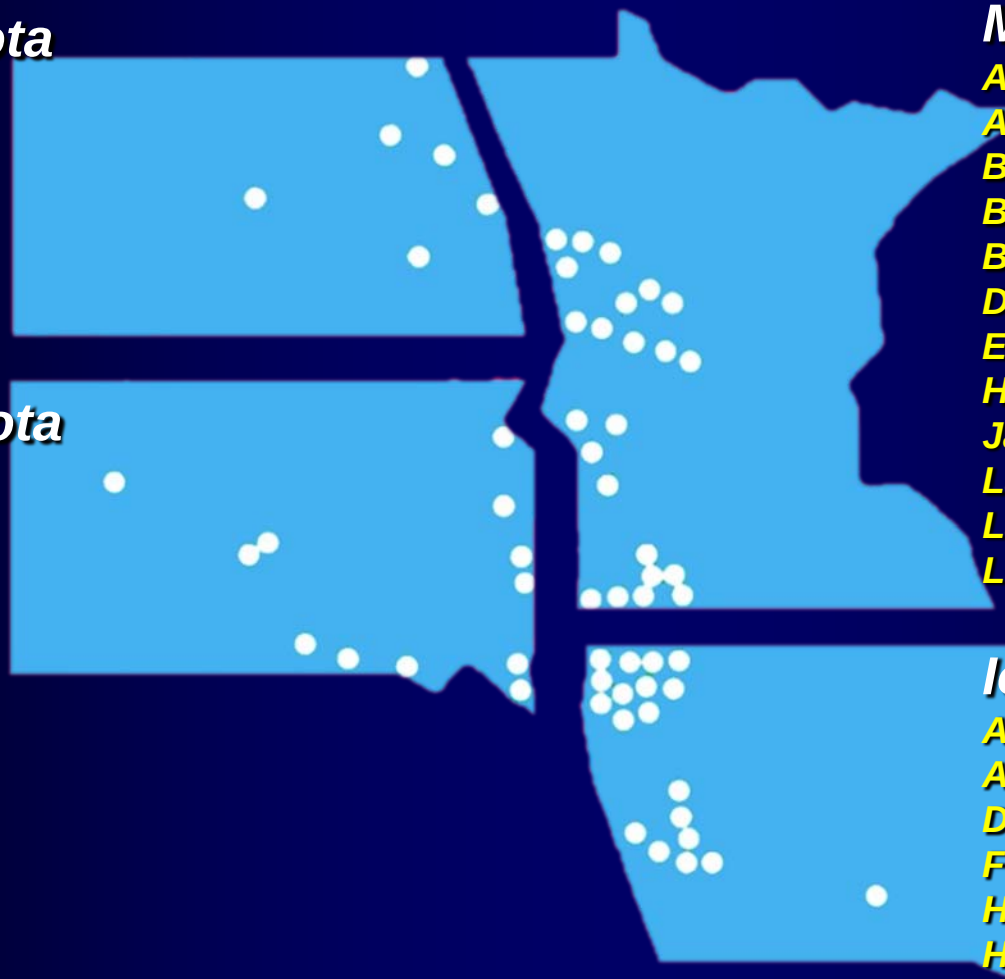
National Hydro Power Association Annual Meeting Unlocking Project Financing: The Keys to Success April 23, 2013

Red Rock Hydro Project Financing

Thomas J Heller

MISSOURI RIVER ENERGY SERVICES®

Missouri River Energy Services Members



North Dakota

Cavalier
Hillsboro
Lakota
Northwood
Riverdale
Valley City

South Dakota

Beresford
Big Stone City
Brookings
Burke
Faith
Flandreau
Fort Pierre
Pickstown
Pierre
Vermillion
Watertown
Winner

