

Dairyland Power Cooperative

La Crosse, Wisconsin

REQUEST FOR PROPOSAL

FOR

POWER SUPPLY

BEGINNING

JUNE 1, 2013

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1.0 Purpose of Request for Proposals

Dairyland Power Cooperative (DPC) is a generation and transmission cooperative with headquarters in La Crosse, WI organized to provide wholesale electricity to certain rural areas of Wisconsin. DPC's Long Range Power Supply Plan indicates that the system will be capacity deficit between 2011 and 2013. DPC's existing power supply resources consist primarily of base and peaking type resources. Figure 1 is a balance of load and capability indicating, in graphical format, the current excess and future deficits of resources available to DPC. The bar graph represents the difference between the Adjusted Net Capability and the Total Firm Capacity Obligation forecasted for DPC's system out to 2025. The Total Firm Capacity Obligation includes a 15 % reserves requirement.

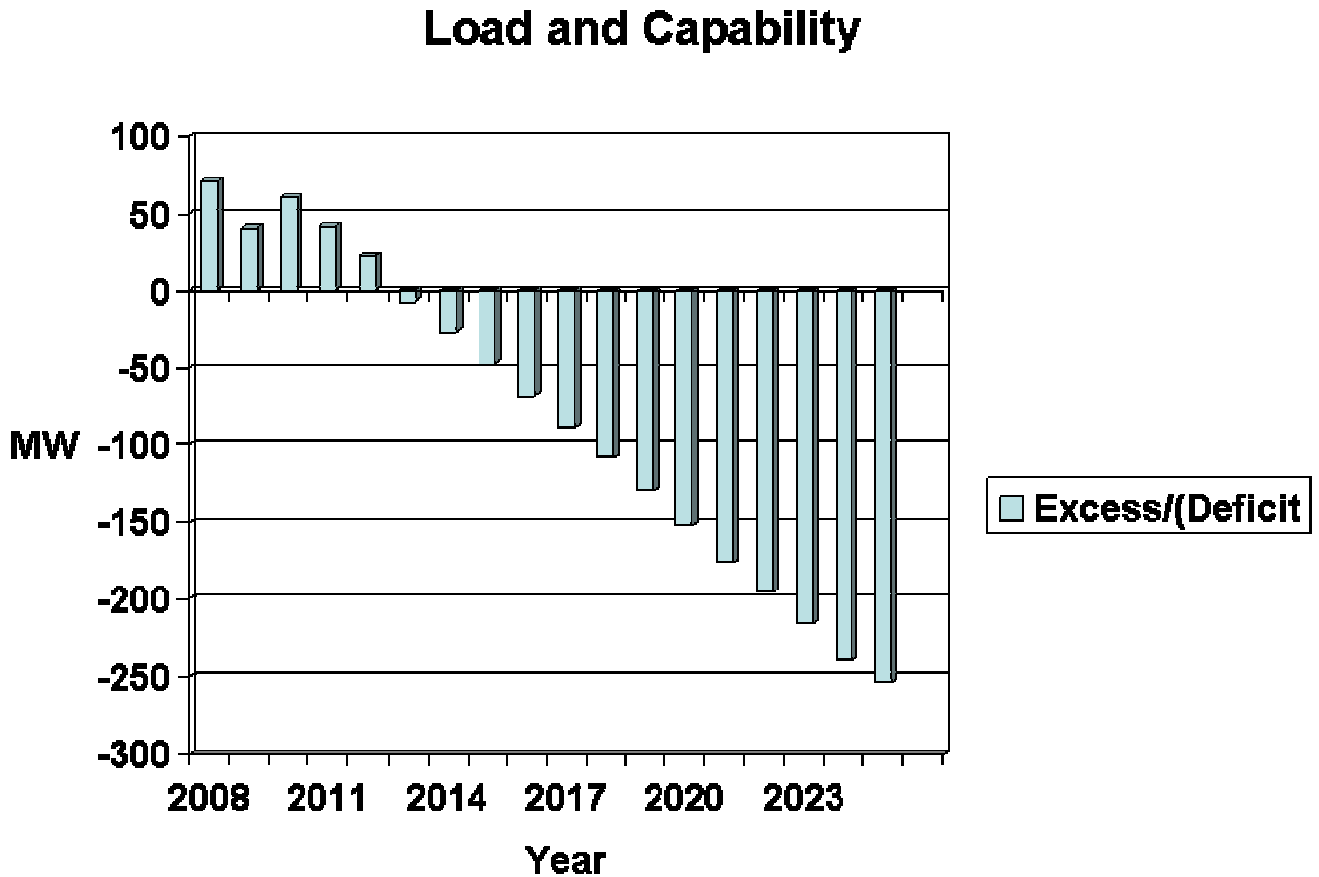


Figure 1
 Balance of Loads and Resources

Table 1 provides the demand and energy requirements out to 2025 for the DPC system. As shown, the system load factor is projected to increase.

