

**CITY OF FAIRMONT
PUBLIC UTILITIES COMMISSION
AGENDA**

Tuesday, April 4, 2023

- 1 CALL TO ORDER
 - 7:30 AM LINE DEPARTMENT WAREHOUSE

- 2 ROLL CALL
 - CHAIR WERRE _____
 - VICE-CHAIR MOLTZEN _____
 - SECRETARY JOHNSON _____
 - COMMISSIONER STRUSS _____
 - COMMISSIONER CHRIST _____

- 3 RECOMMENDATION OF APPROVAL OF WAPA CONTRACT REVISIONS
 - WAPA BASE CONTRACT - UNCHANGED (1)
 - EXHIBIT A - UNCHANGED (2 - 17)
 - EXHIBIT B - CHANGES SHOWN (18 - 19)
 - EXHIBIT C - CHANGES SHOWN (20 - 24)
 - (25 - 28)

- 4 DATE AND TIME OF NEXT MEETINGS:
 - REGULAR MEETING - TUESDAY, APRIL 21, 2023
 - WORK SESSION MEETING - TUESDAY, MAY 4, 2023

- 5 ADJOURNMENT
 - *TOUR OF THE LINE DEPARTMENT WAREHOUSE AFTER MEETING ADJOURNS



Fairmont Public Utilities Commission
April 4, 2023

Agenda Item: 3

From: Julie Zarling
To: Public Utilities Commission

Subject: WAPA contract-Exhibit B & C

Policy/Action Requested: Informational
Vote Required: ___ Simple Majority ___ Roll Call

Recommendation: Recommendation to City Council to approve the revised Exhibit B & C of the WAPA Contract

Overview:

WAPA has revised Exhibit B & C of their contract with the City of Fairmont. Exhibit B is an operating agreement stating how much demand and electricity is sold to the City of Fairmont. Exhibit C is the delivery conditions. Exhibit B was reworded, there are no changes to the demand and electric sold to the City of Fairmont. WAPA joined Southwest Power Pool, Inc (SPP) back in 2015. They are now changing this exhibit to reflect that change in delivery service to Fairmont.

Budget Impact: N/A

Attachments: WAPA Base Contract, Exhibit A, Exhibit B & C revised

PUC Action: _____ Date: _____

Authenticated

Contract No. 13-UGPR-1014
City of Fairmont, Minnesota

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program--Eastern Division

CONTRACT FOR FIRM ELECTRIC SERVICE TO

THE CITY OF FAIRMONT, MINNESOTA

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program--Eastern Division

CONTRACT FOR FIRM ELECTRIC SERVICE TO

THE CITY OF FAIRMONT, MINNESOTA

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- Exhibit A (Contract Rates of Delivery)
- Exhibit B (Operating Agreement Including Quantitative Determinations)
- Exhibit C (Transmission Path and Delivery and Measurement Conditions)
- Creditworthiness Procedures dated July 12, 2012
- General Power Contract Provisions dated September 1, 2007
- Schedule of Rates for Firm Power Service

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program--Eastern Division

CONTRACT FOR FIRM ELECTRIC SERVICE TO
THE CITY OF FAIRMONT, MINNESOTA

1. PREAMBLE: This Contract is made this 3rd day of May, 2013, pursuant to the Acts of Congress approved June 17, 1902 (32 Stat. 388), December 22, 1944 (58 Stat. 887), August 4, 1977 (91 Stat. 565), and Acts amendatory or supplementary to the foregoing Acts between the UNITED STATES OF AMERICA, acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called Western, represented by the officer executing this Contract, a duly appointed successor, or a duly authorized representative, hereinafter called the Contracting Officer, and the CITY OF FAIRMONT, MINNESOTA, a municipal corporation, duly organized under and by virtue of the laws of the State of Minnesota, hereinafter called the Contractor or Fairmont, its successors and assigns, each sometimes hereinafter individually called Party, and both sometimes hereinafter collectively called the Parties.

2. EXPLANATORY RECITALS:

2.1 Western published the Pick-Sloan Missouri Basin Program--Eastern Division (P-SMBP--ED), 2021 Power Marketing Initiative (2021 PMI) in the Federal Register (76 FR 71015) on November 16, 2011. The 2021 PMI provides the basis for marketing the long-term firm hydroelectric resources of the P-SMBP--ED from January 1, 2021, to December 31, 2050.

2.2 Western markets Federal power and energy to firm power customers in the Upper Great Plains Region from the portfolio of Federal hydroelectric generation resources in the P-SMBP--ED. Western does not designate a specific Federal generator to provide power and energy to a specific customer load.

2.3 Fairmont's Firm Electric Service Contract No. 90-BAO-488, as amended or supplemented, (Original Contract) is set to expire on December 31, 2020.

