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June 28, 2012

Darrell Nitschke, Executive Director
North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

RE: MRES Annual Ten-Year Plan

Dear Mr. Nitschke:

Missouri River Energy Services (MRES) for itself and as agent for Western Minnesota Municipal Power Agency (Western Minnesota) submits this Ten-Year Plan, pursuant to NDCC 49-22-04. This report was prepared in accordance with the North Dakota Public Service Commission's Guidelines for compliance with the requirements of NDCC 49-22-04.

Enclosed is an original and ten copies of the plan.

If you have any questions regarding this report, please contact me at 605-338-4042 or derek.beresch@mrenergy.com.

Sincerely,

A handwritten signature in blue ink that reads "Derek Bertsch".

Derek Bertsch, Attorney at Law
Staff Attorney, Legal

Cc: NDPSC (10 + Original)
Service List



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Missouri River Energy Services
North Dakota Ten-Year Plan
2012

Submitted to the
North Dakota Public Service Commission

June 28, 2012

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INTRODUCTION

Missouri Basin Municipal Power Agency, doing business as Missouri River Energy Services (MRES), is a not-for-profit, member-based, joint-action agency that provides power, energy, transmission, and related services to its 61 member communities in Iowa, Minnesota, North Dakota, and South Dakota. All but one of the 61 MRES members have long-term power sales agreements with MRES and also are entitled to receive a wide range of energy-related services. MRES is governed by a 13-member Board of Directors elected by and from its member communities.

Western Minnesota Municipal Power Agency (Western Minnesota) owns fossil-fuel electric generating facilities in Iowa, South Dakota and Wyoming and wind generation in Minnesota. Pursuant to a long-term contract between Western Minnesota and MRES, MRES has exclusive rights to the output of these facilities to meet its power supply obligations to its members.

MRES for itself and as agent for Western Minnesota submits this Ten-Year Plan, pursuant to NDCC 49-22-04. MRES prepared this Ten-Year Plan in accordance with the North Dakota Public Service Commission's (Commission) Guidelines for compliance with the requirements of NDCC 49-22-04.

SECTION A: Existing Energy Conversion Facilities

Currently, the largest MRES generation resources are a 281 MW share of Laramie River Station (LRS), a coal plant located near Wheatland, Wyoming, and the three-unit Exira Station located near Atlantic, Iowa, with a total rating of 140 MW. MRES energy conversion facilities also include the Watertown Power Plant (WPP), an oil-fired combustion turbine located in Watertown, South Dakota, with a summer rating of 48.8 MW. Lastly, MRES operates and purchases output from four wind turbines located just west of Worthington, Minnesota. The rated output of the units totals 3.7 MW.

MRES has no plans to retire any of its existing energy conversion facilities within the next ten years.

SECTION B: Energy Conversion Facilities Under Construction

MRES does not have any energy conversion facilities under construction.

SECTION C: Proposed Energy Conversion Facilities on Which Construction is Intended Within the Ensuing Five Years

MRES is in the process of developing a hydroelectric generating facility at the Red Rock Reservoir on the Des Moines River near Pella, Iowa. The design output of the Red Rock Hydroelectric Project (RRHP) will be approximately 36 MW, but the project will be capable of generating up to 55 MW at certain times of the year when water is plentiful. The RRHP will have generator outlet facilities consisting of a 69 kV transmission line extending 4.4 miles. Parts of the transmission line will be buried (a total of about 0.8 mile or 4,200 feet) and the remainder of which will be overhead. MRES expects construction to begin in 2013 with the project becoming operational by early 2016. A map of the RRHP will be provided upon request.

The RRHP is expected to have only minimal effects on the environment. The license granted by the Federal Energy Regulatory Commission for construction, operation and maintenance of the RRHP requires a number of measures to protect or enhance water quality, fish and aquatic resources, wildlife, recreation, and cultural resources at the project. These measures will ensure that the project will have only a minimal effect on the surrounding environment.

SECTION D: Proposed Energy Conversion Facilities During the Next Ten-Year Time Period

Other than the RRHP noted in Section C, MRES has no other proposed energy conversion facilities as defined by Chapter 49-22-03 of the North Dakota Century Code.

MRES continues to evaluate opportunities for additional renewable resources to ensure continuing compliance with the Renewable Energy Objective goals of North Dakota and South Dakota and the requirements of the Minnesota Renewable Energy Standard.