Year	Energy Sales MW	Peak Demand MW
2008	5,003,395	944
2009	5,168,400	972
2010	5,281,749	990
2011	5,379,007	1,006
2012	5,486,340	1,024
2013	5,581,715	1,041
2014	5,679,615	1,058
2015	5,774,337	1,075
2016	5,882,087	1,093
2017	5,977,503	1,111
2018	6,080,755	1,128
2019	6,185,332	1,146
2020	6,292,402	1,167
2021	6,411,902	1,188
2022	6,508,549	1,204
2023	6,606,778	1,221
2024	6,717,946	1,239
2025	6,809,416	1,254

Table 1
Energy and Demand Requirements
2008 to 2025

Based on these forecasts, DPC is in need of nominally 100 MW of peaking capacity and associated energy beginning by 2013. The forecast indicates peak demand growth of over 300 MW and energy growth of nearly 1.8 million MWh. This RFP has been developed to allow prospective bidders to provide a variety of short and long term supply proposals to DPC to meet this requirement. DPC is open to EPC proposals, unit participation offers, power purchase agreements and other forms of offers. Tolling arrangements will not be considered.

DPC operates within its own Balancing Area. All deliveries to DPC, scheduling, and other transaction functions will need to meet the requirements of DPC and the North American Electric Reliability Council.

DPC has retained Burns & McDonnell to administer this RFP and assist in evaluation of the responses.

2.0 Instructions to Bidders

2.1 General

- 2.1.1 Nothing contained in this Request for Proposal (RFP) shall be construed to require or obligate DPC to select any proposals or limit the ability of DPC to reject any of the proposals in its sole and exclusive discretion. DPC further reserves the right to withdraw and terminate this RFP at any time prior to the execution of a contract.
- 2.1.2 The submission of a proposal to DPC shall constitute a Bidder's acknowledgment and acceptance of all the terms, conditions and requirements of this RFP.
- 2.1.3 Subject to 2.1.4, all proposals submitted to DPC pursuant to this RFP shall become the exclusive property of DPC and may be used for any reasonable purpose by DPC.
- 2.1.4 DPC and Burns & McDonnell shall consider materials provided by Bidders in response to this RFP to be confidential only if such materials are clearly designated as "Confidential". Bidders should be aware that their proposal, even if marked "Confidential", may be subject to discovery and disclosure in regulatory or judicial proceedings that may or may not be initiated by DPC. In addition, DPC is a borrower under the Rural Utilities Service (RUS) and, as such, is subject to certain disclosure requirements of the U.S. Government. DPC expects to provide summaries of all bids to RUS with the bidder's identity concealed. Separately from the bid summaries, DPC expects to provide RUS a list of companies that provided bids. DPC shall not be held responsible for any release of information, confidential or otherwise, by RUS. Bidders may be required to justify the requested confidential treatment under the provisions of a protective order issued in such proceedings. If required by an order of an agency or court of competent jurisdiction, DPC may produce the material in response to such order without prior consultation with the bidder.
- 2.1.5 Bidders proposing ownership or purchased capacity options from sources requiring transmission services for ultimate delivery to DPC must be fully cognizant of the potential for parallel flow impacts that may result from such transmission. DPC will require, as part of any contract resulting from this RFP, that the Bidder indemnify DPC for claims based upon or arising out of parallel flow impacts. Bidders shall be responsible for all transmission wheeling, congestion rights, redispatch costs or other costs in order to provide firm wheeling for the delivery of capacity and energy to DPC.
- 2.1.6 Bidders shall be responsible for all costs and issues associated with bids; contract negotiations; completion of the contract; all taxes, duties, fees and other charges associated with the delivery of capacity

and energy under the contract; and compliance with all local, state and federal laws that may affect the contract.