2.4 The 2021 PMI provides for Western to extend the existing Contract Rates of Delivery (CROD), as specified in Exhibit A, with associated energy to existing long-term firm power customers. The CROD with associated energy is subject to reductions, withdrawals, restrictions, limits, penalties, termination, and any other applicable adjustments under Fairmont's Original Contract, and is subject to any approved assignments. The CROD with associated energy may be reduced by up to 1 percent for each new resource pool in 2021, 2031, and 2041, and also is subject to other adjustments under this Contract.

2.5 This Contract is executory, which means as of the date in Section 1 above, the Parties are bound to perform services beginning January 1, 2021, as described in this Contract. This executory Contract will provide an orderly transition of firm electric service from the Original Contract to this Contract.

2.6 Exhibit B, Operating Agreement Including Quantitative Determinations, and Exhibit C, Transmission Path and Delivery and Measurement Conditions, are initially established under this Contract by adopting the existing Exhibit B and Exhibit C under the Original Contract. These exhibits may be revised from time to time under the Original Contract, until the Parties establish new or revised exhibits under this Contract.

The intent of the Parties is to minimize exhibit revisions during the orderly transition from the Original Contract to this Contract.

2.7 The Parties recognize this Contract does not include a 1 mill per kilowatthour wheeling discount for customers who made their own transmission arrangements in-lieu of Western making such arrangements, or an up to 7 percent transmission loss adjustment for delivery of Fairmont's CROD over a third-party transmission system(s). These two provisions will be addressed in the rates charged for firm electric service provided under this Contract.

2.8 Except as provided for in Section 12, this Contract does not provide for transmission, interconnection, system operations, or balancing area service arrangements. Such arrangements, as applicable, will be provided under separate contracts.

2.9 The Parties choose to enter into this Contract to provide for the conditions under which firm electric service will be furnished to Fairmont from January 1, 2021, through December 31, 2050.

3. AGREEMENT: The Parties agree to the terms and conditions set forth herein.

4. TERM OF CONTRACT: This Contract is executory as of the date in Section 1 above, and the terms and conditions contained herein governing the relationship of the Parties shall become effective upon the expiration of the Original Contract on December 31, 2020, and shall remain in effect through December 31, 2050, unless otherwise terminated.

5. EXPIRATION OF EXISTING CONTRACTS:

5.1 Reserve Contract No. 12-UGPR-709, dated July 10, 2012, between Fairmont and Western expires on its own terms as of the date this Contract is executed.

5.2 Fairmont's Original Contract expires on its own terms at midnight, December 31, 2020.

6. FIRM ELECTRIC POWER AND ENERGY TO BE FURNISHED:

6.1 Western shall supply power, CROD amount as specified in Exhibit A, and energy to Fairmont, and Fairmont shall accept delivery of such power and energy, during each billing period on the basis of the formulae shown on the following pages. This power and energy shall hereinafter be referred to as Western's Maximum Obligations. The power and energy portions of this obligation shall respectively be referred to as the Maximum Rate of Firm Power Obligation and the Maximum Energy Obligation. These obligations shall be computed on a seasonal basis. The Winter Season is defined as the November through April billing periods and the Summer Season is defined as the May through October billing periods for the purposes of this Contract.

6.2 The Maximum Rate of Firm Power Obligation shall never exceed an amount to be known as the CROD. This is the maximum power that Western is obligated to provide to Fairmont at any time during the corresponding season. The CROD used in the formulae is specified in Exhibit A.

6.3 In the formulae below, the X/Y factor shall never be greater than one.

6.3.1 During any Winter Season:

The Maximum Rate of Firm Power Obligation in any billing period =

$$(X/Y)(D)$$

The Maximum Energy Obligation in any billing period =

$$(X/Y)(E)$$

Where:

X = The Winter Season CROD as set forth in Exhibit A,

Y = The highest Fairmont System Demand, as determined pursuant to or as defined in Exhibit B, during the 7 Winter Season billing periods ending with the current billing period,

D = Fairmont's System Demand, as determined pursuant to or as defined in Exhibit B, in the current billing period, and

E = Fairmont's System Energy Requirements, as determined pursuant to or as defined in Exhibit B, in the current billing period.

6.3.2 During any Summer Season:

The Maximum Rate of Firm Power Obligation in any billing period =

$$(X/Y)(D)$$

Maximum Energy Obligation in any billing period =

$$(X/Y)(E)$$

Where:

X = The Summer Season CROD as set forth in Exhibit A,

Y = The highest Fairmont System Demand, as determined pursuant to or as defined in Exhibit B, during the 7 Summer Season billing periods ending with the current billing period,

D = Fairmont's System Demand, as determined pursuant to or as defined in Exhibit B, in the current billing period, and

E = Fairmont's System Energy Requirements, as determined pursuant to or as defined in Exhibit B, in the current billing period.

