



# CITY OF WAGNER

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RECEIVED IN BILLINGS UGPCSR

AUG 16 2007

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

**Re: City of Wagner, Charles Mix County, SD—  
Letter of Interest for the Proposed P-SMBP-ED Resource Pool**

Dear Mr. Harris:

As the Mayor of Wagner, SD, I am hereby submitting this letter of interest for the proposed P-SMBP-ED Resource Pool, pursuant to the Federal Register/Vol. 72, No. 121, as of Monday, June 25, 2007, at page 34680. Please be advised that the City of Wagner lies in Charles Mix County, SD, and is in the process of forming a city-owned municipal electric utility. The City of Wagner is very interested in receiving a WAPA allocation of power at the next WAPA allocation distribution, which I understand will be on January 1, 2011. The City of Wagner is a South Dakota Municipal Corporation located within Charles Mix County, SD, approximately 12 miles east of the Fort Randall Dam located on the Missouri River in South Dakota. Our current population is approximately 1645 individuals within the city limits. In addition, Wagner is located near the ancestral home of the Yankton Sioux Tribe and several members of the Tribe live within the city limits of Wagner, and there are also Yankton Sioux Tribal Housing Authority housing developments on the south and north edges of Wagner. I understand that the Yankton Sioux Tribe already has a WAPA allocation of power that is transmitted over the Northwestern Energy lines currently serving Wagner, to the benefit of the Yankton Sioux Tribe.

The City of Wagner is working hard to gain utility status by December 31, 2007. I am enclosing the additional attached information to show you the progress to date of our efforts:

1. A copy of our Resolution of Intent to create our own municipal utility pursuant to existing South Dakota law.
2. A copy of the contract between the City of Wagner and R. W. Beck of Minneapolis, MN, to conduct a feasibility study on creating our own municipal electric utility.

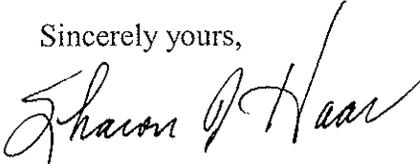
3. A copy of the supplemental appropriation ordinance that the City of Wagner adopted to fund the R. W. Beck feasibility study.
4. An estimated completion time for the R. W. Beck feasibility study submitted to us by R. W. Beck.
5. Copies of Wagner Post articles concerning the city's efforts to create its own municipal electric utility.
6. Electric load characteristics in general characteristics of our existing electrical distribution system in the City of Wagner by Larry Nyquist, of R. W. Beck.
7. Our utility accounting software capabilities here within the City of Wagner.
8. Copies of minutes of Council meetings where the municipal electric and feasibility study were discussed.
9. A copy of the South Dakota Municipal Electric Association's Joint Mutual Aid Agreement, which we envision the City of Wagner would enter into with other South Dakota municipal electric utility organizations to provide for emergency coverage.
10. An overview of the City of Wagner regarding population, growth, business community, special events, etc.

The City of Wagner has the legal authority to establish and operate its own municipal electric utility pursuant to SDCL 9-39-1, a copy of said statute being attached hereto. In addition, SDCL 9-40-1 authorizes any municipality to purchase or construct or otherwise acquire, establish, equip, maintain, operate, extend or improve any system or part of a system for the purpose of providing electric services to community residents. A copy of said statute is attached hereto. The City of Wagner is also a Political Subdivision of the State of South Dakota and by virtue thereof, has eminent domain powers that would allow the city to take the existing electrical system within its borders from the existing electric provider, and to allow a jury to determine what the city would then have to pay the current provider for the system.

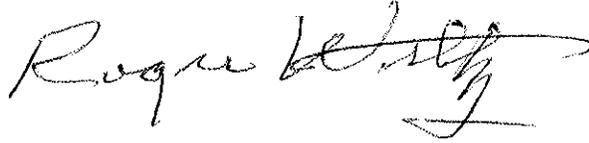
The city is currently awaiting the results of the feasibility study to be completed by R. W. Beck of Minneapolis, MN. We are told the feasibility study should be completed by the end of August, 2007. As soon as the city receives that feasibility study, it has already contacted Dougherty & Co., L.L.C., and bond counsel, the Dorsey Law Firm in Minneapolis, MN, to be our electric revenue bond issuer and bond counsel respectively. They will be contacted immediately upon the city receiving the feasibility study and making the determination that the numbers in the feasibility study make it beneficial to the city to go forward with the creation of its municipal electric utility.

Thank you for considering this letter to our letter of interest pursuant to the above-referenced Federal Register instructions and page. We hope the materials submitted along with this letter of interest gives you a good snapshot of where the City of Wagner is currently at in its efforts to create its own municipal electric utility, and where it hopes to go. We generally are exerting all efforts that we possibly can to have our own municipal electric utility authorized, approved by the voters, and ready to issue resolutions and to acquire the electric system within the city limits by December 31, 2007. Should you require any additional information from us at anytime, please do not hesitate to contact us.

Sincerely yours,



Sharon Haar, Mayor  
City of Wagner



Roger Wiltz, President of the Council  
City of Wagner



Merle Bartunek, Councilman  
City of Wagner



Ron Cuka, Councilman  
City of Wagner



Todd Johannsen, Councilman  
City of Wagner



Norman Deal, Councilman  
City of Wagner