

Appendix C: 2010 S-1 Rate Schedule

**MISSOURI BASIN MUNICIPAL POWER AGENCY
d/b/a MISSOURI RIVER ENERGY SERVICES
POWER SALE AGREEMENT (S-1 AGREEMENT)
SCHEDULE C
S-1 RATES**

All Defined Terms used herein shall be the same as in the S-1 Agreement.

1. APPLICABILITY

This Schedule C is applicable to electric capacity and energy for all requirements of any municipality for municipality use, redistribution and resale over and above electric power and energy available from the U.S. Department of Energy's Western Area Power Administration (WAPA) ("Supplemental Power") and delivery of such electric capacity and energy from an Energy Acquisition Point to a municipality's Delivery Point set forth in Schedule B ("Supplemental Power Delivery").

2. AVAILABILITY

This Schedule C is applicable to any municipality purchasing from Missouri River Energy Services (MRES) under the terms of the Power Sale Agreement (S-1 Agreement).

3. CHARACTER OF SERVICE

Electric power and energy furnished under this Schedule C at one or more Energy Acquisition Point(s) as set forth in Schedule A to the S-1 Agreement shall be alternating current, sixty hertz, three phase.

4. MONTHLY RATES FOR SUPPLEMENTAL POWER AND SUPPLEMENTAL POWER DELIVERY

SUPPLEMENTAL POWER

For electric capacity and energy furnished hereunder as Supplemental Power pursuant to Section 2 of the S-1 Agreement, the monthly charges shall be determined as follows:

Demand Charge for Supplemental Power:

First Tier: \$12.65 per kilowatt of billing demand, as determined according to the allotment method described in Section 5. Billing demand includes all Supplemental Power plus Supplemental Power Deliveries for Integrated System (IS) losses of 4.0 percent.

Second Tier: \$10.80 per kilowatt of billing demand for all kilowatts of billing demand in excess of the First Tier billing demand determined above. Billing demand includes all Supplemental Power plus Supplemental Power Deliveries for IS losses of 4.0 percent.

Energy Charge for Supplemental Power:

\$0.0265 per kilowatt-hour for all energy. Energy includes all Supplemental Power plus Supplemental Power Deliveries for IS losses of 4.0 percent.

SUPPLEMENTAL POWER DELIVERY

The transmission charge for Supplemental Power Delivery:

The transmission charge is the sum of the following:

- (a) \$2.85 per kilowatt of billing demand times the applicable Municipality's IS Factor as described in Section 12 below for Supplemental Power Deliveries over the IS. Billing demand includes Supplemental Power Deliveries for IS losses of 4.0 percent.
Plus
- (b) \$0.00 per kilowatt times the Municipality's Supplemental Power times 1 minus the Municipality's IS Factor for other Supplemental Power Deliveries.

CONSERVATION IMPROVEMENT PROGRAM (CIP) SURCHARGE

For S-1 members that are required to meet state mandated CIP programs, there will be an additional charge of \$0.0004 per kilowatt-hour for all energy. Energy includes all Supplemental Power plus Supplemental Power Deliveries for IS losses of 4.0 percent.

OPTIONAL GREEN POWER PROGRAM

There shall be an additional charge of \$1.50 for each 100 kilowatt-hour block sold to S-1 Members under the optional Green Power Program.

5. FIRST TIER DEMAND ALLOTMENT METHOD

The First Tier billing demand shall be determined monthly as the lesser of (1) the Municipality's supplemental billing demand for the current billing period, or (2) the average of the total supplemental billing demand for the corresponding billing period for the second through sixth preceding years.

6. SUPPLEMENTAL POWER COST ADJUSTMENT (PCA)

The base variable production and purchased power cost ("VC") included in the Supplemental Power Energy Charge is \$0.019 per kilowatt-hour. Six-Month VC (SMVC), for the purposes of this section, is defined as the actual average VC of energy produced and purchased for its members for the preceding six-month period. If the SMVC is greater than \$0.021, the SMVC less \$0.021 times the number of kilowatt-hours for the most recent month of the six-month period will be added to the S-1 bill.