6.4 Western, under the terms and conditions stipulated herein, will furnish firm electric power to Fairmont, up to the CROD, along with its associated energy, to the Points of Delivery and under the conditions specified in Exhibit C.

6.5 Western shall have the right to restrict the taking of firm power and energy so as to conform generally with Fairmont's hourly load pattern. Such restrictions shall not be considered curtailments of firm electric service which are subject to billing adjustment.

6.6 Notwithstanding the provisions of Subsection 6.4, Western reserves the right to limit energy deliveries in all billing periods to a specified number of kilowatthours per kilowatt of the Maximum Rate of Firm Power Obligation upon not less than three years' advance notice given in writing by Western to Fairmont. Such limit of energy deliveries would be in accordance with provisions of the 2021 PMI, as published in the Federal Register on November 16, 2011, (76 FR 71015).

6.7 Power and energy supply requirements in excess of Western's Maximum Obligations are the responsibility of Fairmont and will normally be supplied from the sources identified in Exhibit B.

7. REACTIVE POWER: Each Party will supply or obtain all of its own reactive power requirements, in accordance with the Schedule of Rates for Firm Power Service to be attached hereto and made part of this Contract. If available, either Party may obtain reactive power from the other by mutual agreement.

8. BILLING AND PAYMENT PROVISIONS:

8.1 Western will bill Fairmont and Fairmont shall pay for the firm power and energy furnished by Western in accordance with the rates, charges, and conditions set out in the Schedule of Rates for Firm Power Service, attached hereto and made part of this Contract the same as if it had been expressly set forth herein. The Schedule of Rates for Firm Power Service may be revised in accordance with the General Power Contract Provisions (GPCP).

8.2 Western will bill Fairmont and Fairmont shall pay for costs assessed to Western associated with the delivery of power and energy to Fairmont and other costs as outlined in Subsection 11.5 below.

9. CREDITWORTHINESS PROCEDURES: Fairmont agrees to comply with Western's Upper Great Plains Region Creditworthiness Procedures dated July 12, 2012, attached hereto and made part of this Contract the same as if they had been expressly set forth herein.

10. BILL CREDITING:

10.1 Payments due Western by Fairmont shall be paid by Fairmont to a third party when so directed by Western. Any third party designated to receive payment in lieu of Western, and the amount to be paid to that party, will be so identified in writing to Fairmont with the monthly power bill. The payment to the third party shall be due and payable by the payment due date specified on Fairmont's power bill issued by Western in accordance with the GPCP. When remitting payment to a designated third party, Fairmont shall indicate that such payment is being made on behalf of Western.

Western shall credit Fairmont for the amount paid as if payment had been made directly to Western. All other payment provisions shall remain in full force and effect.

10.2 Fairmont shall accept payment from third parties of amounts due Fairmont from Western and shall notify Western of the date of receipt of each payment. Fairmont shall credit Western for such payments the same as if they had been made directly by Western. This obligation to accept payment from a third party does not release Western of its obligation to pay Fairmont if a third party is unwilling or unable to pay. In the event third party payment to Fairmont exceeds Western's payment obligation to Fairmont, Fairmont shall reimburse the difference to Western within 20 days of the receipt in full of such third party payment. In the event Western directs more than one third party to make payment to Fairmont and the total payments exceed Western's payment obligation to Fairmont, Fairmont shall reimburse the difference to Western within 20 days of the receipt of the last payment received by Fairmont.

11. POWER AND ENERGY DELIVERIES:

11.1 Deliveries of power and energy to Fairmont under this Contract shall be scheduled in advance, emergencies excepted, in accordance with procedures agreed upon in advance between the Authorized Representatives of the Parties, hereinafter referred to as Scheduling Procedures. The Scheduling Procedures shall provide for the adaptation of such schedules for day-to-day operational requirements, and shall be based on hourly load patterns. The Scheduling Procedures shall also specify the handling of deliveries less than or in excess of Western's obligation as defined in Section 6 of this Contract.

11.2 The Scheduling Procedures shall be updated by Western, as required. Any required changes to the Scheduling Procedures shall be completed within six months of the date of notice to Fairmont, or a date as mutually agreed to in writing by the Parties. If new Scheduling Procedures are not agreed upon between the Parties, Western will unilaterally implement new Scheduling Procedures.

11.3 Fairmont is responsible for the schedule of power and energy deliveries from Western in accordance with the Scheduling Procedures referenced in Subsection 11.1 above.