- 2.1.7 DPC is a member of the Mid-Continent Area Power Pool (MAPP) as a signatory to the MAPP Restated Agreement. DPC is not a transmission owning member of MISO, however, DPC has approximately 150 MW of load in the MISO footprint for which it takes network integration transmission service under the MISO Transmission and Energy Markets Tariff (TEMT). DPC is also a member of the Midwest Reliability Organization (MRO) and the Midwest Contingency Reserve Sharing Group (Midwest CRSG) administered by MISO.
- 2.1.8 DPC anticipates that transmission access and capacity will be a factor in selection of the final bid(s). All costs and coordination required for any Generation Interconnection Request studies and/or Transmission Service Request studies are the responsibility of the Bidder. If the Bidder proposes a project that will interconnect to a DPC owned transmission facility, then the Bidder shall comply with all requirements of the Interconnection Guidelines for the DPC Transmission System. If the Bidder proposes a project that will interconnect to a third-party owned transmission facility, then the Bidder shall comply with the appropriate Transmission Provider's (i.e. MISO, PJM, etc) generator interconnection policies and procedures.
- 2.1.9 All offers must comply with the requirements of the DPC Open Access Transmission Tariff (OATT) and the OATT of any third-party Transmission Providers required to provide a complete firm transmission path from source to sink. Bidders are assumed to be familiar with these requirements and any requirements of the area they are originating the capacity and energy in through the submission of a proposal. The proposal must include all pricing for delivery of capacity and associated energy to the DPC control area.
- 2.1.10 Bidders are required to ensure compliance with all applicable North American Electric Reliability Corporation (NERC) reliability standards for a generator owner and operator.
- 2.1.11 This RFP is for traditional peaking resources fueled by natural gas as the primary fuel. DPC actively encourages renewable offers, but these should be provided directly to DPC outside of this bid process.

2.2 Overview of Process

- 2.2.1 DPC has set-up an e-mail box to collect all internet communication from potential bidders as well as a web site to provide uniform communication including updates and specific detail as may be provided from time to time through this bidding process. The e-mail address is ctsiting@dairynet.com. The web site is www.dairynet.com.

2.2.2 The bid process will include the activities and events as indicated in the schedule on Exhibit A. Bid opening will be performed in private. Proposals will be screened and offers that do not meet the requirements of this RFP will be notified and provided one week to cure the deficiency. Those proposals not cured within the time allotted will not be evaluated further.

2.2.3 The evaluation of the bids will be performed by Burns & McDonnell and DPC. Bidders on any short list developed will be invited to begin negotiations of final details of the offers. Final evaluation of the offers, considering contract terms, will then be performed.

2.3 Notice of Intent to Bid

2.3.1 Each potential Bidder is requested to advise DPC during the week of June 30, 2008 of its intent to submit a proposal by providing a notice of intent to bid (Exhibit B).

2.3.2 The Notice of Intent to Bid form may be faxed or e-mailed, to the following address:

Jon Summerville
Burns & McDonnell

Tel: (816) 822-4354
Fax: (816) 822-3027
Email: jsummerville@burnsmcd.com

2.4 Deadline and Method for Submitting Proposals

2.4.1 Proposals must be submitted in the complete name of the party expecting to execute any resulting contract with DPC. The proposal must be executed by a person who is duly authorized to bind the Bidder to a contract.

2.4.2 All proposals submitted in response to this RFP must be received by DPC no later than 4:00 PM Central Daylight Time August 22, 2008.

2.4.3 **DPC will not accept proposals received after the specified date and time set forth in Section 2.4.2 for any reason, and said proposals will be disqualified from further evaluation.**

2.4.4 Bidders are required to provide three (3) bound sets of all documents, including exhibits, as part of its proposal. It is further requested that multiple proposals submitted by each Bidder be identified separately. Proposals must be delivered to the following address:

DPC Power Cooperative RFP
c/o Jon Summerville
Burns & McDonnell

9400 Ward Parkway
Kansas City, MO 64114

2.5 Questions and Interpretation of RFP

DPC requires that all questions concerning this RFP be submitted in writing to DPC at the e-mail address indicated in Section 2.2.1. Answers will be provided through posting to the web site. DPC encourages potential Bidders to make periodic checks to the web site to determine if additional information has been posted. DPC will not be responsible for other explanations or interpretations of the RFP.

Written questions will be accepted by DPC until one week before the proposal submittal deadline. Answers will typically be provided on the web site to questions received during a respective week on the following Monday afternoon.

It shall be the obligation of the bidder to identify to DPC any conflicting statements, need for clarification, or omissions of pertinent data from the RFP before bids are due. Any questions not resolved by the bid date shall be identified in the proposal and a statement made as to the basis of the proposal.

2.6 Requirements of the Proposals

2.6.1 Proposals must be provided in the format outlined in Section 3.0. The content of proposal(s) shall be subject to the requirements of this RFP. DPC requests that all exhibits, documents, schedules, etc. submitted as a part of a proposal be clearly labeled and organized in a fashion that facilitates easy location and review.

