Partial Requirements Contract Options

LPEA will strive to reduce its carbon footprint by 50% from 2018 levels by year 2030 while keeping members' cost of electricity lower than 70% of its Colorado cooperative peers.

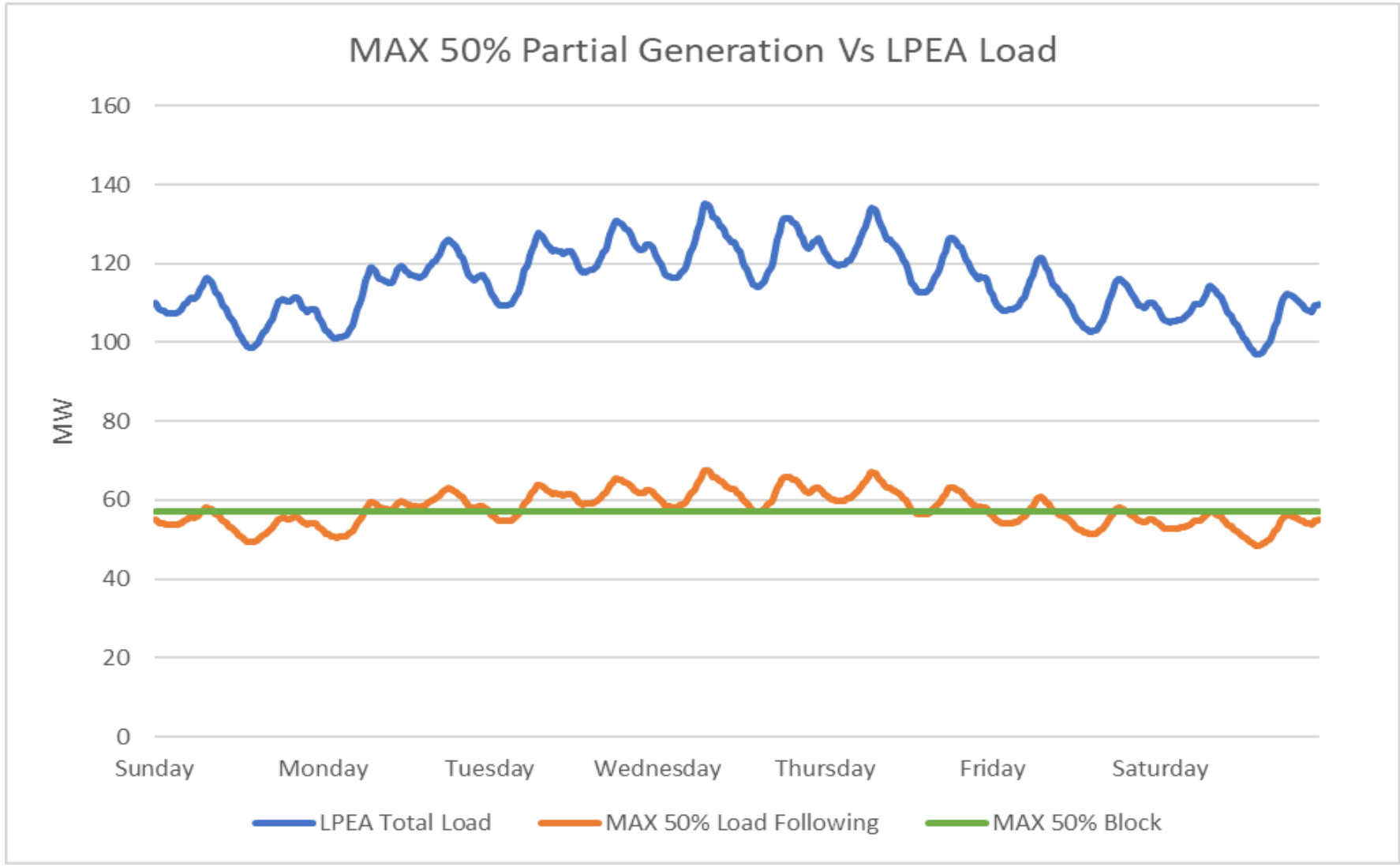
Partial Requirements Basics

- 50% maximum subscription
- Initial 300 MW open season
- Two primary options for self-supply
- Both options require a make whole payment
  - Formula based on lost revenue an offset by fixed avoided cost
  - Annual net losses considered over 10 year period with mitigation
- Transmission demand charged at full load requirement and alternate transmission service is not required