11.4 Western shall have no obligation to replace any power and energy that is unavailable due to physical transmission constraints, such as scheduled maintenance, system emergencies, or forced outages.

11.5 Fairmont is responsible for scheduling error fees or charges, energy imbalance penalties or fees, and other penalties, fees, or charges not caused by Western-related errors to scheduling and delivery of Fairmont's firm electric service.

12. DELIVERY ARRANGEMENTS: Western is responsible for making arrangements to deliver Federal power and energy sold under this Contract to the edge of Western's transmission system facilities. Fairmont is responsible for obtaining its own transmission arrangements for delivery of Federal power and energy beyond these facilities, if necessary.

13. LICENSE TO WESTERN: Fairmont hereby grants a license to authorized agents and employees of Western to enter the right(s)-of-way or substation(s) of Fairmont for the purpose of performing work pursuant to the terms of this Contract, provided proper

advance arrangements are made with Fairmont. All construction, installation, inspection, testing, operation, maintenance, and removal of equipment by Western under this license shall be coordinated with and approved by Fairmont's Authorized Representative so as to eliminate or minimize any interference with the operation and maintenance of Fairmont's facilities.

14. INTEGRATED RESOURCE PLAN REQUIREMENTS:

14.1 Western developed the Energy Planning and Management Program (Program), as extended by the 2021 PMI, in part to implement Section 114, of the Energy Policy Act of 1992 (106 Stat. 2776).

14.2 Fairmont shall comply with Integrated Resource Plan (IRP) requirements, as applicable, in accordance with the Program.

14.3 Western shall administer the IRP requirements, as applicable, in accordance with the Program as adopted under 10 CFR part 905, as amended.

14.4 Failure to comply with the IRP requirements will result in the application of penalties as specified in the Program. Such penalties shall not be applied until completion of the administrative appeals provided for in the Program.

14.5 In the event that Western, or any successor agency, shall promulgate changes to the Program after execution of this Contract, Fairmont, by written notice to the Contracting Officer within 90 days after the effective date of a Program change, may elect to terminate this Contract. The termination shall be effective not more than one year from the date of receipt of the notice by Western.

15. **TERMS AND CONDITIONS CURRENTLY UNDER DEVELOPMENT:** The Parties recognize that Western is working with existing firm power customers to address terms and conditions associated with delivering power and energy consistent with the 2021 PMI. As additional firm electric service contracts are executed, new terms and conditions may be developed relating to power and energy deliveries and implementation of the 2021 PMI. The Parties may mutually agree to incorporate those new terms and conditions into this Contract to provide contract consistency. Fairmont agrees not to unreasonably withhold consent to such firm electric service contract modifications.

16. **ENFORCEMENT AUTHORITY:** Notwithstanding any provision herein, by entering into this Contract, Western has not, and will not be deemed to have: 1) waived or conceded any defense it may have, including sovereign immunity, intergovernmental immunity, or lack of subject matter jurisdiction; 2) accepted any liability, responsibility, or obligation to pay any penalty or fine to which it would not have been subject in the absence of this Contract; or 3) accepted or assumed any obligation to act, or refrain from acting, in a manner that would violate, or exceed the authority conferred on it by, any applicable statute, regulation, or lawfully promulgated court or regulatory order.

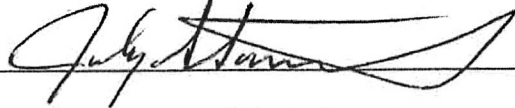
17. **SEVERABILITY:** If any provision of this Contract is determined to be invalid, void, or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement, or covenant of this Contract.

18. EXHIBITS MADE PART OF THE CONTRACT: Exhibits A, B, and C, attached hereto, are hereby made a part of this Contract and each shall be in force and effect in accordance with its respective terms.

19. GENERAL POWER CONTRACT PROVISIONS: The GPCP effective September 1, 2007, attached hereto, are made part of this Contract the same as if they had been expressly set forth herein.

IN WITNESS WHEREOF, the Parties have caused this Contract to be executed the day and year first above written.

WESTERN AREA POWER ADMINISTRATION

By 


Title Power Marketing Manager

Address P.O. Box 35800

Billings, MT 59107-5800

SEAL PROVIDED
(SEAL) ON
ORIGINAL COPY

CITY OF FAIRMONT, MINNESOTA

By 

Title City Administrator

Address 100 DOWNTOWN PLAZA

Fairmont, MN 56031

Attest:

By 

Title City Clerk

The minutes of the Fairmont City Council meeting held on April 8, 2013, at the City Hall Council Chambers.