2.6.2 All proposals must conform, as applicable, to the requirements within this RFP.

2.6.3 This RFP is for the supply of peaking capacity and associated energy commencing on the earliest date available, being on or after June 1, 2013. Short and long-term offers will be accepted as well as equity purchase for life of unit and EPC approaches. A 20 year term or longer is preferred by DPC. Bidders are encouraged to provide offers regardless of term limits. Capacity offered must meet the accreditation requirements of the Mid-Continent Area Power Pool (MAPP) Generation Reserve Sharing Pool (GRSP) and be usable by DPC in meeting its resource reserve obligations of MAPP's GRSP.

2.6.4 Ownership or power purchase offers based on new generating facilities, which are the generating sources for Bidder's proposal, must provide the development status. Bidder must have or be in the process of acquiring MAPP's GRSP (MISO) capacity accreditation for all proposed generating sources. Bidder must provide the status of all Interconnection Studies and market deliverability tests.

- 2.6.5 Proposals for purchased capacity and energy shall be for delivery commencing on the earliest date available, being on or after June 1, 2013 and continuing for a specified term as described in 2.6.3. Proposals will be considered for new resources, existing resources, or system power.
- 2.6.6 Proposals must be for ownership in new or existing generating facility (ies) or purchase power agreements for firm capacity and energy. Bidder to indicate whether the offer is System Firm, Unit Firm or Firm(LD) as those terms are defined in the EEI Master Power Purchase & Sale Agreement, Schedule P. Any purchase offers must identify the resource or system supplying the capacity and energy.
- 2.6.7 DPC will consider proposals for capacity and energy with the following characteristics:
 - 2.6.7.1 Minimum Capacity value range of 85 MW to 115 MW summer rating.
 - 2.6.7.2 Energy shall be available to DPC with maximum flexibility allowed under the DPC Operating Agreement.
 - 2.6.7.3 All issues and costs associated with delivery to the DPC interconnections with MISO (Delivery Point) shall be the responsibility of the Bidder.
 - 2.6.7.4 Bidders shall provide the firmness of their offers. Expected annual availability for resources shall be provided on the Term Sheet (Exhibit C).
 - 2.6.7.5 Energy shall be scheduled at DPC's sole discretion under the contract. DPC anticipates having times when no energy is scheduled from peaking resources. When energy is needed, energy schedules shall be coordinated with DPC in accordance with the typical resource scheduling practices and NERC requirements.
- 2.6.8 DPC requests that all pricing provided with the proposals be firm. To the degree that the pricing can vary from that proposed, bidders are to provide the components of the pricing subject to change, any index associated with the change, and the methodology whereby the price will be made firm.
- 2.6.9 Bidders may submit more than one proposal.
- 2.6.10 The pricing, as set forth in Section 4.2, contained in each proposal shall reflect compliance with all present applicable state and federal environmental regulations and requirements for sulfur dioxide, nitrous oxide, particulates, and mercury emissions. DPC reserves the right to estimate the impacts of future carbon environmental regulations on

the bidder's offer. Bidders are encouraged to provide benefits of their offers relative to pending carbon regulations.

2.6.11 Proposals that rely upon generation resources or contracts located outside of DPC's system must provide for the delivery of unit output to the DPC transmission system through its interconnections with the MISO. Bidders can review these interconnections www.Dairynet.com. Transmission service which the Bidder acquires for the purpose of delivering said capacity shall be Firm Point-to-Point. Bidder shall be responsible for providing firm transmission throughout the term of the contract. Said transmission service shall be continuously reserved for the duration of the capacity transaction.

2.6.12 The Bidder shall be responsible for the providing and contracting of the requisite transmission wheeling services for delivery to DPC's system, except for those services that can be provided at the option of DPC. DPC will arrange for the satisfaction of the Schedule 3, 5, and 6 requirements. At some point during the evaluation process, however, DPC, in its sole discretion, may deem it necessary to require a Bidder(s) to demonstrate the ability to acquire transmission services. Furthermore, DPC may require the Bidder to demonstrate the deliverability of source fuels, e.g. natural gas or oil. If the Bidder is unable or fails to demonstrate such ability to obtain delivery services, DPC may terminate further consideration of the Bidder's proposal. DPC will not consider tolling arrangement proposals.

Proposals should address any contractual constraints such as cycling, minimum load, minimum run time, minimum down time, start-up fees, etc., that the Bidder intends to impose in its proposal.