SECTION E: Existing Transmission Facilities (Electric)

MRES currently has no existing transmission facilities in North Dakota.

SECTION F: Existing Transmission Facilities (Pipeline)

Not applicable to MRES.

SECTION G: Proposed Transmission Facilities on Which Construction is Intended Within the Ensuing Five Years (Electric)

The participation of MRES in the CapX2020 transmission initiative is described in Section J. One of three 345 kV transmission lines, Fargo-Monticello, making up “Phase I” would begin at a new Bison Substation near Fargo, North Dakota, and terminate at Monticello, Minnesota, with intermediate substations near Alexandria and St. Cloud, Minnesota.¹ General corridors for the North Dakota line segment have been identified and activities for acquiring permits are underway, which include the following major permits:

- North Dakota:
 - Certificate of Public Convenience and Necessity (CPCN)
 - Certificate of Corridor Compatibility
 - Route Permit
- Federal
 - U.S. Army Corps of Engineers
 - U.S. Fish and Wildlife Service
 - U.S. Federal Aviation Administration
 - U.S. Department of the Treasury, Bureau of Alcohol, Tobacco, Firearms and Explosives

On May 22, 2009, the Minnesota Public Utilities Commission issued an order approving a Certificate of Need for the three CapX2020 345 kV projects, including the project that will terminate in North Dakota. The project segments are targeted for in-service dates in the 2011-2015 timeframe.

On July 8, 2010, the Minnesota Public Utilities Commission granted a Route Permit for the 345 kV transmission segment between Monticello and St. Cloud, Minn.

On June 10, 2011, the Minnesota Public Utilities Commission granted a Route Permit for the 345 kV transmission segment between the ND/MN border and St. Cloud, Minn.

Additional information can be found at www.capx2020.com.

¹ MRES held rights to as much as 11% of the Fargo Project. MRES chose to assign its rights to Western Minnesota Municipal Power Agency (Western Minnesota). While Western Minnesota will be the owner of the 11% share of CapX Fargo Phase 1, it will continue to be associated with MRES and the overall utility operations are unchanged.

SECTION H: Proposed Transmission Facilities on Which Construction is Intended Within the Ensuing Five Years (Pipeline)

Not applicable to MRES.

SECTION I: Proposed Transmission Facilities During the Next Ten-Year Period (Electric and Pipeline)

See response to Section G.

SECTION J: Regional Coordination

MRES closely coordinates its transmission planning with other organizations to ensure cost-effectiveness and electric-service reliability in the region. MRES is a member of and participates directly in several regional entities:

- The Midwest Independent Transmission System Operator (MISO), which administers a tariff providing for regional transmission services, energy and ancillary services markets, and resource adequacy requirements. MISO also has responsibilities for regional transmission planning, coordination, and expansion. MRES is a full member and market participant. Further information about MISO is available on-line at www.misoenergy.org. MISO's transmission expansion plans (MTEP-2011 being the most-recent approved plan) are also available at their web site under the "Planning" tab and contained in the "Transmission Expansion Planning (MTEP)" link.
- The Midwest Reliability Organization (MRO), a non-profit organization of regional utilities established to develop regional reliability standards and ensure compliance with standards of the North American Electric Reliability Corporation (NERC) as well as its own. Further information about MRO is available on-line at www.midwestreliability.org and about NERC at www.nerc.com.
- The Mid-Continent Area Power Pool (MAPP), which has historically provided resource pooling and transmission coordination functions for its members across a large part of the upper Midwest. For MRES and other MISO members, these functions have largely been transitioned to MISO, however MRES continues to participate in MAPP to support needed activities associated with other MRES facilities that remain outside of the MISO. Further information about MAPP is available on-line at www.mapp.org.
- MISO conducts Subregional Planning Meetings (SPMs) four times each year to provide a forum for coordination and discussion of transmission issues and proposed projects among utilities and other interested stakeholders.
- The Minnesota Transmission Owners (MTO) group, a consortium of 16 sponsoring utilities and three participating government agencies, fulfills the utilities statutory obligations for transmission planning in the state of Minnesota. These obligations include the development of the Minnesota Biennial Transmission Plan, as well as studies associated with meeting the Minnesota Renewable Energy Standard (RES) requirements. Further information about the MTO group is available at www.minnelectrans.com.