Mayor Randy J. Quiring called the meeting to order at 5:30 p.m. Council members Anderson, Askeland, Kallemeyn and Rahm were present. Council member Clerc was absent. Also in attendance: City Administrator Mike Humpal; City Attorney Elizabeth Bloomquist, Public Works Director/City Engineer Troy Nemmers, Finance Director Paul Hoye, Police Chief Greg Brolsma and City Clerk Patricia Monsen.

It was moved by Council member Kallemeyn, seconded by Council member Rahm and carried to approve the minutes of the regular City Council meeting of March 25, 2013.

The following comments were received during Open Discussion:

- o Jim Hardt of 927 North Prairie Avenue addressed the Council regarding Memorial Day and the flags on City property. Mr. Hardt asked why the City did not honor Veterans by flying the flags at half-staff from sunrise to noon on Memorial Day. Humpal explained that the city's flags are not on a pulley system because of vandalism. In order to put the flags at half-staff in the morning and then change them at noon, it requires a boom truck and two city employees to come in and do it on a holiday. Humpal stated that he has talked with both the American Legion and Veterans of Foreign Wars about this situation in the past and assured them it is not the City's intention to dishonor veterans by not doing this. Both the Legion and VFW understood. The City will make every effort to find a way to fly the flags at City Hall and Veteran's Park on Memorial Day at half-staff.
- o Council member Rahm gave an LGA update from the Coalition of Greater Minnesota Cities.
- o Council member Askeland asked why the city had not installed a three way stop at the intersection of Woodland Avenue and Albion Avenue. Chief Brolsma stated that he has observed the intersection during the high traffic morning time and found that there was not much congestion at the intersection. Brolsma also explained that because of the curve on Albion Avenue, installing a stop sign would likely cause a greater hazard for the public.

Humpal presented the Council with a draft lease between the City of Fairmont and Gold Cross to rent space at the Fairmont Fire Hall. Humpal met with Gold Cross who would like an opportunity to make a presentation to the Council at the April 22, 2013 council meeting. Discussion was held. Anderson made a motion to increase the fees to \$2,350.00/month and 50% of all utilities. Kallemeyn seconded the motion. On roll call Anderson voted aye, Kallemeyn, Rahm and Askeland voted nay. Mayor Quiring declared said motion to have failed. The Council agreed to allow Gold Cross to present information at the April 22, 2013 meeting and Humpal will bring a range of fees to the Council for their approval to negotiate the new lease.

Council member Anderson introduced and moved for the adoption of **Resolution 2013-16**, supporting legislation authorizing the establishment of municipal street improvement districts. Council member Askeland seconded the motion for its adoption. On roll call: Council members Anderson, Askeland, Kallemeyn and Rahm all voted aye. No one voted nay. Mayor Quiring declared said resolution to have been duly passed, approved and adopted.

Council member Rahm introduced and moved for the adoption of **Resolution 2013-17**, approving advertising of the 2013-A construction project (Elm Street; from First Street to Railroad tracks). Council member Anderson seconded the motion for its adoption. On roll call: Council members Askeland, Kallemeyn, Rahm and Anderson all voted aye. No one voted nay. Mayor Quiring declared said resolution to have been duly passed, approved and adopted.

Council member Askeland introduced and moved to approve amending St. John Vianney's conditional use permit to include an electronic messaging sign conforming with Ordinance No. 2012-09 conditions. Council member Rham seconded the motion and the motion carried.

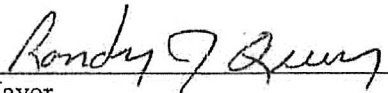
Council member Kallemeyn introduced and moved for the adoption of **Resolution 2013-18**, approving MnDOT grant agreement #03328 for the reimbursement of 50% of the cost to replace the main hangar door at the municipal airport. Council member Askeland seconded the motion for its adoption. On roll call: Council members Kallemeyn, Rahm, Anderson and Askeland all voted aye. No one voted nay. Mayor Quiring declared said resolution to have been duly passed, approved and adopted.

~~Council member Anderson made a motion to approve the electric service agreement with Western Area Power Association extending the original contract until December 31, 2050. Council member Rahm seconded the motion and the motion carried.~~

Council member Anderson made a motion to approve accepting the property at 725 East Seventh Street for demolition as a blighted structure, contingent upon an acceptable inspection of the property. Council member Rahm seconded the motion and the motion carried.

Bids were received and opened on April 4, 2013 for the purchase of a new outdoor warning siren system for the City of Fairmont. The bids received were above the budgeted amount and/or did not meet the specifications. A motion was made by Council member Kallemeyn to reject all bids received, to redraft the specifications and rebid the purchase. Council member Askeland seconded the motion and the motion carried.

Mayor Randy Quiring adjourned the meeting at 6:43 p.m.