Member Auxiliary Supply (MAX)

- Load following self-supply or fixed block self-supply
- Make-whole payment of approximately $98.5M based on 50% partial requirements
- Can be accomplished by partnering with an alternative power supplier
- Flexibility to install local renewable supply could potentially be negotiated with alternative power supplier

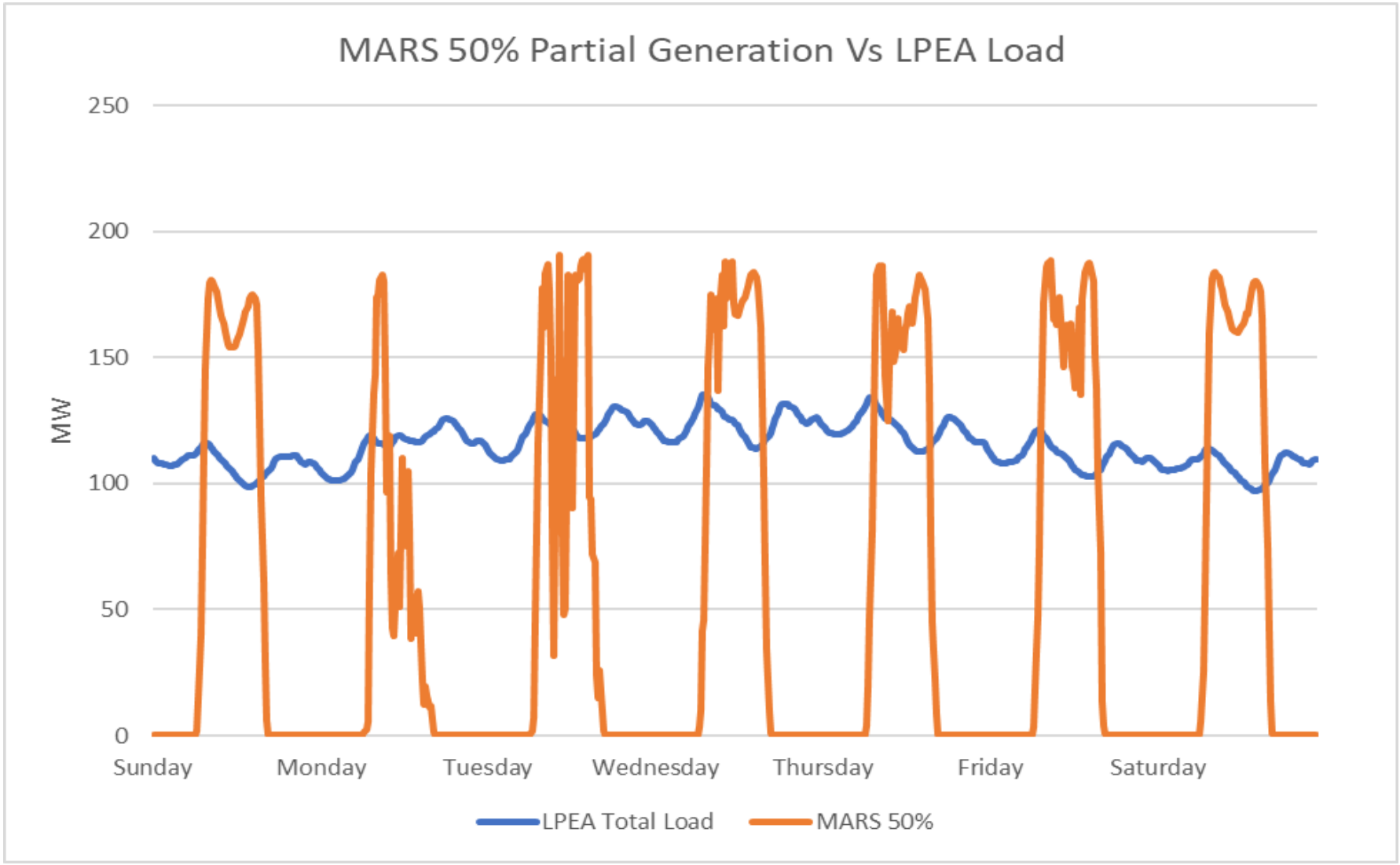
MAX 50% Load Following Partial Generation vs Current LPEA Load



Member Auxiliary Renewable Supply (MARS)

