

National Renewables Cooperative Organization (NRCO)

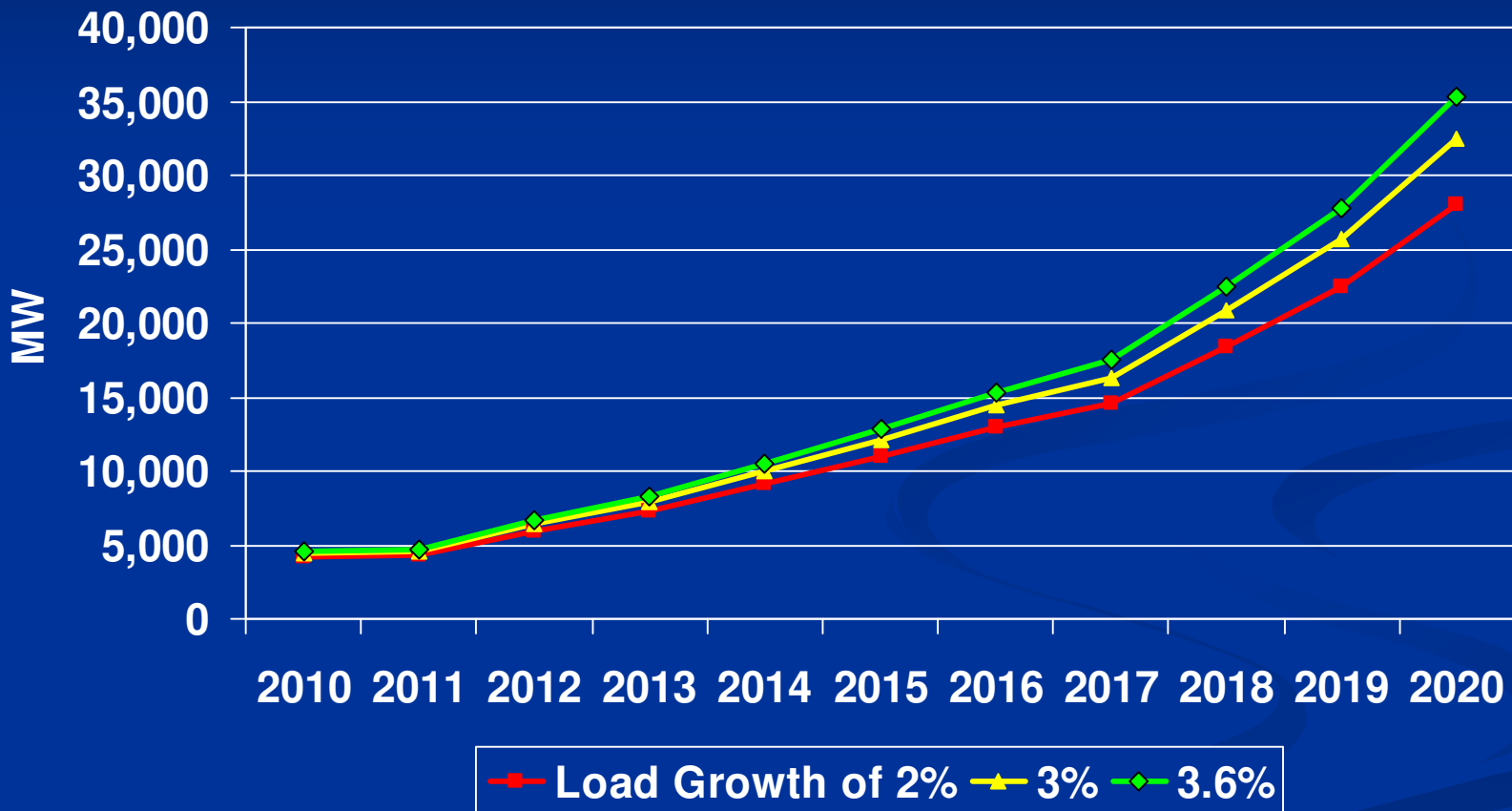
May 28, 2008

Presented by: Gary Smith

CEO, Power South Energy Cooperative

President, G&T Managers Association

Cooperative Renewable Capacity Requirements



Assumes a Renewable Requirement of **15%** with a **30%** Capacity Factor

Data used in this analysis was obtained from Platts Energy Advantage

NRCO Objectives

- To Enable the Cooperative Program to Broadly Pool the Ownership and Benefits of Renewable Resources
- Provide On-going Opportunities For Access to and Development of Cost-Effective Renewable Energy Resources
- Provide Access to Expertise on Renewable Energy Resource Commercial Issues
- Positive Visibility and Publicity for the Cooperative Program

Business Plan Structure

- Enables Affordable Participation by Cooperatives
- Allows For Rapid Development of Entity
- Minimizes the Cost/Risk to Members
- Creates Flexibility in Structure to Enable the NRCO to Expand its Scope Over Time
- Allows For a Low Cost Exit Strategy

Business Plan Structure

- Business Plan Starts as Service Company with Potential to Transition to an Asset Company
- Legal Entity Structure
 - Formed as a Delaware Corporation Which Operates on a Cooperative Basis