Mayor

ATTEST:



City Clerk

EXHIBIT A
(Contract Rates of Delivery)

1. This Exhibit A made this 3rd day of May, 2013, under and as a part of Contract No. 13-UGPR-1014, dated May 3, 2013, hereinafter called the Contract, shall become effective on January 1, 2021, and shall remain in effect until superseded by another Exhibit A or termination of the Contract.

2. CONTRACT RATES OF DELIVERY FOR FIRM POWER:

2.1 WINTER SEASON: On and after January 1, 2021, the Contract Rate of Delivery (CROD) for firm power during any Winter Season shall be 885 kilowatts. Effective the first day of the first full billing period beginning in January 2021, the CROD for firm power during any Winter Season may be adjusted as stated in this Exhibit A.

2.2 SUMMER SEASON: On and after January 1, 2021, the CROD for firm power during any Summer Season shall be 578 kilowatts. Effective January 1, 2021, the CROD for firm power during any Summer Season may be adjusted as stated in this Exhibit A.

3. CONTRACT RATES OF DELIVERY ADJUSTMENTS:

3.1 In the event that the CROD of Fairmont is altered or requires a revision due to the Original Contract or the 2021 PMI, Western reserves the right to unilaterally require the substitution of a new Exhibit A.

3.2 2021 RESOURCE POOL: Effective on the first day of the first full billing period in January 2021, Fairmont's CROD may be adjusted in accordance with the 2021 PMI. Western may reduce Fairmont's CROD for future Winter and Summer Seasons by up to 1 percent from the then current CROD. Western will give Fairmont two years' advance notice of such adjustment.

3.3 2031 RESOURCE POOL: Effective on the first day of the first full billing period in January 2031, Fairmont's CROD may be adjusted in accordance with the 2021 PMI. Western may reduce Fairmont's CROD for future Winter and Summer Seasons by up to 1 percent from the then current CROD. Western will give Fairmont two years' advance notice of such adjustment.

3.4 2041 RESOURCE POOL: Effective on the first day of the first full billing period in January 2041, Fairmont's CROD may be adjusted in accordance with the 2021 PMI. Western may reduce Fairmont's CROD for future Winter and Summer Seasons by up to 1 percent from the then current CROD. Western will give Fairmont two years' advance notice of such adjustment.

3.5 HYDROLOGY AND RIVER OPERATIONS WITHDRAWAL: On and after January 1, 2021, at the discretion and sole determination of Western, Fairmont's CROD will be subject to adjustment on five years' written notice in response to changes in hydrology and river operations. Proportional adjustments will be set forth in a revised Exhibit A only after an appropriate public process.

3.6 PROJECT USE WITHDRAWAL: Western reserves the right to reduce a customer's summer season CROD by up to 5 percent for new P-SMBP--ED project use requirements, by giving a minimum of five years' written notice in advance of such action.

EXHIBIT B
(Operating Agreement Including Quantitative Determinations)

1. This Exhibit B made this _____ day of _____, 20____ on _____, effective under and as a part of Contract No. ~~97-13-UGPR-896~~1014, dated ~~March 4, 1998~~May 3, 2013, hereinafter called the Contract, shall become effective on the first day of the full billing period after the date of its execution. Upon such effective date, this Exhibit B shall terminate and supersede Exhibit B dated ~~March 4, 1998~~May 3, 2013, and shall remain in effect until superseded by another Exhibit B or termination of the Contract.

2. FAIRMONT'S FIRM ELECTRIC SERVICE ARRANGEMENTS:

2.1 The System Definitions and Billing Determinations set forth in this Operating Agreement are based upon the understanding of the Parties that Fairmont's firm electric service arrangements are such that its system load requirements are normally supplied from the following sources:

2.1.1 Firm electric service from Western.

2.1.2 Firm electric service from another power supplier: Southern Minnesota Municipal Power Agency, (SMMPA).

2.1.3 ~~Fairmont's own generation.~~

2.2 Western reserves the right to unilaterally require the substitution of a new Exhibit B, in the event that Fairmont's firm electric service arrangements are altered so that this Exhibit does not correctly identify those arrangements.

3. REPORTING REQUIREMENTS: ~~Fairmont must provide, or cause to be provided, data to Western each month that documents both the times of operation and the amounts of power and energy generated. If Fairmont's resources are not operated during the month, information shall be submitted to Western so indicating. Fairmont shall also keep such other records as may be necessary for the purposes of this Exhibit B and will furnish the Contracting Officer with such information or reports necessary for the determinations called for herein.~~

4. SYSTEM DEFINITIONS:

4.1 Fairmont's System Demand for any billing period shall be the sum of the highest ~~coincident~~ 30-minute integrated demands established from meter readings taken at: the Point of Measurement (POM), as may be adjusted and defined in Exhibit C.