- Non-firm generation with Tri-State providing load following
- Make-whole payment of approximately $106.5M based on 50% partial requirements
- Generation demand charged of net coincident demand
  - Higher coincident generation results in lower generation demand charge, but higher make-whole payment
- Can be accomplished by dealing directly with renewable installer
- Exploring options with Tri-State to be part of a larger project

MARS 50% Non-Firm Partial Generation vs Current LPEA Load



Analysis Assumptions

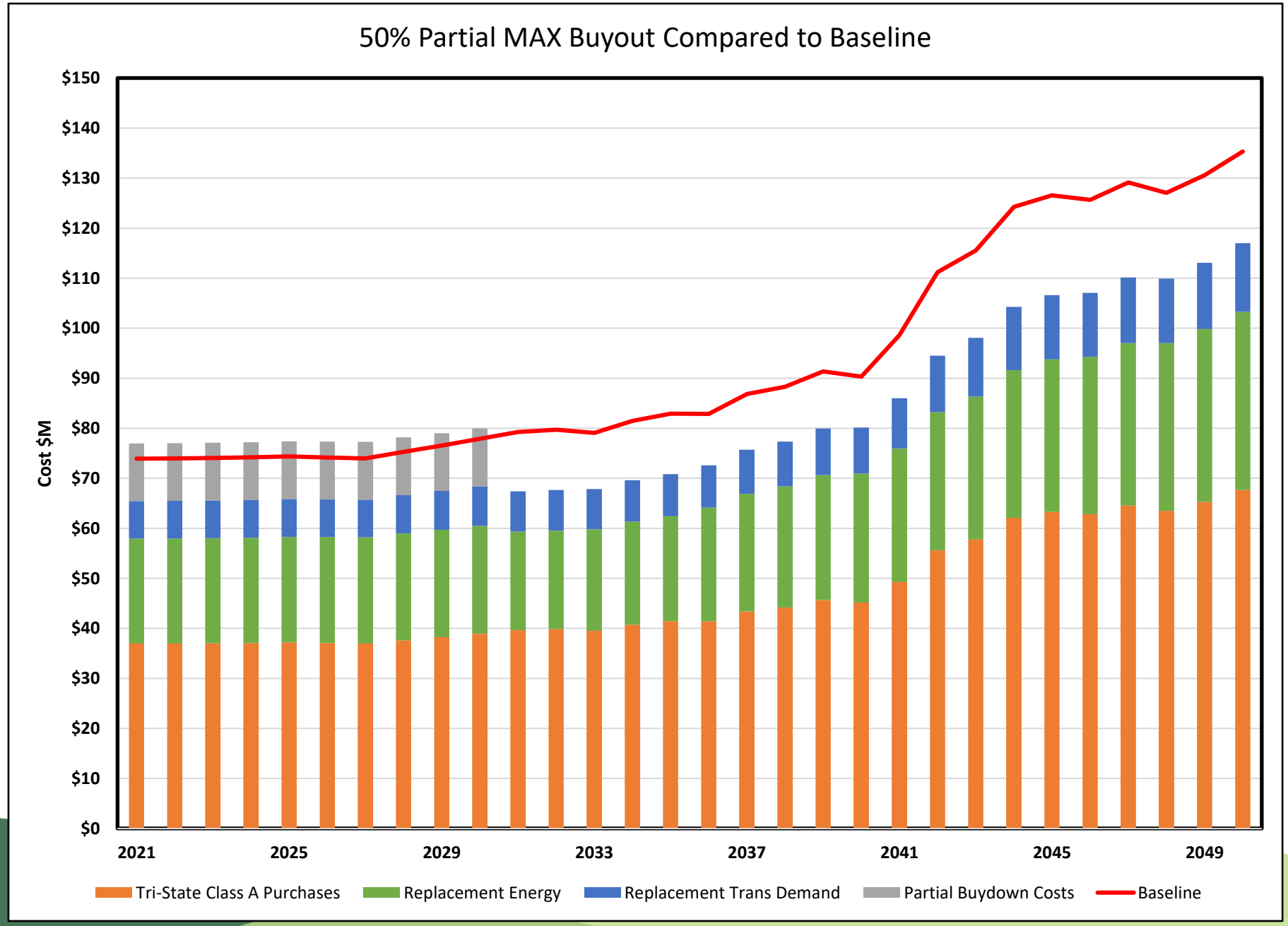
Baseline Tri-State Assumptions:

- Tri-State Long-Term Financial Forecast used
- Inclusive of Responsible Energy Plan
- 33% renewable in 2020, 50% renewable by 2024, 70% renewable by 2030, 100% renewable by 2040