- CapX2020, a joint initiative of eleven regional transmission utilities to develop a long-range vision and transmission expansion projects to ensure that load in the region can be served reliably, provide outlet capability for renewable and other generation additions and support regional reliability of the transmission system. As a first phase of transmission expansion, all four CapX2020 projects have received Certificates of Need from the Minnesota Public Utilities Commission. The following is a description of the proposed 345 kV and 230 kV projects:
 - The **Hampton – Rochester - La Crosse 345 kV Project** is an approximately 140-mile transmission line project between the southeast corner of the Twin Cities, connecting to a new substation in north Rochester, continuing eastward crossing the Minnesota River near Alma, Wisconsin and continuing south in Wisconsin to La Crosse, Wisconsin. This project also includes a new 161 kV transmission line between the new North Rochester Substation and the existing North Hills substation in northwest Rochester.
 - The **Fargo - Monticello 345 kV Project** is an approximately 240-mile, 345 kV transmission line between Fargo, North Dakota and Alexandria, Monticello and St. Cloud, Minnesota. The project has received two route permits from the MN Public Utilities Commission. The first route permit is for a 28-mile transmission line between Monticello, Minnesota to a new Quarry substation near St. Cloud, Minnesota. The project includes a 115 kV transmission line connector between the existing St. Cloud to Sauk River 115 kV line and a new Quarry substation. The second route permit is for an approximately 230-mile transmission line between the new Quarry substation near St. Cloud, Minnesota and the MN/ND border near Fargo, North Dakota.
 - The **Brookings County – Hampton 345 kV Project** is an approximately 240-mile, 345 kV transmission line between Brookings County, South Dakota and the southeast corner of the Twin Cities. This project includes a 25-mile, 345 kV segment from the Lyon County substation near Marshall, Minnesota to a new Hazel Creek Substation in the Granite Falls area, a six-mile, 230 kV transmission line from Hazel Creek to the Minnesota Valley Substation in Granite Falls and a 5-mile 115 kV transmission line from Cedar Mountain substation to the Franklin substation. The final MN route permit was approved by the MN Public Utilities Commission in April 2011. The South Dakota Public Utilities Commission approved the facility permit in June 2011.
 - The **Bemidji - Grand Rapids 230 kV Project** is a 68-mile, 230 kV transmission line project from the Wilton substation near Bemidji, Minnesota to the Boswell substation near Grand Rapids, Minnesota. The MN Certificate of Need and route permits have been approved by the MN Public Utilities Commission.

CapX2020 and the MTO group have engaged in several planning studies that will provide an updated vision of the transmission system to meet needs further into the future. The studies were closely coordinated with MISO, neighboring transmission owning utilities and a diverse group of stakeholders formalized as the Technical Review Committee. MISO also has numerous studies underway with similar objectives, but that consider a broader geographic area. MRES and the CapX2020 utilities actively

participate in these studies. The studies listed below were intended to provide a roadmap for cost effective transmission expansion that will integrate well with future scenarios, meet future needs and provide flexibility for changing conditions.

- Southwest Twin Cities – Granite Falls Transmission Upgrade & Minnesota Renewable Energy Standard Update: This study provides an updated Vision Plan that addresses reliability needs, the 2016 & 2020 milestones of the Minnesota Renewable Energy Standard, and regional renewable energy supply needs. It has been completed and can be found at www.minnelectrans.com.
- Capacity Validation Study (CVS): This study focused on the impacts that specified transmission projects, taken individually or in combination, have on the ability to incorporate additional generation into the system. It provides an estimate of how much additional generation could be added at assumed locations by combinations of transmission projects. This study also sought to verify and validate the transfer capabilities estimated by other project studies. It has been completed and can be found at www.minnelectrans.com.
- Facilities Study: Manitoba Hydro TSR 500 kV Option I: This study was commissioned by MISO to evaluate a transmission design alternative for adding 1100 MWs of hydro generation from Manitoba, Canada to the Upper Midwest U.S. The study results were issued in May 2010 and are available through MISO.
- Dispersed Renewable Generation (DRG) studies: Dispersed renewable generation studies were required as part of the Minnesota's Next Generation Act of 2007. Phase One was completed in June 2008; Phase Two was completed in September 2009. The studies are available on the Minnesota Office of Energy Security [website](http://www.minnelectrans.com).