2.6.13 Bidders are advised that prior to DPC signing a power supply agreement, the Bidder will be required to provide substantial evidence of credit assurance as detailed in Section 3.9 of this RFP. All forms of credit assurance will be approved by DPC before entering into an agreement. The form and quality of credit assurance shall be approved by DPC and its lending institutions prior to further negotiations.

3.0 Proposal Organization

The Bidder understands that DPC will rely on the representations contained in the Proposal in its evaluation and consideration of proposals submitted pursuant to the RFP. The Bidder further understands that its inability to substantiate and verify any such representation may result in the termination of further consideration and/or evaluation of the Proposal. All such representations made in the Proposal are true and accurate to the best of the Bidder's knowledge and belief.

All Proposals must include the following minimum components in the order provided:

3.1 Executive Summary

An "executive summary" of the highlights and special features of the Proposal.

3.2 Statements

3.2.1 A statement from the Bidder clearly indicating the time period during which the proposal will remain effective. DPC requires that the proposal structure remain effective at least until November 7, 2008.

3.2.2 All documentation and signatures required depending on the nature of the proposal.

3.3 Contract Terms

A comprehensive listing and description, including a rationale if warranted, of all major contract terms and conditions that the Bidder would seek during contract negotiations.

3.4 Proposal Limitations

A listing of any economic, operational or system conditions (including sensitivities to anticipated dispatch levels) that might affect the Bidder's ability to deliver capacity and energy, as offered.

3.5 Technical Information

A brief description of the source for the capacity and energy shall be included in this section. Information should be included as discussed in Section 4.1. The information outlined on the Term Sheet Exhibit C must be provided as a requirement for evaluation.

3.6 Cost Proposal

Information on the cost of the capacity and energy shall be provided. Information shall be included as shown in Exhibit C.

3.7 Company Financial Data

Information on the makeup of the company and its parent organization shall be provided along with the most current annual financial reports and SEC Form 10-k (if applicable to the Bidder).

3.8 Exhibits

Site locations of the existing or proposed projects and other drawings that would be helpful in describing projects shall be included. These drawings may include, but not limited to, county maps, and one-line system diagrams.

3.9 Security and Reliability of Physical Delivery

DPC requires secure and reliable physical delivery of the capacity and associated energy corresponding to all power supply offers. Security and reliability of physical delivery will be guaranteed by either (1) evidence of contractual credit assurance by a third party, (2) parent corporation commitment accompanied by an investment level credit rating from a major rating agency, or (3) various combinations of 1 and 2. All forms of credit assurance will be approved by DPC and its lending agencies before entering into a power supply agreement.

4.0 Proposal Content

For consideration in the evaluation process, proposals **must** contain the information outlined in the sample Term Sheet provided in Exhibit C.

Supporting information outlined in the following paragraphs for the respective proposal type will be beneficial in assistance in evaluation of the proposal. Should this information not be submitted with the proposal, DPC may require the Bidder to submit this information in order to verify the Bidder's ability to meet any future contract resulting from this RFP process.

4.1 Technical Information

Provide sufficient technical information to fully describe the project and allow a determination of the status and condition of proposed sources of capacity. The following information should be provided.

4.1.1 Capacity and Energy from New Resources

4.1.1.1 The effective date and the proposed term of all requisite development, ownership, financing and/or operating and maintenance agreements.

4.1.1.2 A description of the type, fuel type(s), technology, location, nature, and operational status of the facility(ies). Said description will include the facility's net continuous generating output, and heat rates (HHV) at various operational levels by fuel type(s). An itemized description

of the cost components of fixed O&M and variable O&M. The basis conditions for the net ratings of all generating unit outputs shall be based on summer season ambient conditions as defined in the proposal.

- 4.1.1.3 If the generating facility (ies) are located remote from DPC's system, the Bidder shall identify the type of transmission service being provided, delivering parties, delivery point(s) of energy to DPC's system and the status of any current transmission studies.
 - 4.1.1.4 A detailed description of the scheduling or dispatch process, and any energy magnitude and duration limitations.
 - 4.1.1.5 A detailed construction schedule for completion of the facility with the proposed commercial date. List of construction contracts and status of award, status of all site acquisition and right of way procurement.
 - 4.1.1.6 A description of the facility's ability to comply with all presently applicable and anticipated environmental regulations and requirements and any additional environmental benefits that the facility would, or presently does, afford. A listing of expected emissions and the status of all permit applications. A listing of any potential or known environmental liabilities, which may be associated with the project or its sites.
 - 4.1.1.7 A description of the facility (ies) maintenance plan and schedule for the term of the proposed contract and any flexibility as to the timing of maintenance that the Bidder might afford DPC. DPC reserves the right to negotiate a final maintenance schedule with the Bidder during contract negotiations.
- 4.1.2 Capacity and Energy from Existing Resources
- 4.1.2.1 Up to five years of representative historical annual operating data (unit availability, production costs, energy generated plus other facts which the Bidder may deem appropriate), together with a detailed description of the type, age, technology, location, nature and operational status of the facility (ies), including the size and schedule of proposed sales of energy and capacity to DPC.
 - 4.1.2.2 A description of the facility's ability to comply with all presently applicable and anticipated environmental regulations and requirements and any additional benefits that the facility would, or presently does, afford.

