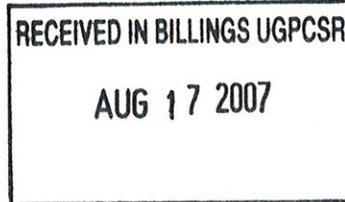




CITY OF LAKE CRYSTAL

100 East Robinson Street
PO Box 86
Lake Crystal, MN 56055
Phone: 507-726-2538 Fax: 507-726-2265

August 16, 2007



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

Dear Mr. Harris:

This letter of interest in an allocation of Federal power is in response to the FRN Post-2010 Resource Pool, Pick-Sloan Missouri Basin Program – Eastern Division request for letters of interest in an allocation of Federal power for delivery beginning January 1, 2011.

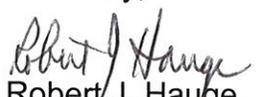
Lake Crystal Municipal Utilities is a municipal power system operating under the laws of the State of Minnesota. Lake Crystal is located in south central Minnesota. We have never received, directly or indirectly, any benefit from a current Federal power allocation.

Our mission is to provide low cost, reliable power to our community. We serve 1,200 retail customers. Federal power would become an important part of the power supply resources that we use to provide service to these customers.

Heartland Consumers Power District will be our full-requirements power supplier at the time the allocation is available for delivery and has agreed to allow us to incorporate a Federal power allocation as a primary source. Heartland is in the process of acquiring the necessary firm transmission service between the Integrated System and our electric system for the delivery of the Federal power. After firm transmission has been approved, Heartland is also willing to schedule this resource through the MISO system on our behalf.

We look forward to working with you to make this valuable resource available to our community.

Sincerely,


Robert J. Hauge
City Administrator