Further information about CapX2020, the proposed projects, and studies are available online at www.capx2020.com and www.minnelectrans.com.

MRES is a participant in the Upper Midwest Transmission Development Initiative (UMTDI). UMTDI was developed by the governors offices and public utilities commission of five Midwest states (Iowa, Minnesota, North Dakota, South Dakota, and Wisconsin) to generate consensus around a plan and cost allocation for transmission development in the Upper Midwest region, and to promote economic development, assure reliability and provide access to and transport of wind and other renewable energy sources from source to load.

- MRES was a participant in the Regional Generation Outlet Study (RGOS) led by MISO. The goal of the RGOS effort was to develop transmission projects that facilitate the state renewable energy mandates in the Midwest Independent System Operator (MISO) footprint. The RGOS served to deliver one plan to Appendix B of the MISO Transmission Expansion Plan (MTEP) 2010 Report, as well as a RGOS report of results and findings. The selected plan represented a least regrets portfolio solution based on detailed design development, sensitivity case analysis, and value metric application.
- After the completion of the RGOS, MISO formed a stakeholder task force for analysis on a portfolio of nineteen transmission projects to determine whether they will be granted MISO wide cost allocation status. These projects are spread across the MISO footprint and include a line in ND and connections toward eastern MISO. MISO will determine whether the line projects help meet public policy (renewable standards), exceed economic thresholds and strengthen grid robustness. Projects that are determined to be multi-valued were recommended to the MISO Board of Directors for

MVP cost allocation in December of 2011, which would qualify them for 100% MISO cost sharing. At the December Board meeting, the MISO Board approved the CapX2020 Brookings line as an MVP line.

- The federal American Recovery and Reinvestment Act (ARRA) has directed the development of interconnection-based transmission plans. Twenty-four planning authorities in the Eastern Interconnection are collaborating in a planning process known as the Eastern Interconnection Planning Collaborative (EIPC). This EIPC process will ultimately generate an interconnection-wide transmission plan for three scenarios chosen from seventy-two “generation futures.” Important dates include:
 - December 2011 – interim report containing the results of seventy-two generation futures as well as the three scenarios chosen for further analysis,
 - Early 2012 – development of transmission plan for the three chosen scenarios, and
 - December 2012 – final report submitted to Department of Energy.

MRES has no other recommended measures for regional coordination beyond the activities described here in Section J.

SECTION K: Environmental Information

Environmental sensitivity is a basic component of the MRES mission, and compliance with statutory and regulatory requirements applicable to generation resources and future transmission facilities is a priority. MRES staff actively monitors the myriad of continually changing federal, state and regional standards, environmental laws and regulations to identify pending and new requirements. To ensure comprehensive coverage of issues, we actively collaborate with several engineering and legal professional consultants, as well as state and national industry associations. In addition, MRES manages operations of its resources to ensure that the generating plants are in compliance with current and known future requirements.

In particular, existing requirements of, and proposed changes to, the Clean Air Act (CAA) are a focus of operational and regulatory compliance for the various generating resources upon which MRES relies for power supply. Each MRES resource unit is affected differently, based on the individual characteristics of the facility and its fuel source. Like others in the electric utility industry, MRES is concerned about the compressed time frame during which the EPA is scheduled to undertake and implement major changes to the CAA. We are closely following developments to assess whether additional control technology that might be required is commercially available, the necessary capital investment that might be associated with additional controls, and the potential consequences of operational changes required for compliance. The continuing uncertainty regarding the actual regulations applicable to the industry, as well as the available means to respond imposes a continuing level of uncertainty.

Following is a summary of several major environmental issues we are monitoring, including those relating to SO₂, NO_x/ozone, particulate matter (PM), and mercury.

SO₂

Laramie River Station (LRS)² and Exira Station are subject to the CAA's Acid Rain Program Phase II requirements.³ The Watertown Power Plant and member owned generating units under contract with MRES are not covered by Phase II. Rules promulgated by the EPA pursuant to the 1990 Amendments allocated Phase II SO₂ allowances for 2010 and thereafter to specific Phase II units, including LRS. Basin Electric, which operates LRS, provides analyses of projected SO₂ emissions from LRS and each co-owner of the plant is responsible for obtaining SO₂ allowances in an amount corresponding to its pro rata share of LRS sufficient for the ongoing operation of LRS. Likewise, MRES conducts analyses of projected SO₂ emissions for Exira Station to identify the allowances necessary for operation of this natural gas peaking facility. In the event that the actual generation exceeds projections, it may be necessary to reduce SO₂ emissions or acquire additional allowances. MRES has an established procedure to evaluate the adequacy of its allowances at least annually for the following five-year period, and purchases allowances to meet its five-year projections.

