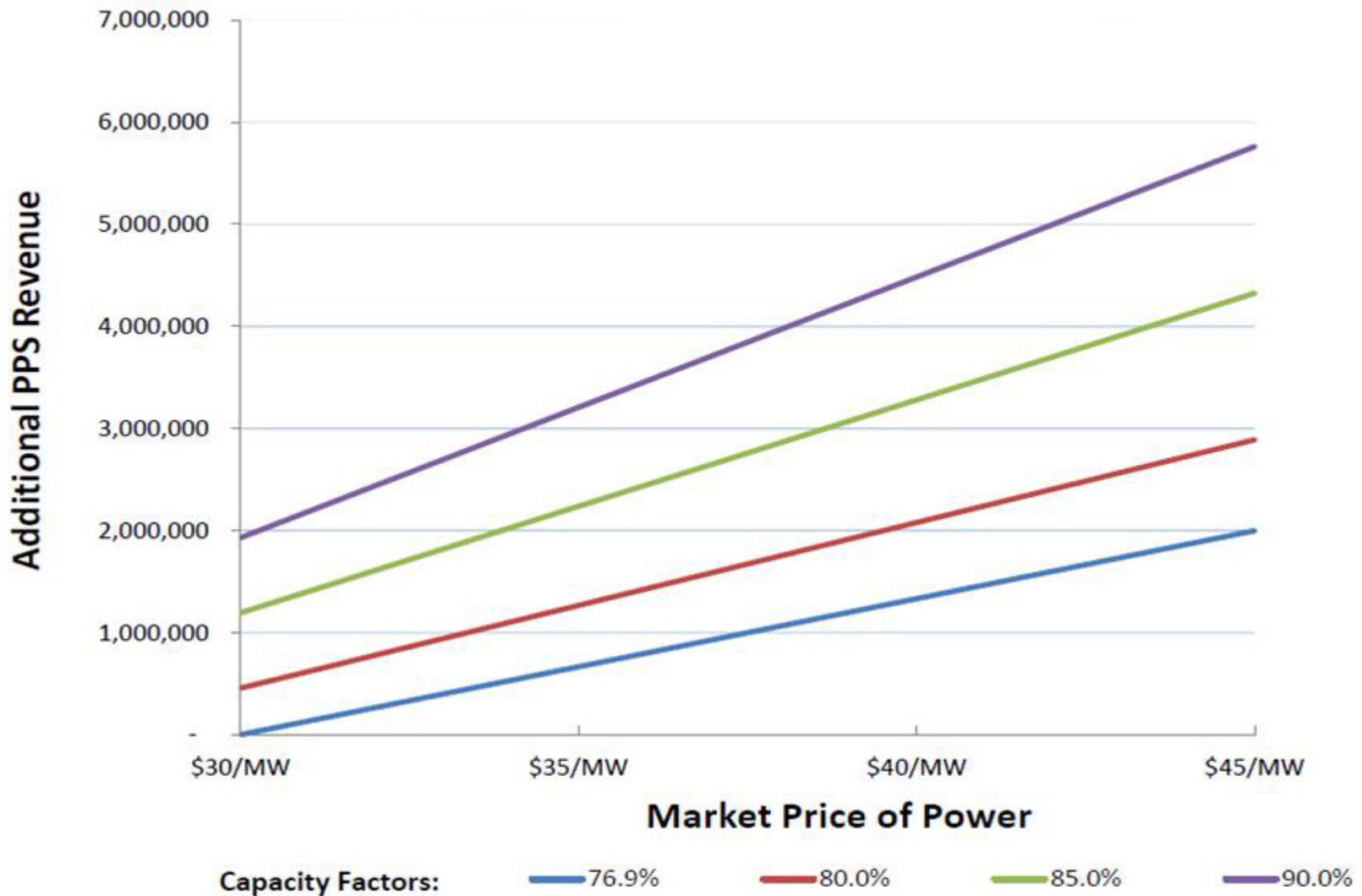
Ongoing efforts for long-term stable and competitive rates

- Continue to improve Prairie State operating performance.
- Market assets/Restructure portfolio (AMP-PPS contract):
 - Hydro power contract
 - Prairie State generation
 - Peaking plant generation
- Evaluate American Municipal Power (AMP) rate stabilization program to better manage wholesale power billings.
- Review KMPA operations to increase efficiency and lower member costs going forward.