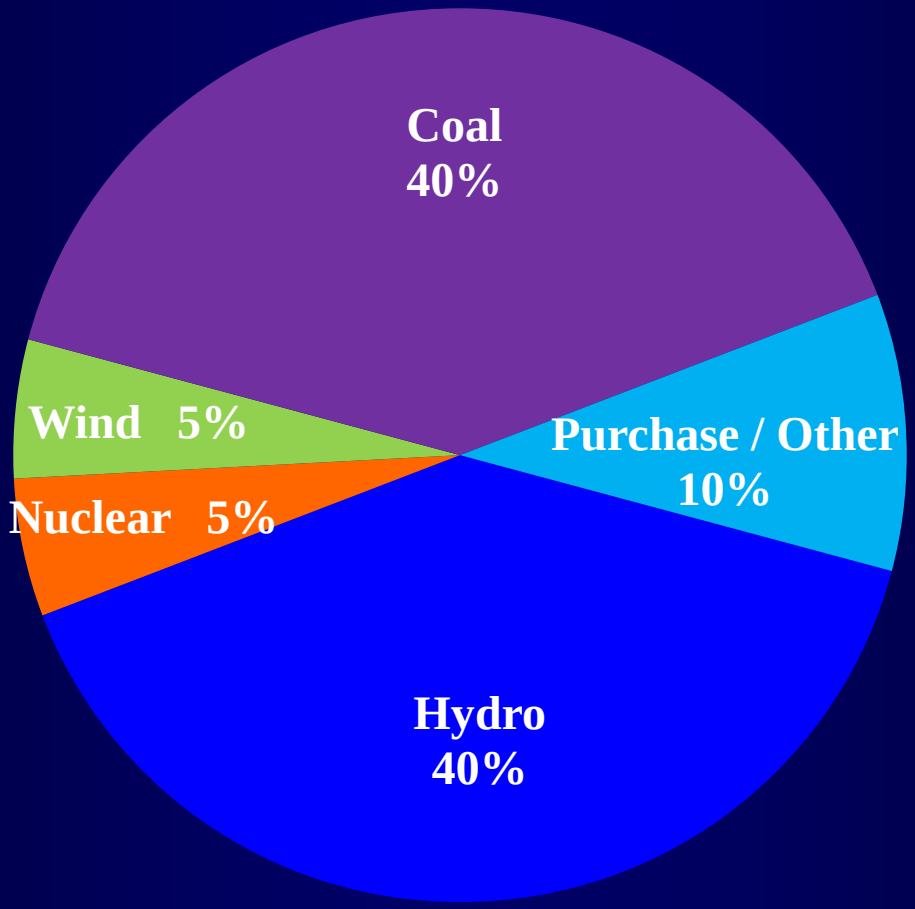
Minnesota

Adrian
Alexandria
Barnesville
Benson
Breckenridge
Detroit Lakes
Elbow Lake
Henning
Jackson
Lakefield
Lake Park
Luverne
Madison
Moorhead
Ortonville
St. James
Sauk Centre
Staples
Wadena
Westbrook
Worthington
Marshall
Melrose
Hutchinson

Iowa

Atlantic
Alton
Denison
Fontanelle
Hartley
Hawarden
Kimballton
Lake Park
Manilla
Orange City
Paullina
Pella
Primghar
Remsen
Rock Rapids
Sanborn
Shelby
Sioux Center
Woodbine

