

## ATTACHMENT B

### WHOLESALE POWER SUPPLY AGREEMENT

This Wholesale Power Supply Agreement (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2015 (the “Effective Date”) by and between Interstate Power and Light Company (“IPL”), an Iowa corporation engaged in the business of furnishing electric service to and for the public, and Southern Minnesota Energy Cooperative (“CUSTOMER”), a Minnesota rural electric cooperative engaged in the business of acquiring and providing power and energy to its member cooperatives, which member cooperatives presently are Benco Electric Cooperative, Brown County Rural Electrical Association, Federated Rural Electric Association, Freeborn-Mower Cooperative Services, The Minnesota Valley Electric Cooperative, Nobles Cooperative Electric, People’s Energy Cooperative, Redwood Electric Cooperative, South Central Electric Association, Sioux Valley Energy/Sioux Valley Southwestern Electric Cooperative Inc., Steele-Waseca Cooperative Electric, and Tri-County Electric Cooperative (individually referred to as a “Member” and collectively as the “Members”). IPL and CUSTOMER are individually referred to as a “Party” and collectively as the “Parties.”

#### WITNESSETH:

In consideration of the mutual agreements herein contained, it is hereby agreed by and between the Parties hereto as follows:

1. IPL agrees to furnish and sell, and CUSTOMER agrees to purchase, subject to the provisions of this Agreement, all of the electricity required by CUSTOMER for service to its Members in connection with the operation of the electrical distribution system (“SYSTEM”) acquired by CUSTOMER from IPL on \_\_\_\_\_, 2015 (a current map of the SYSTEM is detailed on Exhibit A), and constituting all of the retail load of the SYSTEM existing at such

date as provided under the individual delivery and interconnection points set forth on Exhibit B (the “Old Load”).

Thereafter and for the duration of this Agreement, CUSTOMER, through its Members, may displace no more than 5% of CUSTOMER’s monthly capacity, power and energy needs for the Old Load, adjusted as necessary to reflect behind the meter distributed generation that reduces CUSTOMER requirements service from IPL. Such behind the meter generation shall not be considered a reduction in CUSTOMER’s purchase obligation under this Agreement. This displaced reduction in monthly capacity, power and energy needs in Old Load shall only be used if, in the reasonable judgment of CUSTOMER, it would (a) provide increased reliability, (b) eliminate duplicate electric facilities, (c) increase efficiency, or (d) address casualty loss or the retirement of electric facilities in a more cost-effective manner ((a) through (d) collectively referred to as “Improved Services”).

In addition, any Member may add new retail customers located within the geographic boundaries of the SYSTEM (the “New Load”), and such New Load shall be served by CUSTOMER’s purchases under this Agreement, provided, however, that the Member shall not be required to make purchases from CUSTOMER under this Agreement for New Load in the event that an alternative configuration of the SYSTEM would, in the reasonable judgment of the Member, result in Improved Service.

The power and energy purchased by CUSTOMER from IPL under this Agreement shall be delivered by IPL to the transmission facilities in:

- (i) the MISO ITC Midwest pricing zone, which includes facilities owned by ITC Midwest LLC (“ITC-M”), Southern Minnesota Municipal Power Agency, Mountain Lake MN Electric Municipal Utility, Windom MN

Electric Municipal Utility, Great River Energy;

- (ii) the MISO Dairyland Power Cooperative pricing zone, which includes facilities owned by Dairyland Power Cooperative and Northwestern Wisconsin Electric Company; and
- (iii) the MISO Northern States Power pricing zone, which includes facilities owned by Northern States Power Company, Southern Minnesota Municipal Power Agency, Northwestern Wisconsin Electric Company, Blue Earth MN Electric Municipal Utility, Delano MN Electric Municipal Utility, and Great River Energy;

as applicable, or their successors, and operated by the Midcontinent Independent System Operator, Inc. or other applicable regional transmission provider or their successors (the "Transmission Provider"), and as necessary through IPL's distribution system to the SYSTEM. Such transmission services shall be contractually secured by CUSTOMER or its Members from the Transmission Provider under the transmission and energy markets tariff ("TEMT") or successor open access transmission tariff ("OATT"). IPL has authority to act on CUSTOMER's behalf to procure and pay for all transmission and ancillary services necessary for the delivery of power and energy supplied pursuant to this Agreement. CUSTOMER's purchase of transmission services shall not be a waiver of any of CUSTOMER's rights at the Federal Energy Regulatory Commission ("FERC"). IPL agrees to submit and administer required MISO Network Integration Transmission Service Transmission Service Request(s), or the equivalent from any successor tariff, for and on behalf of CUSTOMER. All transmission and related charges associated with such Transmission Service Request(s) billed to IPL shall be billed to CUSTOMER on a pass-through basis by delivery and interconnection point.