4.1.2.3 A description of the facility(ies) maintenance plan and schedule for the term of the proposed contract and any flexibility as to the timing of maintenance that the Bidder might afford DPC. DPC reserves the right to negotiate a final maintenance schedule with the Bidder during contract negotiations.

4.1.3 Capacity and Energy from Utility System

4.1.3.1 The expected generation fuel types that will provide the energy for the contract. If the sources will vary seasonally, describe the expected sources for each season.

4.1.3.2 Describe the expected level of firmness of the capacity and energy and the treatment of DPC interruptions with respect to system disturbances or other curtailment criteria.

4.1.3.3 The expected delivery points of energy to the DPC system.

4.1.3.4 Details of any energy limitations, voltage requirements, power factor requirements, etc. associated with the power supply proposal.

4.2 Price Proposal

Proposals must provide a detailed description of the pricing terms and conditions (see sample Term Sheet, Exhibit C). During any subsequent discussions and/or negotiations, DPC may request modification to the proposed pricing scheme in order to accommodate its own operational or administrative requirements. For consideration in the evaluation process, proposals must contain the information outlined in the following paragraphs for the respective proposal type.

Note: DPC requires that Bidders utilizing gas as a source fuel use an industry accepted standard basis to build its energy price forecast. Bidders shall specify the index, source location of fuel, type of fuel, and Btu content, as well as the expected transportation method and cost.

4.2.1 Ownership Purchase

Bidders may offer capacity and energy from new or existing resources on an ownership purchase basis. Under this arrangement, DPC shares in all future ownership responsibilities and provides a payment in the form of an equity purchase in accordance with a purchase agreement to be negotiated. The Bidder must demonstrate that it has the requisite authorization to make an offer for an equity purchase in the facility represented in its proposal.

4.2.1.1 New Resources

- (i) Equity amount to be funded by DPC must be provided which includes all costs of developing, designing, constructing, and start-up of the facility to commercial operations. DPC will evaluate the financing of the equity purchase from its sources. Amounts and dates of payments required by DPC during construction shall be provided.
- (ii) An estimate of the costs and timing of on-going annual capital additions associated with each proposed generation facility.
- (iii) An estimate of annual fixed O&M costs associated with each proposed generation facility.
- (iv) An estimate of annual emission allowances, variable O&M, and startup costs associated with each proposed generation facility for loading at its expected operating annual capacity factor.
- (v) Estimated percent annual unit availability. Percent annual unit availability is defined as 100 times the total number of hours the unit is available for generation in a year divided by the number of hours in that year.
- (vi) All costs associated with delivery of the energy to DPC's service territory with the exception of ancillary services to be provided by DPC.

4.2.1.2 Existing Resources

- (i) A lump sum payment, which includes all costs of acquisition of the proposed capacity including transfer of title, permits, etc. to DPC.
- (ii) An estimate of the costs and timing of on-going annual capital additions associated with each proposed generation facility.
- (iii) An estimate of annual fixed O&M costs associated with each proposed generation facility.
- (iv) An estimate of annual emission allowances, variable O&M, and startup costs associated with each proposed generation facility for loading at its expected operating annual capacity factor. Estimated percent annual unit availability and guaranteed minimum percent annual unit availability.

- (v) All costs associated with delivery of the energy to DPC's service territory with the exception of ancillary services to be provided by DPC.

4.2.2 Contract Purchase

Bidders may offer capacity and energy from new or existing resources or from a utility system on a contract purchase basis. Under this arrangement, the Bidder retains all ownership responsibilities and DPC provides only a capacity and energy payment in accordance with a purchase agreement to be negotiated. The Bidder must demonstrate that it has the requisite regulatory authorization to make sales contemplated by its proposal.