MAX Assumptions

- Cost of borrowing money: 3%
- Financing term of 10 years
- Replacement power is 100% renewable
- Patronage capital is not used to offset make-whole payment
- Discount rate: 3.6%
- PPA estimated price for replacement power of $42/MWh
- Make-whole payment of $98.5M

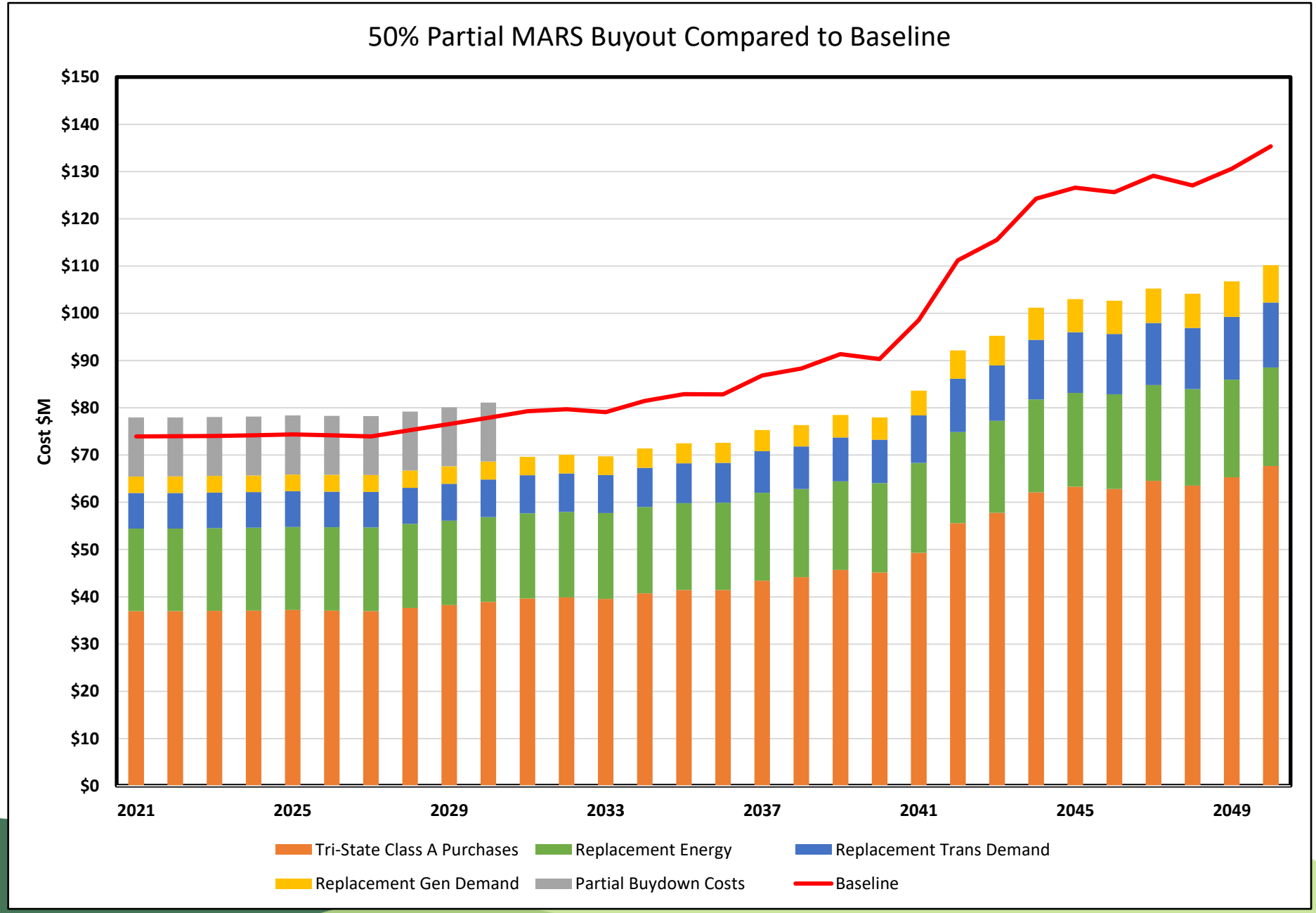
Partial MAX Buyout Compared to Tri-State Baseline