In addition, we are monitoring the implementation and designation procedures for the new 1-hour SO₂ National Ambient Air Quality Standard. EPA is adopting a new method for determining nonattainment based on air quality modeling analysis, instead of only using monitoring data. In the event that the existing control technologies at LRS and Exira are determined to be inadequate to meet the new 1-hour standard, any necessary capital additions or operational changes will be evaluated by MRES for affected units.

NO_x and PM

The 1990 Amendments to the CAA imposed certain nitrogen oxide emission limitations to be met by most electric utility units in two phases. LRS and Exira Station are in compliance with the Phase II nitrogen oxide emissions limitations imposed by the 1990 Amendments.

On June 15, 2005, the EPA issued the Clean Air Visibility Rule, amending its 1999 regional haze rule, which had established timelines for states to improve visibility in national parks and wilderness areas throughout the United States. The amendments applied to the provisions of the regional haze rule that require emission controls known as Best Available Retrofit Technology, or BART, for industrial facilities emitting air pollutants that reduce visibility (NO_x and PM). The amendments included guidelines for states to use in determining which facilities must install controls and the type of controls the facilities must use. In 2006, the Wyoming Department of

² Basin Electric Power Cooperative is responsible for the operation of the coal-fired Laramie River Station (LRS) on behalf of all the co-owners. However, MRES (for itself and as agent of Western Minnesota, which owns an interest in LRS) actively participates in management decisions through the Engineering & Operations Committee and the Management Committee. MRES, both in conjunction with the LRS co-owners and independently, also assesses the possible impact of potential regulatory changes on LRS.

³ One of the main features of the 1990 Amendments to the Clean Air Act (the "1990 Amendments") are the emission reduction programs for sulfur dioxide (SO₂) and oxides of nitrogen (NO_x), and the potential impacts of mercury and other hazardous air pollutants emitted from electric utility power plants, particularly those fueled by coal. The acid rain SO₂ reduction program is in force and has been implemented in two phases. Phase I addressed specific generating units named in the 1990 Amendments. None of the MRES power supply resources was affected by Phase I. Phase II mandated that the total United States SO₂ emissions from electric utility plants be capped at 8.9 million tons.

Environmental Quality (DEQ) advised that LRS is subject to BART. The Missouri Basin Power Project participants retained an engineering firm to perform the BART analysis required by EPA's regulations, and filed a timely BART application for LRS. DEQ issued the final LRS BART permit in January 2011, requiring installation of additional NO_x controls. In May 2012, the EPA issued a proposed rule to partially disapprove Wyoming's regional haze State Implementation Plan (SIP) and establish a Federal Implementation Plan (FIP) for NO_x BART. The proposed FIP does not substantially change the requirements on LRS imposed by the DEQ permit.

On July 6, 2011, the EPA finalized the Cross-State Air Pollution Rule (CSAPR), which is intended to replace the Clean Air Interstate Rule (CAIR). On December 30, 2011, the U.S. Court of Appeals for the District of Columbia Circuit stayed CSAPR pending the completion of its review of the legal challenges to the rule. CSAPR seeks to reduce SO₂ by 73 percent and NO_x by 54 percent compared to 2005 levels by 2014. The rule would cap annual SO₂ emissions at 2.4 million tons and NO_x emissions at 1.2 million tons, somewhat lower and one year earlier than CAIR. Like CAIR, Iowa is the only state in which MRES power supply resources will be affected by CSAPR.

