



CITY OF KALONA

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 AREA CODE 319-656-2310

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July 16, 2007

Mr. Robert J. Harris
 Regional Manager
 Upper Great Plains Region
 Western Area Power Administration
 2900 4th Avenue North
 Billings, MT 59101-1266

RE: WAPA Allocation

Dear Mr. Harris:

The City of Kalona, Iowa is in the process of attempting to acquire the electrical distribution, which serves the City of Kalona, Iowa from Interstate Power and Light (IPL). The City of Kalona has petitioned the Iowa Utilities Board for approval of its request to acquire IPL's facilities and establish a municipal electric utility to serve the future needs of the customers in Kalona.

If the Iowa Utilities Board grants authority to Kalona, it is anticipated that the City of Kalona would begin operations in the year 2009. This letter serves as notice that the City of Kalona is a public entity that would be interested in receiving a WAPA allocation. It is our understanding that WAPA is seeking Letters of interest in that a Federal Power resource pool increment of up to 1 percent of the Pick-Sloan Missouri Basin Program- Eastern Division (P-SMBP-ED), up to approximately 20 megawatts, may be available January 1, 2011 under the Energy Planning and Management Program. Should the City of Kalona be successful in acquiring, establishing and then operating a Municipal Electric Utility, we would like to be considered for a possible WAPA allocation.

This letter of Interest is intended to comply with the Request for letters of interest as identified in the Notice printed in the June 25, 2007 Federal Register, Volume 72, No. 121.

Thank you in advance for the opportunity to present this Letter of Interest to you.

Sincerely,

 JERRY KAUFFMAN,
 CITY OF KALONA, MAYOR