Membership in NRCO

- Who Can Be a Member?
 - NRECA Members with Legal Ability to Purchase Wholesale Market Electricity
 - G&T's
 - Unaffiliated Distribution Cooperatives and Public Utility Districts
 - Partial Requirements Cooperatives and Public Utility Districts

Equity – Working Capital

- Equity Commitment of \$100,000 per Full Member
- Initial Equity Payment of \$25,000 Due Upon Membership, Remaining Equity Calls Based on Board Action
- Single Class Equity Contribution
 - Equal Contribution by all Members
- Multi-Class Equity Contribution
 - Class A Members
 - Class B Members

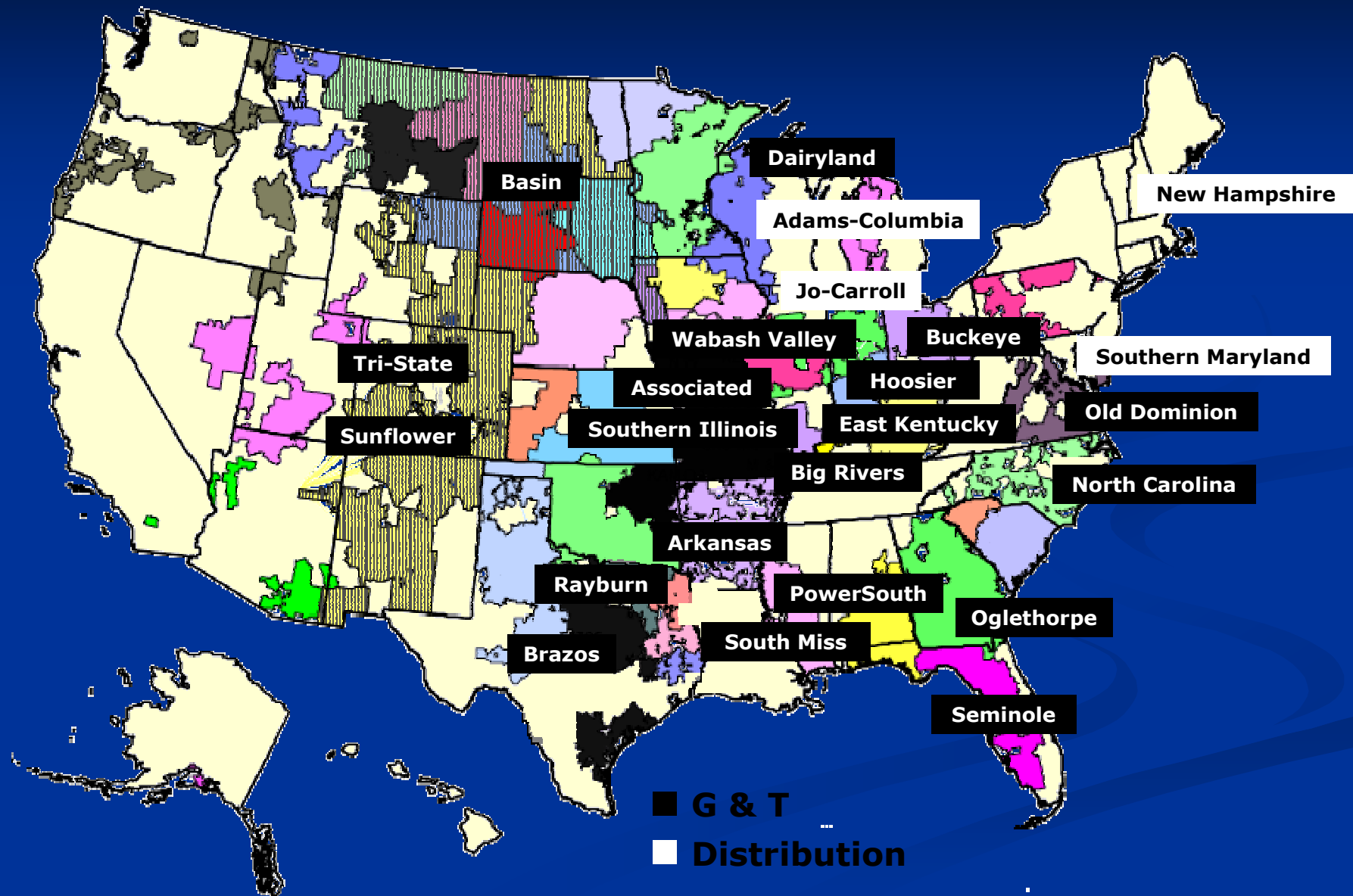
Where Are We?