Member 2013 Energy by Source



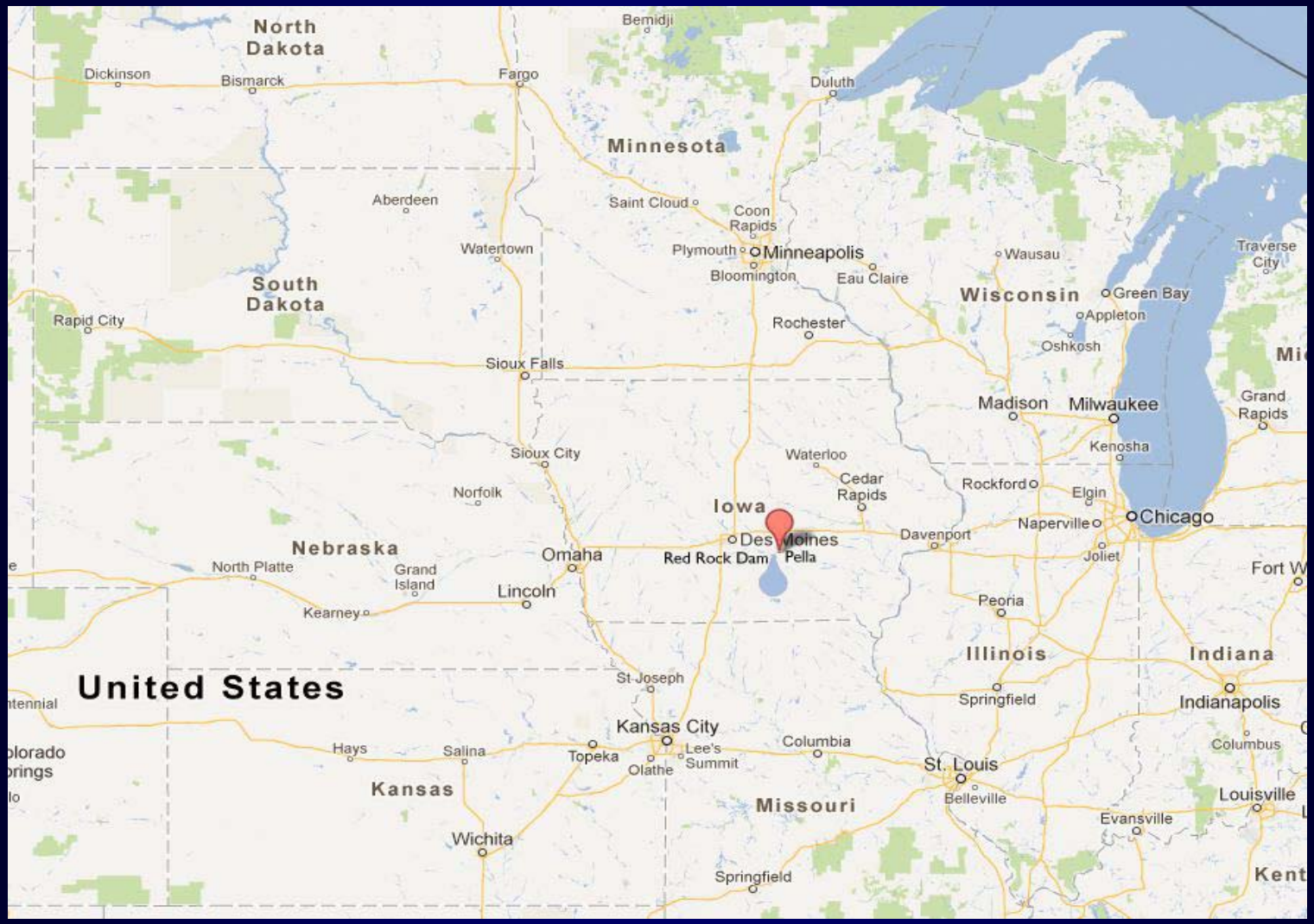
MISSOURI RIVER ENERGY SERVICES®

Why Hydro Power?

- State Renewable Energy Standards
  - Minnesota 25% by 2025
    - New Hydro <60MW Qualifies
  - ND and SD 10% by 2020
- Hydro is on Peak, Wind low Coincidence
- Backup is needed for Wind - Natural Gas
- Longevity of Hydro versus Wind
- Solar in our Region has 15% Capacity Factor