In the state of Iowa, Western Minnesota has one generating resource, the natural gas-fired Exira Station.⁴ The Environmental Protection Commission, the policy-making governing body of the Environmental Services Division of the Iowa Department of Natural Resources, adopted a State Implementation Plan ("SIP") for the cap-and-trade of NO_x and Ozone Season NO_x on May 15, 2006. The SIP went into effect July 12, 2006, and is to be implemented in two phases. In Phase I, beginning in 2009, units 1 and 2 of Exira Station were allocated a total of 76 allowances (in tons per year) for NO_x. Also during Phase I, Exira units 1 and 2 were allocated 33 allowances (in tons per year) for Ozone Season NO_x. Unit 3 is not eligible to receive such allocations. During Phase II of the SIP, beginning in 2015, units 1, 2, and 3 of Exira Station will each be allocated 19 allowances of NO_x, and will each be allocated 8 allowances for Ozone Season NO_x. The allocation of NO_x and Ozone Season NO_x allowances at Exira Station under the current Iowa SIP is anticipated to be sufficient for commercial operation of all three units in both Phase I and Phase II.

MRES is also monitoring the EPA's proposed revisions to the National Ambient Air Quality Standards (NAAQS) for particulate matter (PM). On June 14, 2012, the EPA proposed to strengthen the NAAQS for fine particulate matter (PM_{2.5}) and retain the existing standards for coarse particle pollution (PM₁₀). The annual health standard for fine particles would be strengthened to 12 micrograms per cubic meter (µg/m³). The current annual standard of 15 µg/m³ has been in place since 1997. MRES is evaluating the impact of the proposed revisions, but until such time as those standards are finalized we cannot fully analyze the impact of actual regulatory changes regarding PM standards.

Mercury

Following the invalidation of EPA's Clean Air Mercury Rule (CAMR), the EPA finalized Mercury and Air Toxics Standards (MATS) for control of mercury emissions and hazardous air pollutants (HAPs) from new and existing power plants based on Maximum Achievable Control

⁴ MRES has exclusive rights to the output of Exira Station and operates the facility to supply power to its member municipalities located in Iowa, Minnesota, North Dakota, and South Dakota.

Technology (MACT) under Section 112 of the Clean Air Act. These requirements will apply to individual sources rather than as a cap-and-trade program. The only MRES facility that will be affected by the MATS rule is LRS. The standards will be phased in over three years, and states have the ability to give facilities a fourth year to comply. Currently, more than half of all coal-fired power plants already have pollution control technologies that are called for to meet the standards. While it appears that LRS would not need to make any significant capital additions to control mercury based on the final standards, the costs of implementing any additional control measures or operational restrictions that might be required are still being analyzed.

Greenhouse Gases

MRES is closely following the development of the EPA's regulatory regime for control of CO₂ and Greenhouse Gases (GHGs). On March 27, 2012, EPA issued proposed New Source Performance Standards (NSPS) for GHG emissions from new power plants pursuant to Section 111 of the Clean Air Act. The proposal sets output-based emissions limits for new sources of fossil-fired electric generating units (EGUs) greater than 25 MW net-electrical output (MWe) of 1,000 pounds of CO₂ per megawatt-hour (lb CO₂ /MWh). A new coal-fired EGU cannot meet this limit without installing some type of carbon capture and storage (CCS) technology, and the commercial expansion path for CCS remains uncertain at this time. NSPS must be based on technologies that have been adequately demonstrated. There is significant concern that the proposed standard's reliance on CCS for new coal-fired EGUs will have dramatic and unintended consequences. Although the proposed rule provides that the standards will not apply to existing EGUs, or to the modification or reconstruction of existing EGUs, a rule applicable to existing EGUs is expected to follow at some point in the future.

MRES continues to follow developments regarding the EPA final rule for determining the applicability of the Prevention of Significant Deterioration (PSD) program to GHG emissions from major sources. The rule, known as the "Tailoring Rule," establishes criteria for identifying facilities required to obtain PSD permits and the emissions thresholds at which permitting and other regulatory requirements apply. The applicability threshold levels established by this rule include both a mass-based calculation and a metric known as the carbon dioxide equivalent, or CO₂e, which incorporates the global warming potential for each of the six individual gases that comprise the collective GHG defined in EPA's endangerment finding. On June 26, 2012, the U.S. Court of Appeals for the District of Columbia Circuit rejected petitions for review of several EPA actions on greenhouse gases, including its endangerment finding and Tailoring Rule. The three-judge panel also rebuffed challenges to EPA's "Timing Rule" that set January 2, 2011 as the date on which major stationary sources became subject to permitting rules to address GHG emissions. We will continue to consult with our advisors, participate in discussions with the industry and EPA officials, and otherwise monitor closely this important issue.