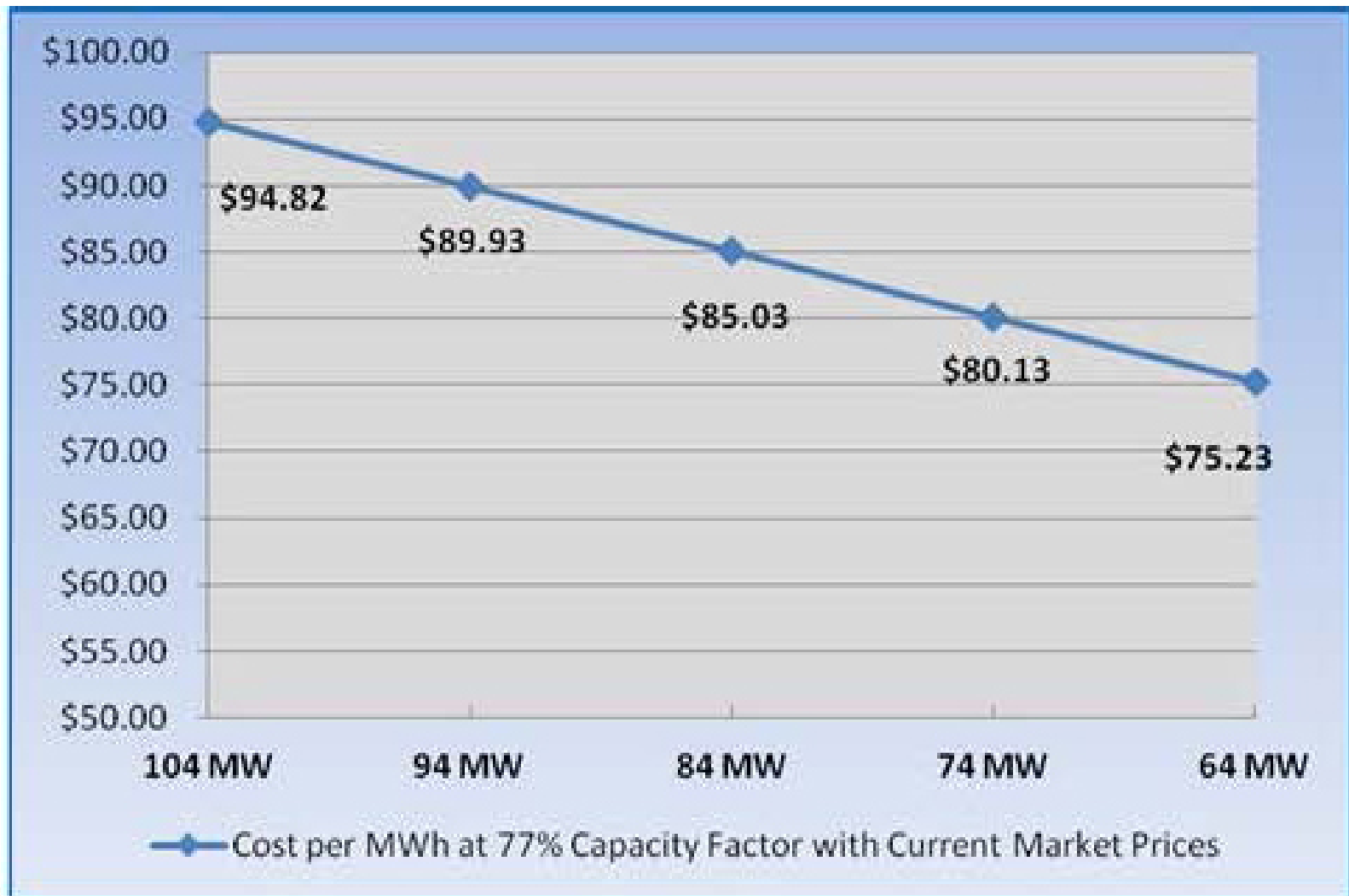
Recovery Plan Status

- Imminent decision on surety bond.
- Portfolio Management-2015 Power Marketing Plan in place.
- Developing asset marketing/restructuring initiative with AMP.
- Reducing KMPA operating costs.
- Prairie State: New CEO and improved performance.

Impact of Changes in PS Capacity Factor and Market Price of Power



Purchased Power Cost at Different Prairie State Ownership Levels



Purchased Power Cost Reductions at Different PS Ownership Levels