MISSOURI RIVER ENERGY SERVICES®

Red Rock Hydro Power Project



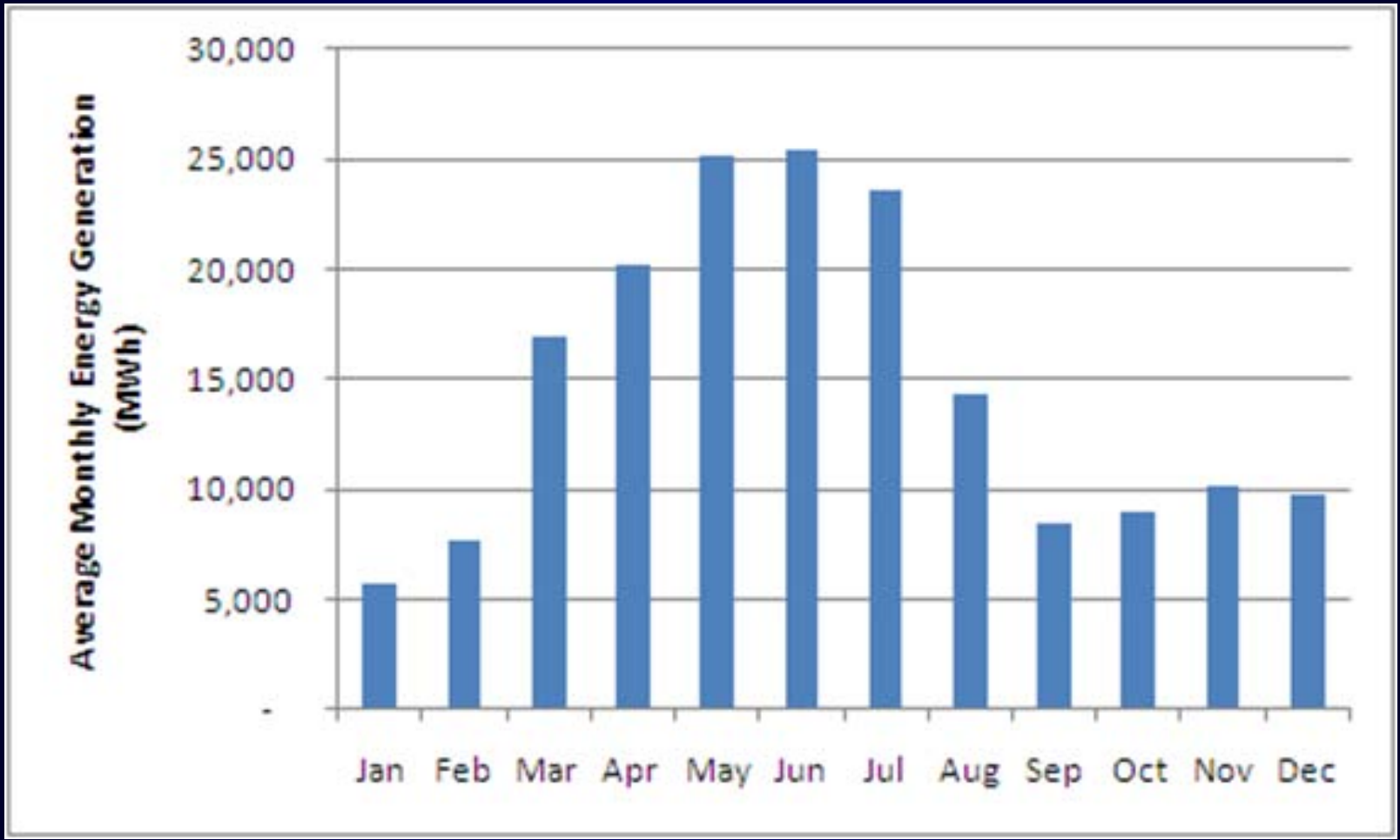
MISSOURI RIVER ENERGY SERVICES®

RRHP Details

- Existing USCOE Dam Constructed in 1969 on Des Moines River
- Dam Height 110 feet
- FERC License 36.4MW, Peak Capacity 55MW
  - Acquired from Nelson Energy
- Average Annual Capacity Factor over 50%
- Interconnection with Pella, IA---MISO
- USCOE 404/408 by End of 2013
- Construction Contract Awarded after USCOE 404/408
- Completion of All Work — Late 2016

MISSOURI RIVER ENERGY SERVICES®

RRHP Average Monthly Energy



MISSOURI RIVER ENERGY SERVICES®

MISSOURI RIVER ENERGY SERVICES®

MISSOURI
RIVER
ENERGY SERVICES

RRHP Needs Prior to Final Financing

- Near 40 Plans, Permits, and Licenses
  - USCOE Local Red Rock Dam Office Recreation Mitigation Plan
- State of Iowa DNR 401
- USCOE 404/408
  - Rock Island District Office
  - Independent External Peer Review Process for Safety Assurance Review
  - Potential Failure Mode Analysis
- FERC Amendment for 408 Changes
- Construction Contractor Agreement Signed

MISSOURI RIVER ENERGY SERVICES®

Keys to RRHP Successful Project

- Security - Long Term Member Contracts through 2046
- Low Member Power Costs
- RRHP only 5% of Power Supply for Members
- Good Bond Ratings from Moody's (Aa3) and Fitch (AA-)
- Congress not Eliminating Tax Exempt Financing
- Good Working Relationship with USCOE Rock Island Division and Local Red Rock Dam USCOE Office
- Support from State of Iowa, City of Pella, and Marion County

MISSOURI RIVER ENERGY SERVICES®

National Hydro Power Association

Annual Meeting

April 23, 2013

Thomas J Heller

THANK YOU

MISSOURI RIVER ENERGY SERVICES®