MISSOURI RIVER®
ENERGY SERVICES

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June 8, 2026

Dear Members,

Missouri River Energy Services ("MRES") was formed over 60 years ago to help our members protect the allocations of hydropower they receive from the Western Area Power Administration ("WAPA"). Shortly after MRES was formed, WAPA informed its customers that their hydropower allocations would be capped at 1977 levels, requiring them to find an alternative source for their supplemental power supply needs. MRES then assumed a second core purpose – to secure and provide our members the power supply needed to serve all of their future load growth.

MRES fulfills its power supply obligation to its members through long-term power sale agreements with its 61 member communities. For 58 of our members, those agreements are called Power Sale Agreements (S-1), or "S-1 Agreements", to reflect the supplemental power supply obligation of MRES, over and above the members' WAPA allocations.

The S-1 Agreements are at the core of all we do at MRES. The agreements give our members the assurance that they will have all of the power they need to serve their communities. The agreements also ensure we will have the financial resources we need to provide the power and other services our members desire, while also serving as strong security for the tax-exempt bonds issued to fund the generation and transmission resources required to serve our members.

The first S-1 Agreements were signed in 1976. Those initial agreements had a term of 40 years. Since that time, the agreements have been amended five times, each time with 100% member approval. The primary reason for these amendments has been to extend the term of the agreements to 40 years. This 40-year term is important, allowing the issuance of tax-exempt bonds at some of the most favorable rates available, which in turn enables MRES to have some of the lowest wholesale power rates in the region.

As you hopefully heard at one of our Area Meetings last fall or at our Annual Meeting in May, it is once again time to extend the term of the S-1 Agreements. The last extension was nearly ten years ago, in 2017.

I'm happy to report that the S-1 Agreements are otherwise in good shape. The primary change to the agreement is to extend its term by 10 years, so that it will now expire in 2067. The other changes are very limited in scope. They are intended to update terminology to reflect current industry usage and help protect the benefits of tax-exempt financing.

Along with this letter, you are receiving several other documents designed to help assist you in reviewing and considering the revised S-1 Agreement, including a redlined draft of the S-1 Agreement showing all changes proposed to the current agreement. We ask that you please review this information closely, and that you also provide the information to your city attorney and/or utility attorney.

We know you may have questions as you review the revised S-1 Agreement and associated documents. We have scheduled two webinars to review the proposed changes to the agreement. The first will be held on June 23 from 8:30-10:00 a.m. and the second on July 7 from 8:30-10:00 a.m. We hope you and your attorney will be able to join one of these webinars. We will record one of the sessions and make it available on our website for those who are unable to attend either one.

MRES staff will also be otherwise available to discuss the revised S-1 Agreement with you. If you'd like, we will make a staff member available for a call or virtual meeting or to come to your community to make a presentation to your governing board at a time that is convenient for you. We want to make sure you understand the revised agreement and associated documents.

As noted above, this is the sixth time the S-1 Agreements have been amended, and each time 100% of the amended S-1 Agreements have been approved by the membership. Our goal is to make an announcement in December that, once again, 100% of our S-1 members have approved and signed the extended S-1 Agreement. To meet this schedule, we ask that you review, consider, and approve the extended agreement and associated documents by November 1, 2026.

Thank you for your continued partnership with MRES. We look forward to many more years of serving you and meeting your power supply needs.

Sincerely,
President & Chief Executive Officer