



Sauk Centre Public Utilities Commission
101 Main Street South, P.O. Box 128, Sauk Centre, MN 56278

Paul Hoerschel, Superintendent

**JOINT CITY COUNCIL/PUBLIC UTILITIES COMMISSION
MEETING AGENDA
MONDAY, DECEMBER 14, 2015
5:30 PM
SAUK CENTRE CITY HALL**

1. **CALL TO ORDER** by Chairman Dennis Rykken

2. **NEW BUSINESS:**
5:30 p.m. a. Joni Livingston from MRES will be present to discuss the S-1 Contract
b. Approval of Resolution for Amendment 5 of the MRES S-1 Power Sale Agreement by the Commission / Enc.
c. Dave Venekamp will be present to discuss the Golf Course property
d. Discuss the Franchise Fee
e. Discuss possible Joint Warehouse

3. **ADJOURN**

PH/dm



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To: Members of Missouri River Energy Services in MISO RTO
From: Tom Heller, Chief Executive Officer
Re: Amendment and Restatement of Power Sale Agreement (S-1)
Date: October 22, 2015

As of October 1, 2015, all Missouri River Energy Services (MRES) Members are now part of a Regional Transmission Organization (RTO), either the Midcontinent Independent System Operator (MISO) or the Southwest Power Pool (SPP). This change was required because the Western Area Power Administration joined SPP and the Integrated System (IS) transmission facilities were moved into SPP (which now has functional control over those facilities). The RTOs operate energy markets and transmission networks that fundamentally changed the way MRES provides power and energy to your community. As a result, your current Power Sale Agreement (S-1) ("S-1 Agreement") must be changed to eliminate outdated references to the physical delivery of power and energy by MRES over the IS transmission facilities, and to reflect how power supply and the delivery of that power work in the RTOs.

The MRES Board of Directors has taken this opportunity to thoroughly review the S-1 Agreement to make updates that reflect current operation of the RTOs, and to clarify any language that was vague or incomplete. The Board has also approved an extension to the agreement of 11 years, extending the termination date from 2046 to 2057. The extension of the term will help facilitate future financing of projects and will help support the AA-/Aa3 bond ratings of Western Minnesota Municipal Power Agency.

This binder of documents includes a summary of the changes to the S-1 Agreement, along with a marked up version of the current S-1 Agreement (so you can see the changes made to the existing agreement), and two clean copies of the proposed S-1 Agreement (for your community to sign and send back to MRES). The binder also contains a number of other supporting documents and templates that Members will need to execute along with the Amendment and the Restated S-1 Agreement. For your convenience, an electronic USB "key" flash drive is enclosed at the end of the binder, and contains editable versions of the template documents, and image files of the other documents in this binder. The Checklist in the front of your binder describes each document and provides a quick summary of each step of the process.

A second, identical binder of documents will be sent to you via U.S. Mail in about a week. This duplicate binder is for your convenience so you can provide this identical binder of documents to your City/Utility Attorney for his/her review. Your attorney is an important advisor who should be involved in this process, and a Legal Opinion is required regarding your community's actions related to the amendment of the S-1 Agreement and related documents.

Members in the MISO RTO currently have two additional documents that will require amendment. Each MRES MISO member has a Midwest ISO Market Implementation Agreement (MISO MIA) that covers the charges and fees imposed by MISO and charged to MRES. The MISO MIA needs to be amended to allow for its termination when the S-1 Agreement takes effect. In addition, each MRES MISO Member has a separate Transmission Service Agreement (TSA) that governs the delivery of power and energy from the Point of Delivery at the outlet of the IS to your transmission zone. Amendment 5 to the S-1 Agreement changes the Point of Delivery to the edge of the RTO facilities, and the charges for such service are in the rate section of the agreement and rate schedules. Your community will remain responsible for transmission charges based on the zone in which you are located; that will not change. As a result, for those MISO communities that have a TSA with MRES (that covers transmission from the former IS to your town gate), that contract must also be amended to reflect that it will terminate when the amended S-1 Agreement goes into effect. The new S-1 Agreement will address both Supplemental Power supply and Transmission Service in separate sections of the Agreement.

We know you will have questions as you review the enclosed documents. MRES has scheduled a webinar on November 17, 2015, at 9:00 a.m. to review the changes to the S-1 Power Sale Agreement in detail. We hope that you and your Attorney can join the webinar. In addition, the MRES staff is available to discuss the amendment with you. If you like, we can make available a staff member for a call, or come to your community to make a presentation to your governing board at a time that is convenient for you. We are always available to answer your questions. Please contact Joni Livingston at 800-678-4042 or email her at joni.livingston@mrenergy.com with your questions or to schedule an S-1 presentation for your community.

This is the fifth time that MRES has offered an S-1 amendment to the Membership and the third time that we have asked you to extend the term of the contract. The updated language will more accurately reflect how MRES provides for your Supplemental Power needs and Transmission Service, and it will provide you with some options and protections that you previously didn't have. In the past, 100 percent of the MRES Membership has signed each amendment. Our goal is to make an announcement at the 2016 Annual Meeting in May that, once again, 100 percent of the Membership has executed Amendment 5 to the S-1 Agreement. To meet this schedule, we ask that you review, consider and approve the new S-1 Agreement and related documentation, and return all documents to us by March 1, 2016.

Thank you very much for your continued support of MRES. We look forward to many more years of serving you and meeting your power supply needs. Again, if you have any questions contact **Joni Livingston** at 800-678-4042 or email her at joni.livingston@mrenergy.com with your questions or to schedule an S-1 presentation for your community.