The VC for purposes of this adjustment shall include:

- (a) The variable production costs of the generating plants owned by the Western Minnesota Municipal Power Agency (Western Minnesota) to meet MRES member power sales requirements; and
- (b) The cost of power and energy purchased by MRES or Western Minnesota from other power suppliers to meet member power sales requirements.

7. MEMBER-OWNED RENEWABLE RESOURCE GENERATION

If MRES has executed a contract with the Municipality requiring MRES to purchase the output from the Municipality's renewable resource generator and to resell the output to the Municipality under this S-1 Agreement as part of the Municipality's Supplemental Power (Member Renewable Resource Agreement), the charges for that generation shall be:

- (a) an additional energy charge, which is the product of the number of kilowatt-hours of energy purchased by MRES under the Member Renewable Resource Agreement during the current billing period, and the difference between the cost of energy per kilowatt-hour purchased by MRES under the Member Renewable Resource Agreement during the current billing period and the Energy Charge in Section 4 of this Schedule C.
Plus
- (b) \$2.85 per kilowatt of the demand output of the renewable resource generator at the time of the Municipality's peak supplemental demand.

8. RETAIL GENERATION

If MRES incurs a transmission charge from WAPA for generation of a retail customer of any municipality purchasing demand and energy from MRES under the S-1 Agreement, the charges for that generation shall be:

- (a) \$2.85 per kilowatt of the demand output of the retail generator at the time of the Municipality's peak supplemental demand.

9. CREDIT FOR LOAD FOLLOWING

The Municipality will receive a credit of \$0.05 per kilowatt of billing demand purchased from MRES for load following and regulation services if the Municipality is separately charged for this service by another transmitting utility.

10. TAX ADJUSTMENT CLAUSE

In the event of the imposition of any tax or charge for payment in lieu of tax, by any lawful authority on the production, transmission, or sale of electric power and energy sold by MRES, the charges hereunder may be increased to pass on to the Municipality its share of such tax or payment in lieu thereof.

11. LATE PAYMENT CHARGE

A charge of 5 percent (5%) may be imposed on the unpaid balance of any amount due and owing after the date when such amount is due.

12. BILLING MEASUREMENT

The metered demand in kilowatts shall be the highest 30-minute integrated demand (or corrected to a 30-minute basis in the event 15-minute demand registers are installed) measured during the

billing period (with metering reading adjustments, if any, as provided for in Schedule A of the S-1 Agreement). The billing measurements for Supplemental Power electric service furnished hereunder shall be determined as follows:

$$\begin{aligned}\text{Supplemental Power Demand} &= \text{TD-WD} \\ \text{Supplemental Power Energy} &= \text{TE-WE}\end{aligned}$$

TD – Shall be defined as the total demand for the current billing period determined on a basis in accordance with the contract in effect between the Municipality and WAPA pursuant to which WAPA sells the Municipality electric power and energy (WAPA Contract).

TE – Shall be defined as the total energy delivered during the billing period determined on a basis in accordance with the WAPA Contract.

WD – Shall be defined as the amount of demand delivered to the Municipality by WAPA.

WE – Shall be defined as the amount of energy delivered to the Municipality by WAPA.

13. IS FACTOR

The IS Factor is equal to the percentage of the Supplemental Power provided by MRES to the Municipality from electric capacity and energy obtained at Energy Acquisition Points interconnected directly with the IS and deemed to flow over the IS divided by all Supplemental Power billed to the Municipality. The current IS factor is 100 percent for all municipalities purchasing power and energy under the S-1 Agreement.

14. BILLING PERIOD

The MRES billing period shall be established to coincide with the meter reading schedules of WAPA.

Effective: First day of the January 2010 billing period.

Approved
October 15, 2009: Board of Directors
Missouri Basin Municipal Power Agency
d/b/a Missouri River Energy Services

Issued by: Thomas J. Heller, Chief Executive Officer
Missouri Basin Municipal Power Agency
d/b/a Missouri River Energy Services