CUSTOMER shall fully reimburse IPL for all such charges in its monthly billings. IPL shall provide CUSTOMER with reasonably available transmission detail, including identification of the applicable pricing zone and pricing schedules. IPL shall reasonably cooperate with CUSTOMER and its Members in their relationship with ITC-M to preserve all applicable transmission rights associated with the Old Load to the extent possible under the OATT.

2. IPL shall furnish electrical energy at 60 Hertz, 3-phase alternating current. The individual delivery and interconnection points for CUSTOMER are listed in Exhibit B. In those cases in which power and energy is delivered by IPL to the Transmission Provider's transmission system for transmission under the Transmission Provider's TEMT or successor OATT, individual delivery and interconnection points for CUSTOMER may be changed by the Parties from time to time to reflect changes in the transmission facilities which serve the delivery point(s). Any request by the CUSTOMER for a change of point of delivery must be mutually agreed upon by both Parties, provided that any changed or relocated delivery and interconnection point is connected to ITC-M's transmission facilities. In those cases in which CUSTOMER requests a new delivery point to serve New Load, as contemplated by paragraph 1, the individual delivery and interconnection points for CUSTOMER may be changed by the Parties from time to time by mutual agreement by both Parties.

Such electrical energy will be furnished by IPL, and received and paid for by CUSTOMER, upon the terms and conditions herein specified, and according to the terms, conditions, and limitations set forth in the applicable tariff, currently Rate Schedule RES-5, and subject to the applicable rules on file with the governmental body having jurisdiction, and as such Rate Schedule and rules may be lawfully modified, changed, and in effect from time to time

during the life of this Agreement in accordance with Sections 205 and/or 206 of the Federal Power Act (“FPA”) or other applicable statutes and regulations.

In the event that any term or condition contained in the applicable tariff, currently Rate Schedule RES-5, shall be deemed to be inconsistent with any term or condition contained herein, this Agreement shall be considered the governing agreement between the Parties.

To the extent possible, CUSTOMER will notify IPL in writing of any anticipated discrete load changes in excess of 5 megawatts (MW) at least six (6) months prior to the change.

3. CUSTOMER shall operate its electric system in accordance with the provisions of any and all operating agreements between the Parties, as may be in effect and changed from time to time by mutual agreement.

4. CUSTOMER represents that its lines shall be operated and maintained in accordance with specifications at least equal to those prescribed by the National Electrical Safety Code of the Bureau of Standards and the Minnesota Electrical Code, and agrees at all times, except when prevented by a force majeure condition, to maintain and keep its lines, equipment, and property in safe operating condition and in conformity with the requirements of the Minnesota Electrical Code. IPL assumes no responsibility for the type of standards of construction or the condition of CUSTOMER’s property.

5. All metering equipment, including meters, instrument transformers, meter sockets, test switches, and any required metering compensators shall be furnished, installed, connected, maintained, and tested by CUSTOMER. CUSTOMER shall pay the costs and expenses associated with all metering equipment up to a total amount of \$2,000,000, and IPL shall pay all such costs and expenses greater than \$2,000,000. CUSTOMER will provide a telephone land line and related telemetry and communications equipment suitable for

communications to IPL's Data Acquisition System or cooperate in the installation of other suitable alternatives for meter communications. IPL will pay the monthly expenses of such a telephone land line or other suitable communication alternative.

6. Metering equipment shall meet the guidelines of the North American Electric Reliability Corporation, or the Midwest Reliability Organization ("MRO") and, as appropriate, industry standards pursuant to the American National Standards Institute and other practices consistently adhered to by IPL. CUSTOMER practices for calibration and adjustment shall be consistent with IPL practices. IPL shall have access to metering data that are reasonably required to facilitate measurement and billing. Any difficulty in IPL access to or communication with such metering equipment shall be remedied by CUSTOMER within four working days of occurrence. CUSTOMER will offer to allow IPL to witness any meter test, or provide the meter test report to IPL at IPL's request. CUSTOMER will provide meter program information relevant to any transformer loss compensations prior to a meter being placed in service.

