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September 26, 2013

Kendall Glover
Utility Director
PO Box 3003
Gillette, WY 82717-3003

Dear Kendall:

The purpose of this letter is to clarify the City of Gillette's allocated share of an amount paid by the Municipal Energy Agency of Nebraska ("MEAN"), the City's wholesale power supplier, to settle a claim regarding alleged improper use of network integration transmission service from SPP during the period from February 1, 2010 through January 31, 2012.

As you may recall, SPP network integration transmission service was used by MEAN in the operation of its integrated power supply system for the benefit of all of its participating municipal utilities (collectively, the "Participants"), including the City of Gillette, under the Electric Resources Pooling Agreement and Service Schedules J, K, K-1 and M thereto (collectively, the "Pooling Agreement") between MEAN and the Participants.

The MEAN Board of Directors, on January 10, 2013, approved a methodology for the allocation of such settlement amount (referred to herein as the "regulatory independent transmission system operator and transmission adjustment" or "RITA") among the Participants.

The methodology approved on January 10, 2013, as applied to the City of Gillette, was based on the total kWh billed to Gillette under its Service Schedule J (SSJ) contract unadjusted for Gillette's WAPA allocation. MEAN has revised the methodology, as applied to Gillette, to assess the RITA on the total kWh supplied to Gillette under its SSJ contract adjusted for its WAPA allocation (total SSJ kWh less WAPA allocation).

Accordingly, the revised amount of the City of Gillette's allocated share of the RITA is as follows: \$289,742.23. This amount is due and payable by the City, but will not be billed until April, 2014, unless the City elects to modify the terms of repayment by executing the Agreement Regarding Payment Schedule for Regulatory Independent Transmission System Operator and Transmission Adjustment with MEAN.

If you have questions regarding the specific terms of repayment, please contact Jamie Johnson, Director of Finance and Accounting, at (800) 234-2595.

Sincerely,

Chris Dibbern
General Counsel