- 4.2.2.1 Proposed capacity, cost, and availability for new or existing resources shall be provided. DPC reserves the right to estimate the availability of a resource at its sole discretion if a reasonable availability is not provided by the Bidder. Proposed capacity rates shall include all losses, wheeling and other charges associated with delivery to the DPC service territory with the exception of ancillary services to be provided by DPC.
 - (i) The Bidder shall provide the starting capacity rate and applicable formula for escalation with proposed indices or a schedule of capacity rates for the proposed contract term.
 - (ii) The Bidder shall identify the type of transmission service being provided, delivering parties and delivery point(s) of energy to DPC's system.
- 4.2.2.2 Proposed energy rates shall include all losses, wheeling and other charges associated with delivery to the DPC service territory with the exception of ancillary services to be provided by DPC.
 - (i) The Bidder shall provide the starting energy rate and applicable formula for escalation with proposed indices or a schedule of energy rates for the proposed contract term.
 - (ii) The actual delivered energy, in any month, shall be determined in accordance with the metering procedures as set forth in the contract, which will be negotiated between DPC and the successful Bidder.

- (iii) The Bidder should specify the basis (i.e. annually, quarterly, monthly, etc.) and type of all payments it expects to receive. In the case of a fully dispatchable generating facility, such payments might include start-up payments (\$/start) or spinning payments (\$/operating hour). The Bidder may further specify a pricing formula, schedule, or some combination of the two, for determining these payments.

4.2.2.3 The Bidder must provide a printed schedule projecting for each contract year, quarter, or month, as appropriate, depending upon how frequently the Bidder's rate(s) or its respective components will be updated, for the full term of the proposed contract of the following:

- (i) Full capacity rate (and all its components),
- (ii) Capacity payment,
- (iii) Energy rate (and all its components),
- (iv) Projections of any independent variables (i.e. operating hours, number of starts, etc.) that are to be used in the calculation of payments, and
- (v) Energy payment.

5.0 Proposal Evaluation and Contract Negotiations

5.1 Screening

- 5.1.1 After the proposal submittal deadline, DPC will privately open all proposals and begin reviewing proposals for completeness and responsiveness. Those proposals which do not include all information requested in Paragraph 3 above shall be notified and given one week to provide the necessary information.
- 5.1.2 An initial screening will be developed to identify those proposals that meet the minimum criteria established by DPC for evaluation in Paragraph 2.6. Those proposals not considered to meet the required threshold will be notified and given one week to cure the deficiency.
- 5.1.3 DPC may request that Bidders provide additional information or clarification to its original proposal. DPC shall make such requests in writing and will also specify a deadline for compliance. Failure to provide the requested information or clarification by the deadline will result in the disqualification of the proposal.

- 5.1.4 DPC may select any number of proposals, or reject all proposals or at any time withdraw and terminate this RFP pursuant to Section 2.1.1, as DPC, in its sole and exclusive judgment, deems appropriate.

5.2 Short List Development

- 5.2.1 After the initial screening, DPC shall evaluate the remaining proposals based on present value economic analysis and other evaluation criteria to develop a short list.
- 5.2.2 DPC may consider, when making its selection(s), the portfolio effect of proposals offered in the context of its overall system supply plan.
- 5.2.3 During the evaluation process, DPC may choose to initiate discussions with one or more Bidders. For purposes of this RFP, discussions shall simply indicate DPC's interest in a particular proposal and its desire to obtain from the Bidder additional detailed information that may not necessarily be contained in the proposal. Discussions with a Bidder shall in no way be construed as commencing "negotiations" with a Bidder. DPC intends to use such discussions as a method of reducing the number of proposals to those, if any, that DPC determines warrant further evaluation and, possibly, contract negotiations. If DPC intends to initiate discussions, it will notify the Bidder of such intention and require the Bidder of such proposal to confirm, in writing, the offer and representations contained in its original proposal.
- 5.2.4 If DPC is not interested in a particular proposal, it will notify the Bidder as soon as practical after such determination is made.
- 5.2.5 DPC will assess the benefits of the proposals primarily through present value economic analysis and other criteria (capacity and energy pricing, energy dispatchability, flexible maintenance schedules, etc.). Analysis will be carried out in a production cost model using economic dispatch of resources with the new options blended in with DPC's existing resources. Consideration of contractual options or other subjective factors (buyout provisions, contract extensions, etc.) will be included where more than one proposal provides similar benefits. Experience, creditworthiness and current status of proposed projects under construction or development will also be factors in the evaluation.

The basic costs for connecting any new facility to the DPC transmission system will be incorporated into the economic evaluation. This will cover the costs of the connecting line and substation facilities as well as an initial estimate of the cost of any upgrades to the DPC transmission system required as a result of any new facility. For facilities located outside the DPC service territory, any costs

associated with the use of firm tie capability shall be provided by Bidder.