7. CUSTOMER shall, in the course of normal interconnected operations, install, test, and maintain appropriate metering equipment at its points of interconnection with other utilities, as required.

For points of delivery outside the IPL native MISO Local Balancing Authority (ALTW LBA), IPL requires access to real-time telemetering data for such points of delivery, provided such data currently exists. IPL shall be granted access to real-time telemetering data as needed to fulfill this requirement. For any new points of delivery added outside the ALTW LBA or existing points of delivery modified, real-time metering data shall be required.

8. IPL will exercise due diligence and care to avoid interruptions of delivery of power and energy hereunder, but will not be liable for any damage or loss that may be

occasioned by interruptions caused by fires, strikes, riots, floods, lightning, storms, acts of God, civil disturbances, action of public authority, litigation, or breakdown, beyond its reasonable control. In those cases in which power and energy is delivered by IPL through its own distribution system, IPL may interrupt service to make necessary repairs and, except in case of emergency, will give CUSTOMER reasonable notice of its intention to interrupt such service.

9. If CUSTOMER fails to perform any of its obligations under this Agreement, other than for reasons caused by fires, strikes, riots, floods, lightning, storms, acts of God, civil disturbances, action of public authority, litigation, or breakdown, beyond its reasonable control, as and when performance is due according to the terms hereof, and if CUSTOMER fails to remedy such failure of performance after reasonable notice thereof in writing is provided, IPL may suspend the delivery of power and energy hereunder, and in such event IPL will not be liable in any manner for any loss or damage arising from such suspensions. The foregoing notwithstanding, in those cases in which power and energy is delivered by IPL through its own distribution system, no advance notice of suspension needs to be given by IPL if, in the sole opinion of IPL, immediate suspension is essential to avoid hazard to persons or property.

No such suspension will interfere with the exercise by IPL of any other legal or equitable rights or remedies it may have with respect to such failure of performance on the part of CUSTOMER. No delay by IPL in enforcing any of its rights or remedies will be deemed a waiver thereof, nor will any waiver by IPL of any default by CUSTOMER be deemed a waiver of any other or subsequent default.

10. If IPL fails to perform any of its obligations under this Agreement, other than for reasons caused by fires, strikes, riots, floods, lightning, storms, acts of God, civil disturbances, action of public authority, litigation, or breakdown, beyond its reasonable control, as and when

performance is due according to the terms hereof, and if IPL fails to remedy such failure of performance after reasonable notice thereof in writing is provided, CUSTOMER may suspend payment hereunder, and in such event CUSTOMER will not be liable in any manner for any loss or damage arising from such suspensions.

No such suspension will interfere with the exercise by CUSTOMER of any other legal or equitable rights or remedies it may have with respect to such failure of performance on the part of IPL. No delay by CUSTOMER in enforcing any of its rights or remedies will be deemed a waiver thereof, nor will any waiver by CUSTOMER of any default by IPL be deemed a waiver of any other or subsequent default.

11. Any and all obligations of either Party to deliver and take power or energy, or to provide and accept service hereunder, shall become effective on the Effective Date and shall remain in effect until terminated as follows:

- (a) by either Party with five-years' written notice of termination to the other Party, which notice may not be given until the fifth anniversary of the Effective Date;
- (b) by CUSTOMER from time to time solely with respect to any obligations of CUSTOMER to purchase electricity required by or otherwise to take power or energy or accept service for, one or more of its Members, in each case with five-years' written notice of termination to IPL, which notice may not be given until the fifth anniversary of the Effective Date, and which termination when effective shall remove the points of delivery for such Member(s) from this Agreement; or

- (c) by CUSTOMER at any time if the majority ownership of IPL or Alliant Energy Corporation changes by providing two-years' prior written notice to IPL.

As used in this Agreement, the "Initial Term" shall mean the period from the Effective Date until the earlier to occur of (i) the tenth anniversary of the Effective Date and (ii) CUSTOMER's termination of this Agreement in accordance with paragraph 11(c).