In addition to following the above EPA initiatives on GHGs, MRES has implemented operational procedures to record and compile the necessary information to ensure timely reporting of GHG emissions pursuant to the GHG Mandatory Reporting Rule (MRR) that was published in late 2009.

Finally, state action on GHGs is also followed by MRES. Presently, Minnesota is the only state in which MRES members and/or power supply resources are located that imposes state-level GHG restrictions. We monitor legislative and regulatory developments associated with the Next

Generation Energy Act, and ensure that the statutory limitations are incorporated into the MRES resource planning process.

SECTION L: Projected Demand for Service

Projected Demand.

MRES forecasted peak demands and energy requirements are provided in Exhibit 4.

Manner and Extent of Meeting Projected Demand.

The primary activity MRES will strive to accomplish during the next ten years is to continue assisting members with implementing their Demand-Side Management (DSM) and conservation activities. For MRES members in Minnesota, this means continuing to pursue DSM measures in support of meeting the Minnesota Conservation Improvement Program (CIP) requirements.

Wind or other renewable resources will continue to be obtained to meet the Minnesota Renewable Energy Standard (RES). In addition, the MRES Board has set a goal of meeting any renewable energy objectives established in the other states with MRES members.

MRES identified the need for additional capacity in its 2011-2025 Integrated Resource Plan filed with the Minnesota Public Utilities Commission in July 2010. In 2011, MRES agreed to a long-term purchase power contract with WPPI Energy for approximately 33 MW of output from the Point Beach Nuclear Plant (Point Beach) located near Two Rivers, Wisconsin. The addition of the long-term contract for capacity and energy from Point Beach, and the development of the Red Rock Hydroelectric Project are consistent with MRES plans to implement the additional capacity by the time it is needed.

MRES will continue to investigate potential purchases of base-load capacity to the extent it can reduce costs and maintain the adequacy and reliability of power supply.

Load Centers.

MRES furnishes wholesale electricity to member communities in the states of Iowa, Minnesota, North Dakota, and South Dakota. Fifty-seven of the sixty-one members receive power under the long-term Power Sale Agreement (S-1 Agreement). All of the MRES S-1 members receive hydroelectric preference allocations from the Western Area Power Administration (WAPA) and have purchase power agreements with WAPA for power and energy from those allocations. Under the S-1 Agreement, MRES has the obligation to provide all the supplemental power needs of those members. One S-1 member, Marshall, Minnesota, also receives a portion of its power supply from another supplier until 2016.

MRES also supplies a portion of the needs for Atlantic, Iowa, and Hutchinson, Minnesota. The City of Pella, Iowa, is the only all-requirements power supply member of MRES.

Fuel Sources and Transportation.

Laramie River Station burns Powder River Basin sub-bituminous coal that is transported to the plant by rail.

Exira Station has three combustion turbines used for peaking purposes. These units use natural gas as their primary fuel and No. 2 fuel oil as a back-up fuel. Natural gas is transported to the plant by pipeline and fuel oil is transported by truck.

The Watertown Power Plant is an electric power generating facility utilizing a simple cycle combustion turbine that uses No. 2 fuel oil. The fuel oil is transported to the plant by truck.

Exhibit 1

U.S. Department of Energy
Energy Information Administration Form EIA-767

(Forms supplied upon request.)