- Shared and Reviewed with G&T Managers and NRECA Members
- NRCO Corporate Formation Completed February 2008
- Final Business Plan and Formal Membership Offering Sent February 20, 2008
- Presentations at NRECA Annual Meeting February 25 & 26, 2008
- Initial Membership Commitments Due March 31, 2008
- Transition Board Selected in April 2008
- First Transitional Board Meeting, May 22, 2008

Transitional Board

- 16 members
- 1 seat for NRECA as “standing” member
- 10 Board seats for G&T’s
- 5 Board seats for Distribution Cooperatives
- Board made up of balanced representation of “early adopters” who join by March 31
- Board will govern for a period up to 2 years

Membership Status: Confirmed Commitments



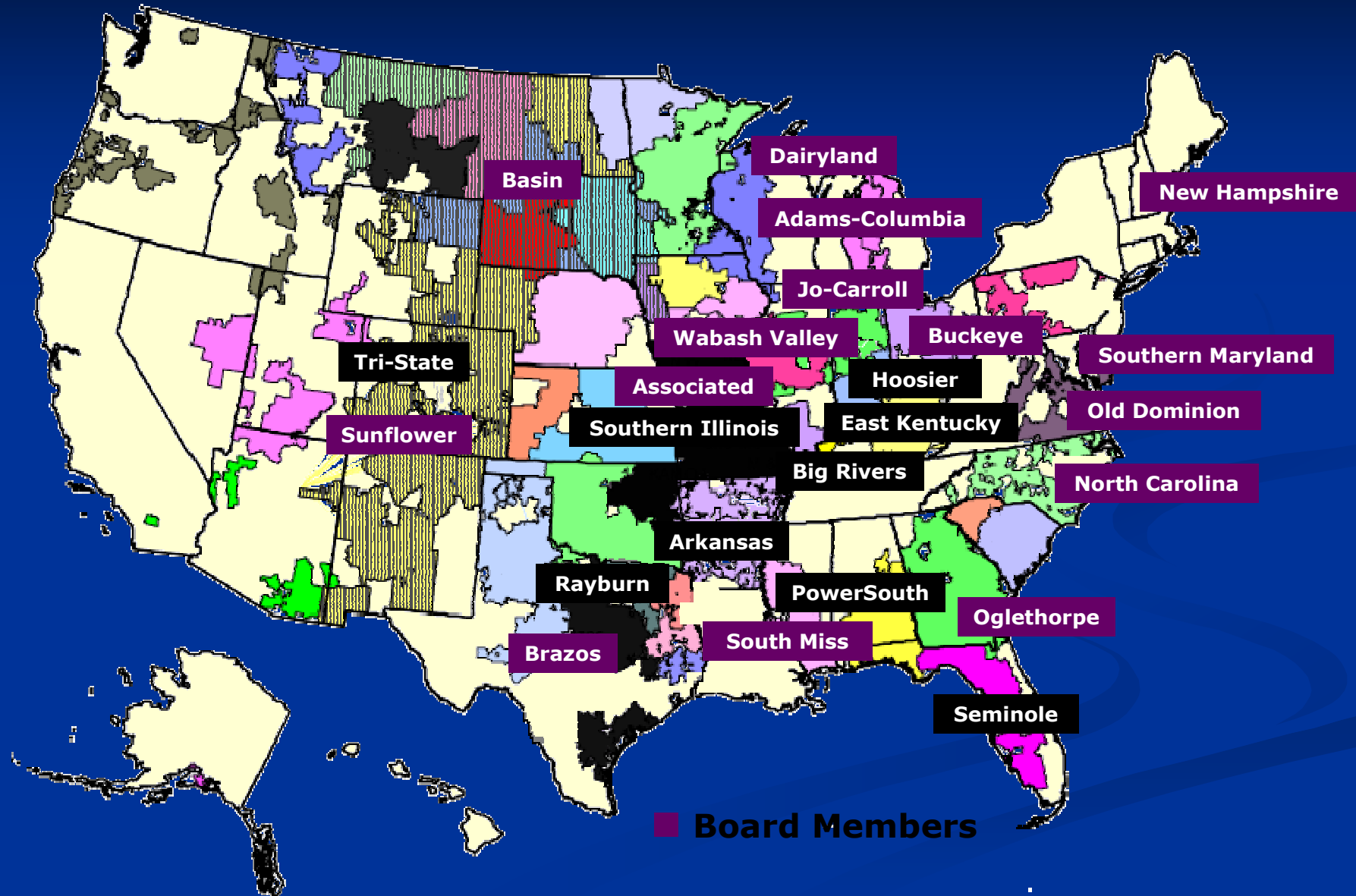
Board Members

- Southeast: Jim Compton (SMEPA) and Tom Smith (OPC)
- East: Jack Reasor (ODEC) and Rick Thomas (NCEMC)
- Northwest: Bill Berg (Dairyland) and Earl Watkins (Sunflower)
- Southwest: Clifton Karnei (Brazos) and Jim Jura (Associated)
- Mid-American: Rick Coons (Wabash) and Tony Ahern (Buckeye)

Board Members

- Distribution Board Seats: Michael Hastings (Jo-Carroll), Earl Hansen (New Hampshire), Martin Hillert, Jr. (Adams-Columbia) and Austin Slater, Jr. (South Maryland)
- Ron Harper, Basin Electric

NRCO Board of Directors



Summary

- Update from May 22 Transition Board Meeting
- Opportunity to Share Risk and Rewards of Expanding Renewable Resources
- Membership Open and On-going