12. The Parties agree that IPL shall not have the right to seek to recover stranded costs from CUSTOMER if CUSTOMER terminates this Agreement according to its terms upon expiration of the Initial Term or thereafter. If CUSTOMER files a complaint under Section 206 of the FPA to reduce its purchase obligation under this Agreement, or to shorten the Initial Term of this Agreement, IPL may seek to recover stranded costs from CUSTOMER in the Section 206 complaint proceeding. CUSTOMER shall have the right to oppose the recovery of any stranded costs on any grounds, except that CUSTOMER agrees not to raise a procedural defense that IPL is prohibited from seeking to recover stranded costs based upon the absence of an explicit stranded cost recovery provision in this Agreement. The Parties agree that any stranded cost issue in the Section 206 complaint proceeding shall be resolved solely on the merits, based upon substantive arguments presented by IPL and CUSTOMER concerning IPL's right or lack of right to stranded cost recovery, and upon the facts and circumstances present at the time.

- [a] IPL and CUSTOMER shall use the following formula for calculating CUSTOMER's stranded cost obligation ("SCO"), if any, on a present value basis:

$$SCO = (RSE - CMVE) \times L$$

- [b] As applied to IPL and CUSTOMER, the components of the formula are defined as follows:

- [1] RSE = Revenue Stream Estimate - average annual revenues from CUSTOMER over the three years prior to CUSTOMER filing a Section

206 complaint to reduce its purchase obligation or shorten the Initial Term (with the variable cost component of the revenues clearly identified).

- [2] CMVE = Competitive Market Value Estimate – an independent third party’s estimate of the average annual revenues (over the reasonable expectation period “L” discussed below) that IPL can receive by selling the released capacity and associated energy.
  - [3] L = Length of Obligation (reasonable expectation period) - refers to the period of time IPL could have reasonably expected to continue to serve CUSTOMER. The Parties agree that the “L” means the remaining term of the Initial Term, at the time that any reduction in or termination of CUSTOMER’s purchase obligation becomes effective during the Initial Term.
- [c] Application of the foregoing formula and collection of the resulting stranded costs are subject to the following conditions:
- [1] Cap on SCO. The quantity (RSE - CMVE) can be no greater than the average annual contribution to fixed power supply costs (defined as RSE less variable costs) that would have been made by CUSTOMER had it remained a customer.
  - [2] Revenues from CUSTOMER. If the rates under this Agreement (or contract demand amounts, if relevant) changed during the three-year period prior to the termination of this Agreement, then the RSE should be calculated using the most recent 12 months of revenue under this Agreement.
  - [3] CMVE Determination. Within twenty days of a FERC order finding IPL is entitled to seek to recover stranded costs under this Agreement, each Party shall provide three names of independent third parties knowledgeable or experienced in power markets in the Midwest with no financial interest in either Party or any affiliate of either Party. The Parties shall alternatively strike names from the list of these third parties until a single name remains on such list. Such individual shall determine CMVE consistent with paragraph 12[b][2] above. In the event the individual selected is unable or unwilling to determine CMVE, the process shall be repeated until another individual has been selected and has agreed to determine CMVE.
  - [4] Released Capacity and Associated Energy. If IPL requests stranded cost recovery, it must indicate the amount of system capacity and the amount of associated energy released by CUSTOMER and used in the lost revenues calculation.

13. In the event this Agreement is terminated, whether in whole or solely with respect to one or more of the Members, the Parties agree that IPL will calculate final Capacity, Annual Energy, and Base Energy True-ups by June 30<sup>th</sup> of the subsequent year following the termination date. Any such True-up charges will be calculated based upon actual costs incurred by IPL for the period services were provided to CUSTOMER or such terminated Member(s), as the case may be, under this Agreement. The final surcharge or refund shall be settled in one transaction.

14. The Parties agree to meet quarterly, if necessary, for the purpose of discussing issues of mutual concern.

15. CUSTOMER or one or more of its Members may displace an amount of the monthly power and energy needs hereunder with CUSTOMER's or its Members' owned and operated renewable generation in an amount not to exceed the difference between (a) the Renewable Portfolio Standard ("RPS") imposed on CUSTOMER and its Members under Minnesota law and (b) the RPS that IPL is providing to CUSTOMER under paragraph 19 hereof. Such ownership and operation of renewable generation shall not otherwise be considered a reduction in CUSTOMER's purchase obligation under this Agreement.