MARS Assumptions

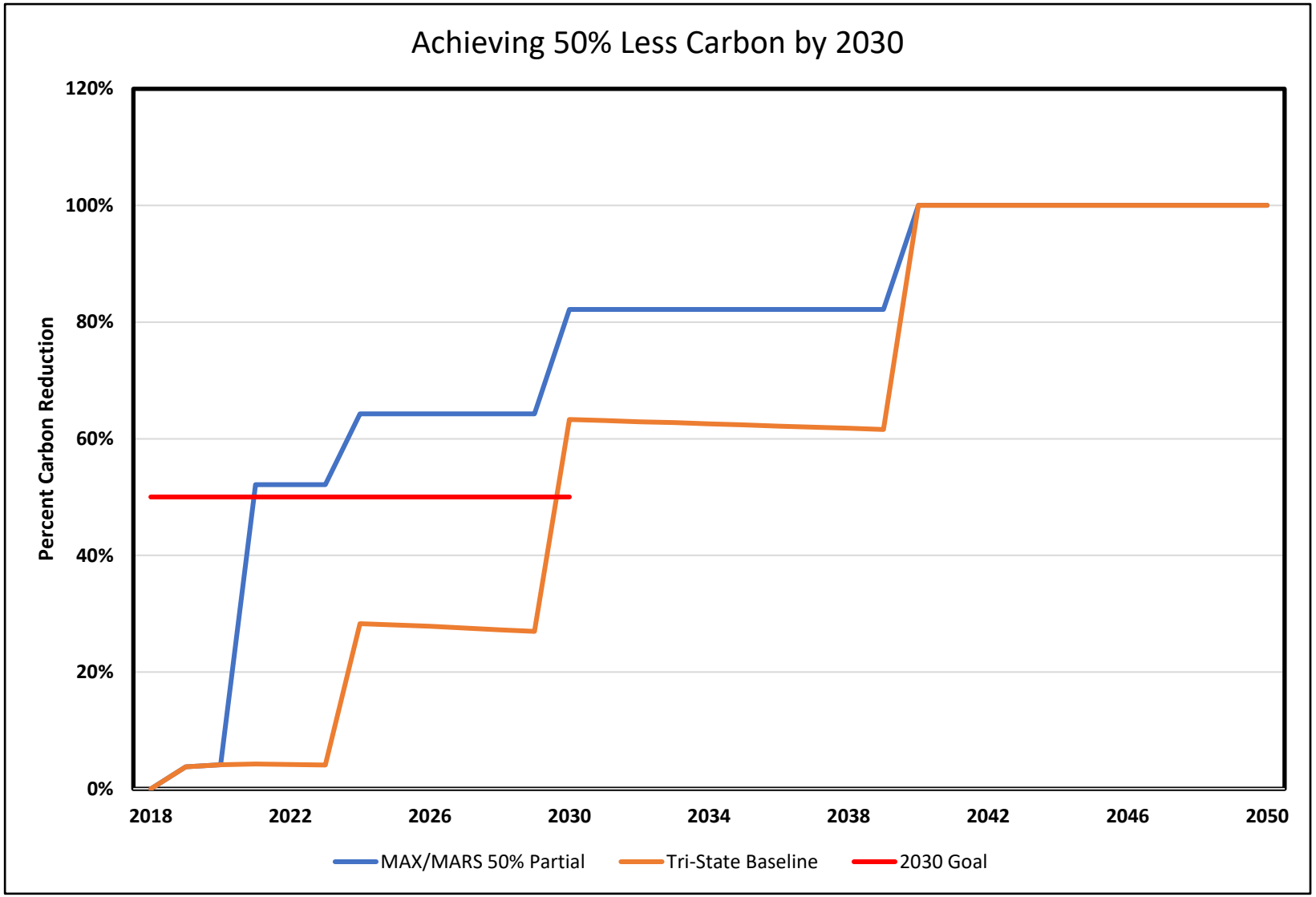
- Cost of borrowing money: 3%
- Financing term of 10 years
- Replacement power is 100% renewable
- Patronage capital is not used to offset make-whole payment
- Discount rate: 3.6%
- Solar modeled after Oxford facility used
    - Covering 50% of LPEA's load would require 195 MW of solar
- Estimated PPA for solar of $35/MWh
- Make-whole payment of $106.5M