4.1.1 ~~the Point of Measurement, as may be adjusted and defined in Exhibit C; and~~

Exhibit B, Revision 1
Contract No. 97-UGPR-896
City of Fairmont, Minnesota

4.1.2 ~~the Point of Measurement into Fairmont's system from its generating units, adjusted, if necessary, to generator bus voltage.~~

Exhibit B, Revision 1
Contract No. 13-UGPR-1014
City of Fairmont, Minnesota

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4.2 Fairmont's System Energy Requirements for any billing period shall be the total energy delivered during the billing period at: the POM, as may be adjusted and defined in Exhibit C.

~~4.2.1 the Point of Measurement, as may be adjusted and defined in Exhibit C; and~~

~~4.2.2 the Point of Measurement into Fairmont's system from its generating units, adjusted, if necessary, to generator bus voltage.~~

5. FIRM POWER AND ENERGY OBLIGATION OF WESTERN:

5.1 Notwithstanding the provisions of Subsection ~~5~~6.3 of the Contract, the Parties, by mutual agreement, have established, for each month of the year, values for the Maximum Rate of Firm Power Obligation and Maximum Energy Obligation of Western to Fairmont as shown below. The table was calculated based upon the November 2001 through October 2002 reference year chosen by Fairmont.

Summer Season	kW	MWh	Winter Season	kW	MWh
May	569	252	November	885	356
June	578	232	December	856	306
July	578	246	January	784	286
August	546	261	February ^{1/}	785	287
September	556	239	March	782	342
October	578	253	April	774	358

^{1/} Energy amount for leap year will be 297 MWh.

5.2 The Maximum Rate of Firm Power Obligation and Maximum Energy Obligation of Western in any billing period shall each be, for the billing period involved, apportioned among the Point of Delivery identified in Exhibit C using the ratio of the obligation of Western, as noted above, to Fairmont's respective System Demand and System Energy Requirements for that same period as determined pursuant to Section 4 above.

5.3 In the event that Fairmont's System Demand and/or Fairmont's System Energy Requirements in a billing period are less than the values in Subsection 5.1 above for that billing period, then Fairmont's actual System Demand and/or System Energy Requirements shall be Western's Maximum Rate of Firm Power Obligation and Maximum Energy Obligation for that billing period.

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Exhibit B, Revision 1
Contract No. 13-UGPR-1014
City of Fairmont, Minnesota

5.4 Either Party hereto shall have the right to resume determination of Western's firm power and energy obligations to Fairmont pursuant to Subsection 56.3 of the Contract upon five years' advance written notice to the other Party or upon a period of less than five years if mutually agreed to. In the event of such notice, obligation determinations pursuant to Subsection 56.3 of the Contract shall begin upon the effective date of a revised Exhibit B providing for such determinations.

5.5 Western reserves the right to appropriately modify the above power and energy values in the event that the Contract Rate(s) of Delivery or energy deliveries are modified as provided elsewhere in the Contract.

6. BILLING DETERMINATIONS:

6.1 The billed demand for firm power provided by Western to Fairmont in any billing period shall be, for that billing period, the Maximum Rate of Firm Power Obligation as established pursuant to Section 5 above.

6.2 The billed energy provided by Western to Fairmont in any billing period shall be, for that billing period, the Maximum Energy Obligation as established pursuant to Section 5 above.

7. USE OF DIGITAL SIGNATURES: The Parties agree that this Exhibit B may be signed and executed by digital signature in accordance with Western's policy. A digital signature is the same as a handwritten signature and shall be considered valid and acceptable.

8. EXECUTION IN COUNTERPARTS: This Exhibit B may be executed in any number of counterparts and, upon execution and delivery by each Party, the executed and delivered counterparts together shall have the same force and effect as an original instrument as if all Parties had signed the same instrument. Any signature page of this Exhibit B may be detached by any counterpart of this Exhibit B without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Exhibit B identical in form hereto, by having attached to it one or more signature pages.

WESTERN AREA POWER ADMINISTRATION

By _____
Title _____ Vice President of Power
Marketing Manager _____
_____ for Upper Great Plains Region

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Exhibit B, Revision 1
Contract No. 13-UGPR-1014
City of Fairmont, Minnesota

Address P.O. Box 35800
Billings, MT 59107-5800

CITY OF FAIRMONT, MINNESOTA

By _____

Title _____

Address P.O. Box 751

Fairmont, MN 56031-0751

(SEAL)

Attest:

By _____

Title _____

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Exhibit C, Revision 1
Contract No. 9713-UGPR-

City of Fairmont, Minnesota

EXHIBIT C
(Transmission Path and Delivery and Measurement Conditions)

1. This Exhibit C made this 4th day of May, 2001, on , effective under and as a part of Contract No. 9713-UGPR-8961014, dated ~~March 4, 1998~~ May 3, 2013, hereinafter called the Contract, shall become effective on the first day of the ~~January 2004~~ first full billing period, shall, ~~on after the date of its execution. Upon such effective date, this Exhibit C shall terminate and supersede Exhibit C dated March 4, 1998~~ on after the date of its execution. Upon such effective date, this Exhibit C shall terminate and supersede Exhibit C dated May 3, 2013, and shall remain in effect until superseded by another Exhibit C or termination of the Contract.

