

Member Information Sheet

(not to be distributed to customers)

Economic Development Rate Discount

Missouri River Energy Services (MRES) would like to assist members with local economic development in their communities by providing a tool to help attract new retail customers or encourage the expansion of facilities by existing customers. This program has a goal of building up the economic capacity of the local community to improve its economic future and quality of life for all. The MRES Board of Directors (Board) has approved an Economic Development Rate Discount, which has been authorized through Dec. 31, 2028.



Customer Load Requirements

The Economic Development Rate Discount provides an incentive in the form of a rate discount for new retail customers to locate within the member's service territory and also for existing customers to expand their facilities. The Economic Development Rate Discount is available to any new retail customer or expanded load of an existing customer meeting the following criteria:

- ▶ New loads must be separately metered. Expanded loads may be separately metered or sub-metered, or the member may provide usage data for two years previous to the expansion.
- ▶ For new loads in an existing building, the facility must have been vacant for 12 months to qualify for the discount.
- ▶ The retail customer may not install internal generation to self-supply any electric requirements for the term of the Economic Development Rate Discount.
- ▶ Load requirements and corresponding discount amounts are shown in the chart below:

Load must meet at least two of the following criteria:				Rate Discount (per kWh):			
	Monthly kWh Usage:	Minimum Monthly Peak Demand	Minimum Monthly Load Factor	Years 1 and 2	Year 3	Year 4	Year 5
Tier 4	1 million and higher	2 MW	60%	1.5 cents	1.25 cents	1.0 cent	0.0 cent
Tier 3	500,000 and higher	1 MW	60%	1.0 cent	0.75 cent	0.5 cent	0.0 cent
Tier 2	250,000 and higher	500 kW	60%	0.75 cent	0.5 cent	0.25 cent	0.0 cent
Tier 1	125,000 and higher	250 kW	50%	0.5 cent	0.25 cent	0.25 cent	0.0 cent

The rate discount will be based on actual load data and may fluctuate from month to month.

Note: This program has been authorized through Dec. 31, 2028, and is considered for reauthorization annually.



Member Utility Requirements

Participation of the MRES member utility is a critical component to providing the Economic Development Rate Discount. MRES wishes to offer members flexibility in utilizing the Economic Development Rate Discount while also ensuring that the member supports economic development in its community.

MRES acknowledges that its rates are higher than the blended power cost (Western Area Power Administration and MRES) of members, and adding new load can increase electric costs for other customers of the member. On the other hand, any new load increases MRES billing units over which to spread fixed costs, thereby keeping MRES rates lower.

Participating members must meet the following requirements:

- ▶ The retail customer must directly receive between 50% and 100% of the Economic Development Rate Discount. The member may use the remainder of the discount to provide rate relief for other customers.
- ▶ The member must submit a request for the discount to MRES and provide monthly customer data to MRES throughout the life of the discount.
- ▶ The member must support economic development locally, in addition to the MRES Economic Development Rate Discount.
- ▶ Payments of the Economic Development Rate Discount are authorized through Dec. 31, 2028. The Board will annually consider whether to extend the rate discount for another year. Customers may receive the Economic Development Rate Discount for a maximum of a consecutive four-year period.



When members have determined the details of their rate discount offering, they may request a customized brochure that can be used to discuss the discount with potential customers.



GET IN TOUCH

If you have questions regarding the rate discount, contact MRES Vice President & Chief Strategy Officer Alex Abplanalp at **605-338-4042** or **info@mrenergy.com**.



Member Guidelines

Economic Development Rate Discount from Missouri River Energy Services

Steps to Take in Preparing to Offer the Economic Development Rate Discount:

1

Consider whether your utility will offer the MRES Economic Development Rate Discount. If no, please disregard remaining instructions. If yes, consider whether to add eligibility requirements to ensure that new loads provide a benefit to the utility and community. Some things to consider include:

Will transmission and/or distribution upgrades be necessary to serve the load?

- Who will take the risk/pay the cost of the upgrades?
- Will the investment costs be paid up-front or in a short window of time?
- What is the risk to the utility of loss of the business?

What community benefits does the business bring to the utility or community? Examples include:

- Creates jobs with good wages and benefits
- Increases or diversifies the local tax base
- Invests in or provides funding for local infrastructure
- Revitalizes an area of the community
- Promotes sustainability or creates environmental benefits
- Attracts other investments
- Supports the community culture and quality of life
- Improves the competitiveness and attractiveness of the location
- Fosters economic well-being of the community

Rate considerations

- Aside from the Economic Development Rate Discount, will the business pay its fair share based on cost-of-service?
- Is there a rate risk to existing utility customers?

2

Determine how much of the rate discount will be passed along to the retail customer (between 50% and 100%) and how much you will keep, if any, to offset the rate impact to other customers. This is a local decision and may depend on the impact of each potential new customer to the utility and to its other rate payers.

3

Talk to your city or utility attorney regarding how to present and implement the rate discount in your community.

4

Determine and/or document how the utility will provide economic development support locally, in addition to the rate discount. This may be through infrastructure extensions, special rates, tax-increment financing (TIF) programs or donations to your local Economic Development Authority, among others.

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When you have made the decisions above, contact MRES to customize a brochure for you to use when discussing the Economic Development Rate Discount with customers.

6

You may provide the customized brochure to your Economic Development Director, Chamber of Commerce, Key Accounts and others who can use the program as a tool to encourage economic development in your community.

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Each time you have a qualifying customer, please fill out the Economic Development Rate Discount Request Form and email it to accountsreceivable@mrenergy.com. The form will provide MRES with key data to help prepare to pay the discount to the member. The request form will include the following:

- Customer's name and location
- Indicate whether this is a new load or expansion of an existing customer
- Estimated monthly demand and energy of the new or expanded load
- For the expanded load of an existing customer — if this expanded load is not separately metered or sub-metered, MRES will require monthly demand and energy data for the two years prior to the expansion to determine the load growth that the discount will be applied to on a monthly basis
- Expected date of service
- A description of the utility's current economic development activities and local support
- Percentage of the discount the utility plans to pass along to the customer (between 50% and 100%)

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When the load comes online, you will need to provide MRES with monthly customer demand and energy data. The data should be emailed to the following email address: accountsreceivable@mrenergy.com. MRES will then calculate and provide the correct discount applied to that month's usage. The customer's discount may vary from month to month based on the criteria for each discount level described in the economic development rate discount table and the corresponding year.



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