Exhibit 2

Projected Load Growth

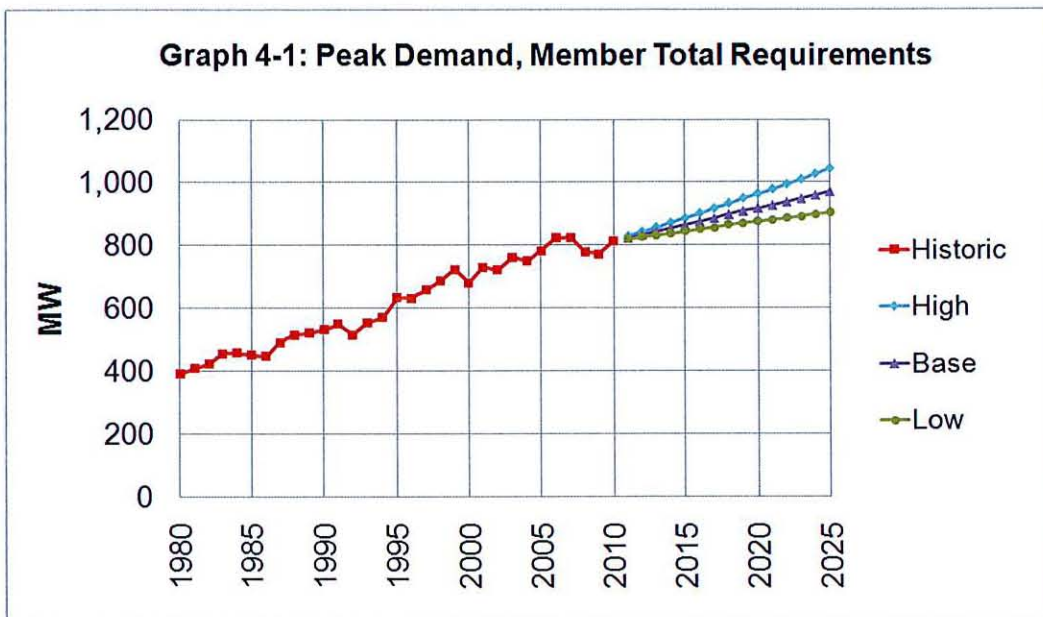
and

Forecast Methodology

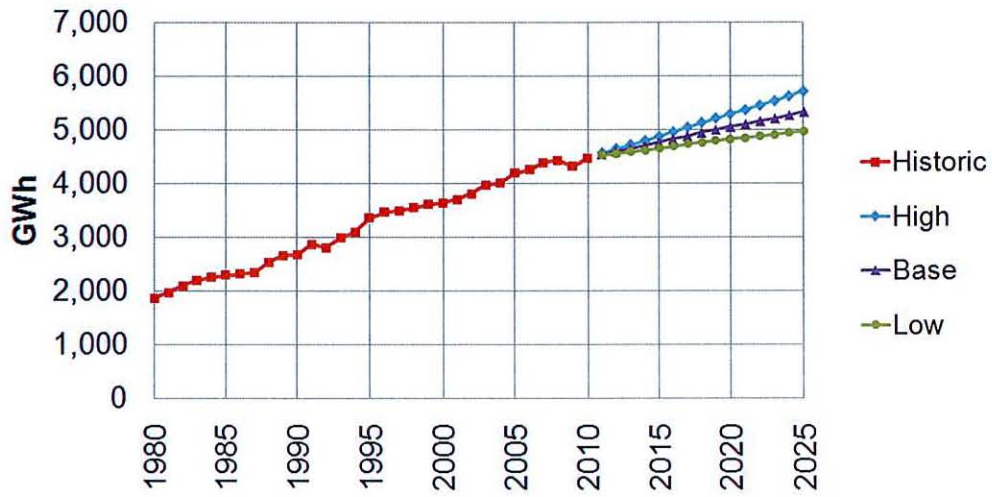
Demand and Energy Forecasts

MRES created load forecasts for the total load of each of its S-1 members and Atlantic, Iowa. These forecasts were developed in 2010 and are of the expected loads assuming normal weather, before any Conservation Improvement Program (CIP) reduction efforts or any additional Demand-Side Management (DSM) programs. (Many members have some level of DSM already in place due to their previous efforts.) DSM and CIP effects on the loads are calculated in a later step of the planning process to enable load and DSM forecasting to be separately evaluated on an ongoing basis.

The total loads for the 57 S-1 members and Atlantic are expected to increase from a historic peak of 821.6 MW in the summer of 2007, to 971.3 MW in the summer of 2025. Below are graphs of the total historic and forecast load, in terms of annual peak and annual energy requirements. The 2011 peak demand was 913.4 MW.



Graph 4-2: Annual Energy, Member Total Requirements



Service List – MRES 10-Year Plan – ND PSC

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STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE FILING OF A
TEN-YEAR PLAN BY MISSOURI RIVER
ENERGY SERVICES

CASE NO. PU-

NOTICE OF FILING TEN-YEAR PLAN

Missouri River Energy Services (MRES) hereby gives notice that on June 28, 2012, a Ten-Year Plan was filed with the North Dakota Public Service Commission in accordance with Section 49-22-04 of the North Dakota Century Code and Chapter 69-06-02 of the North Dakota Administrative Code.

Dated this 28th day of June, 2012.

MISSOURI RIVER ENERGY SERVICES

By 
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Staff Attorney, Legal
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