2. TRANSMISSION PATH: On October 1, 2015, Western joined Southwest Power Pool, Inc. (SPP) and placed certain qualifying facilities into SPP Zone 19 1/ which allows Western to deliver Federal power and energy within SPP Zone 19 2/. The facilities of Fairmont are not directly interconnected with the Integrated System (IS) managed by Western SPP Zone 19. Deliveries of Federal power and energy sold under this Contract are therefore made over Western's facilities within SPP Zone 19, then into the transmission systems of Northern States Power Company dba Xcel Energy, Alliant Energy, ITC Midwest LLC (ITC), and Southern Minnesota Municipal Power Agency (SMMPA) and that power and energy is then delivered to Fairmont. Arrangements for use of facilities other than the IS for the delivery of Western power and energy are the responsibility of Fairmont. Fairmont's facilities are directly interconnected with the facilities of SMMPA. Fairmont is responsible for and has made the arrangements necessary for the use of transmission system(s) between the IS and arrangements for delivery of Federal power and energy, including losses, from the edge of SPP Zone 19 to the Point(s) of Delivery defined herein (POD) identified in Section 3 below. Should Western no longer have qualifying transmission facilities in SPP Zone 19 or the transmission arrangements change, Fairmont is responsible for all transmission arrangements from the edge of Western's system to the POD in Section 3 below. If needed, the Parties agree in good faith to revise this Exhibit C to reflect new conditions.

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1/ SPP Zone 19 may consist of multiple transmission owners with qualified transmission facilities in SPP Zone 19.

2/ Western has made separate arrangements for delivery of Federal power and energy in SPP Zone 19.

3. 3. DELIVERY CONDITIONS: The Point of Delivery (POD) for electric power and

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City of Fairmont, Minnesota

energy delivered to Fairmont is defined as the point where the 69,000-volt circuit of SMMPA connects to the 69,000-volt circuit of Fairmont, in the vicinity of Fairmont, MN.

4. MEASUREMENT CONDITIONS:

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4.1 The Point of Measurement (POM) for electric power and energy delivered to Fairmont will be at Fairmont's 69/12.47-kV volt substation and such electric power and energy shall be measured at a nominal 12,470 volts.

4.2 Meter readings at the Point of Measurement POM will be increased to account for transformer and transmission losses between the Point of Delivery POD and the Point of Measurement POM. These losses are the responsibility of Fairmont. The percentage of losses to be furnished and the associated meter reading loss adjustments may change from time to time and shall be revised as agreed to between the Authorized Representatives of Western and Fairmont. The total losses between the Point of Delivery POD and the Point of Measurement POM as of the date of this Exhibit C were determined to be 4.5 percent.

4.3 Transmission losses between the system of Western and the system of Fairmont are presently greater than 7 percent. Western will provide up to 7 percent of these losses on Western's obligation to the total load. Losses greater than 7 percent will be the responsibility of Fairmont. The percentage of losses to be furnished may change from time to time and any changes shall be as agreed to between the Authorized Representatives of Western and Fairmont. The total losses between the system of Western and the system of Fairmont as of the date of this Exhibit C were determined to be 8.2 percent.

5. USE OF DIGITAL SIGNATURES: The Parties agree that this Exhibit C may be signed and executed by digital signature in accordance with Western's policy. A digital signature is the same as a handwritten signature and shall be considered valid and acceptable.

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Exhibit C, Revision 1
Contract No. -9713-UGPR-
City of Fairmont, Minnesota

6. EXECUTION IN COUNTERPARTS: This Exhibit C may be executed in any number of counterparts and, upon execution and delivery by each Party, the executed and delivered counterparts together shall have the same force and effect as an original instrument as if all Parties had signed the same instrument. Any signature page of this Exhibit C may be detached by any counterpart of this Exhibit C without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Exhibit C identical in form hereto, by having attached to it one or more signature pages.

WESTERN AREA POWER ADMINISTRATION

By _____

_____ Title, _____ Vice President of Power

Marketing Manager _____

_____ for Upper Great Plains Region

_____ Address, P.O. Box 35800 _____

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