16. IPL will inform CUSTOMER as soon as practical of any personnel changes that may materially affect the customer service provided by IPL to CUSTOMER.

17. IPL shall provide real-time load data and load forecast data necessary to evaluate potential peak events for CUSTOMER. If changes to IPL's systems make it technologically and economically feasible for IPL to reasonably provide this functionality to CUSTOMER, without undue administrative burden to IPL, IPL will continue to make such real-time data available. Nothing herein provided for in this Agreement precludes CUSTOMER from offering demand-side load management programs to its Members including but not limited to interruptible rates.

18. IPL agrees to assist CUSTOMER in providing data for MRO compliance purposes, to the extent that the specific data are within the possession of IPL. In providing such data to CUSTOMER, IPL does not assume liability for, nor attest to, CUSTOMER's reliability compliance under the authority of the MRO, nor does IPL guarantee or warrant the accuracy, completeness, or suitability of the data for any particular purpose. IPL also agrees to maintain the reliability standards that it is responsible for on its own behalf and those same standards that CUSTOMER may also be responsible for, and pursue courses of action requested by regional/national reliability organizations on behalf of CUSTOMER when requested in order to comply with the requirements of the regional/national reliability organizations.

19. For as long as this Agreement is in effect, CUSTOMER is entitled to a pro rata share of the output of renewable electric power resources that IPL generates or procures to serve its retail and wholesale loads. CUSTOMER's pro rata entitlement to renewable resources shall be equal to the total kWh sales to CUSTOMER divided by IPL's total kWh sales, including distribution losses, to all of its wholesale and retail loads. If a change in state or federal law or regulation imposes on CUSTOMER a RPS wherein the required renewable power percentage requirement exceeds CUSTOMER'S pro rata share of IPL's renewable resources, IPL agrees to negotiate in good faith to assist CUSTOMER in meeting such incremental RPS requirement. All IPL and CUSTOMER costs associated with meeting such incremental RPS requirement shall be borne by CUSTOMER. In addition, IPL agrees to assist CUSTOMER with satisfying any applicable renewable reporting requirement that may be in effect from time to time. IPL's costs in excess of those necessary to satisfy similar renewable reporting requirements in Iowa shall be borne by CUSTOMER. In agreeing to the terms of this paragraph 19, neither Party waives any rights under any state or federal law, including IPL's right to propose a change in the treatment

of renewable resources through an FPA Section 205 filing. Pro rata share shall be calculated as follows:

A = IPL retail MWh sales / (1 - 3.15% distribution losses) FERC Form 1 page 401a line 22

B = Wholesale MWh sales FERC Form 1 page 401a line 23

C = CUSTOMER MWh sales FERC Form 1 page 311

CUSTOMER Renewable Energy =  $\frac{\text{IPL system renewable energy (MWh)} * C}{(A + B)}$ .

20. If there is a change in state or federal law or regulation that imposes on CUSTOMER or its Members the obligation to provide to its retail customers the option to choose an alternative electric supplier, CUSTOMER agrees that so long as CUSTOMER and its Members are not legally prohibited from doing so, any retail customer wishing to return and receive power supply from CUSTOMER or any of its Members from an alternative power supply source, CUSTOMER will be charged ALTW.ALTW MISO LMP pricing + associated market capacity costs, plus \$3.25/MWh or 5.0% mark-up, whichever is greater, on the required electrical power and energy for each such retail customer.

21. This Agreement will be subject to approval by the FERC, and any other regulatory body or governmental agency having jurisdiction.

22. This Agreement governs the terms of the supply of power and energy between the Parties and shall not be modified other than by written agreement executed by both Parties.

23. This Agreement will inure to and be binding upon the successors and assigns of the respective Parties. Such assignment will not release the assignor from the obligations of this Agreement without the consent of the other Party, which consent shall not be unreasonably withheld.

24. This Agreement will be construed and interpreted under the laws of the State of Minnesota.

[Signature page follows.]

In Witness Whereof, the Parties hereto have caused this Wholesale Power Supply Agreement to be executed by their duly authorized officers the day and year first above written.

**SOUTHERN MINNESOTA  
ELECTRIC COOPERATIVE**

**INTERSTATE POWER AND  
LIGHT COMPANY**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_