5.3 Contract Negotiations

- 5.3.1 DPC will notify a Bidder in writing of its interest in commencing contract negotiations with that Bidder. Prior to commencing contract negotiations, bidders on the short list will be allowed to refresh their pricing. A final analysis will be performed with the refreshed pricing to determine if a bidder should be removed from the short list. DPC's commencement of and active participation in such negotiations shall not be construed as a commitment from DPC to execute a contract. If, however, a contract is successfully negotiated, it shall not be effective unless and until fully executed by DPC in accordance with its procedures and any and all required regulatory and RUS approvals have been received.
- 5.3.2 DPC reserves the right at any time, during contract negotiations, at its sole discretion, to terminate or, once terminated, to resume negotiations with a Bidder.
- 5.3.3 DPC will require that certain provisions be included in its contracts. Such provisions may include, but are not limited to, insurance, indemnification, performance guarantees, assignable to RUS, liquidated damages for non-performance, firm security (depending on the financial means and historical performance of the Bidder), ability of DPC to reassign its entire rights, or a portion thereof, to the contract to another party, and a "regulatory out" provision.
- 5.3.4 This RFP contains general guidelines and requirements for developing and submitting proposals. Nothing herein shall be construed to bind DPC unless and until a contract with a Bidder has been successfully negotiated, executed, and is effective. Once effective, the contract will govern the relationship between and responsibilities of the parties. The costs for responding to the RFP are the responsibility of the Bidder.

Exhibit A

SCHEDULE

The schedule as outlined below and referred to throughout this document is based on DPC's expectations as of the release date of this RFP.

Release of RFP	June 23, 2008
Notice of Intent to Bid	July 3, 2008
Proposal Submittal Deadline	August 22, 2008
Proposal evaluation completed	November 24, 2008

DPC reserves the right to extend or otherwise modify any portion of the schedule or terminate the RFP process at its sole discretion. Any changes to the schedule that occur prior to completion of the submittal phase will be posted to the web site.

Exhibit B

NOTICE OF INTENT TO BID

Due during week of May 25, 2007

1. Upon reviewing the DPC RFP, we plan to submit an offer for _____ type capacity in response to the proposal.

2. Bidder: _____

3. Contact Name: _____

4. Mailing Address:

E-mail Address:

5. Phone Number: (____) _____ Fax Number: (____) _____

6. Signature of Respondent:

Title: _____

Date: _____

Fax to: 816.822.3027

Burns & McDonnell
Attn: Jon Summerville

E-Mail to:

jsummerville@burnsmcd.com

Exhibit C

Sample Term Sheet-
Power Purchase Agreement

Note to Bidder: Provide a separate term sheet for each different Term or capacity offering

Product [System Firm] [Unit Firm] [Firm (LD)] capacity and as scheduled energy

Seller _____

Purchaser Dairyland Power Cooperative

Delivery Point _____

Generation Resource _____ New _____ Existing _____

Year Commercial _____

Fuel Type _____

Term _____ [One year minimum]

Capacity _____ MW [Minimum of 25 MW up to a maximum of 200MW]
Bidder to provide proposed quantity and indicate if DPC can evaluate any amount from minimum to 200MW in increments of 25MW or if proposal is for a fixed block only.

Energy As Scheduled _____

Price

Capacity \$ _____ per MW per month over the term or
\$ _____ per MW per month, escalated at ____% per calendar year over the term.

Energy [\$ _____ per MWh over the Term]
[\$ _____ per MWh plus Guaranteed Heat Rate (below) times Fuel Price over the Term-Attach Fuel Price Schedule, if chosen]
[\$ _____ per MWh for the first year indexed to _____ for subsequent years.]
[\$ _____ per MWh year 1, \$ _____ MWh year 2, etc]

Pricing to include all ancillary service costs, scheduling charges, taxes and other fees necessary for delivery to the Delivery Point.

Bidder to select Pricing option to be used for evaluation of the proposal.

Guaranteed Heat Rate _____ Btu per kWh (HHV)

Exhibit C

Exhibit C

Sample Term Sheet-
Equity Purchase - Life of Unit

Note to Bidder: Provide a separate term sheet for each different Term or capacity offering

Operations

Minimum Run Time _____ hours Minimum load level _____ MW
Expected Availability _____% (annual) Start Time to synch _____ hours
Ramp Rate _____ MW/min
Heat Rate _____ Btu per kWh (HHV) or provide heat rate curve over operating