Partial MARS Buyout Compared to Tri-State Baseline



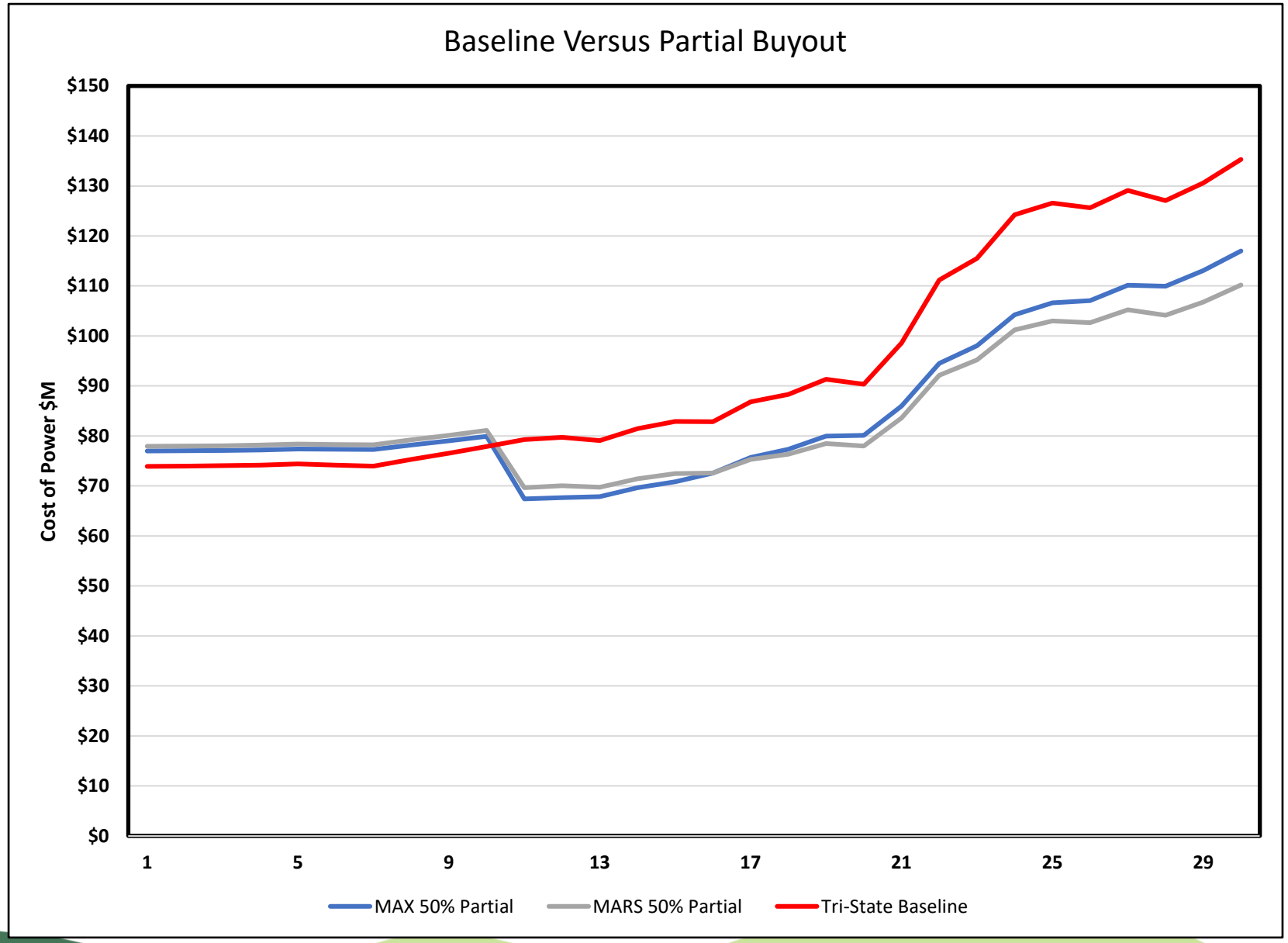
Meeting LPEA's Carbon Goal:

- With partial requirements, LPEA could meet its carbon reduction goal 8 years early
- Approximately 4.4 million metric tons of less CO2 between 2020 and 2040
- 40% less CO2 over the 20-year period
- Equivalent to 46,000 less vehicles driving on the road every year for 20 years. (assuming 4.6 tons of CO2 per vehicle per year)



In Conclusion:

- By financing the make-whole payment over a ten-year period, rates would be slightly higher in first 10 years given the assumptions
- Financing over 12 years would equalize, but provide no headroom
- 30-year Net Present Value savings of $114M to $132M could be achieved
- Both solutions have potential given the right terms



Questions?