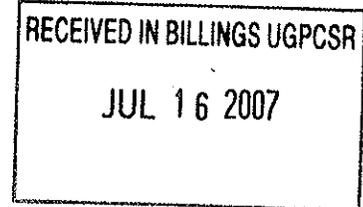


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CITY OF TERRIL
P.O. BOX 125
TERRIL, IA 51364



July 12, 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 Terril, Iowa is in the process of attempting to acquire the electrical distribution which serves the City of Terril and a small adjoining area from Interstate Power and Light (IPL). The City 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.

If authority is granted by the Iowa Utilities Board, it is anticipated that the City of Terril would begin operations in 2009. This letter serves as notice that the City of Terril 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 become available January 1, 2011 under the Energy Planning and Management Program. Should the City of Terril 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,

A handwritten signature in cursive script that reads "Donald Holmberg".

Donald Holmberg
Mayor