

Section 28 Alternate Energy Purchase Programs

28.1 Statement of Purpose

Iowa Code §476.47 requires electric utilities to offer an alternate energy purchase program to customers beginning January 1, 2004. By Order issued August 29, 2003 in Docket No. RMU-03-8, the Iowa Utilities Board ("Board") adopted rules regarding said Alternate Energy Purchase Programs. Said rules require each electric utility, whether or not subject to rate regulation by the Board, to offer an alternate energy purchase program that allows member-consumers to contribute voluntarily to the development of alternate energy in Iowa. An alternate energy purchase program is defined in the rules as a program that allows customers to contribute voluntarily to the development of alternate energy in Iowa. This Tariff offering is designed to comply with said rules and to permit the member-consumers of Pella Cooperative Electric to make contributions that will be utilized to assist in the development of alternate energy in Iowa or to make contributions toward the purchase of Alternate Energy.

28.2 Alternate Energy Fund Program

Pella Cooperative Electric obtains all of its wholesale power from Central Iowa Power Cooperative ("CIPCO"). Purchases from CIPCO are made pursuant to a wholesale power contract requiring Pella Cooperative Electric to purchase all of its power supply needs from CIPCO. Pella Cooperative Electric has designed this program to allow its customers to make voluntary contributions, which will be accumulated and utilized to promote the development of alternate energy in Iowa. This may include a coordinated effort with CIPCO and other Members of CIPCO to make investments in or purchases from alternate energy facilities, or may involve making grants to individuals or entities involved with the development of alternate energy in Iowa. Pella Cooperative Electric will make reports available to its member-consumers, detailing the manner in which contributions have been spent or are proposed to be spent. Pella Cooperative Electric will strive to make the best use of the funds contributed; however, until

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Pella Cooperative Electric knows how much will be contributed, it is difficult to determine in advance the best utilization of the funds.

The Program will allow Pella Cooperative Electric member-consumers to make a contribution to this Alternate Energy Program by adding the amount they wish to contribute to their electric bill each month and sending the funds to the Pella Cooperative Electric along with their payment. Member-consumers will be given an opportunity to contribute in increments of \$2.50 and may enter or leave the Program at any time. The member-consumer bill forms will have a space on them to allow the member-consumer to indicate their interest in participating and the amount they wish to contribute. Member-consumers may contribute each month or on a less frequent basis. Member-consumers who contribute will not be guaranteed that renewable energy will be delivered to their premises for use; but rather their contribution will assist in the development of alternate energy in Iowa.

28.21 Program Effective Date

This program shall become effective on January 1, 2004, and the statements customers receive in January will have a place for customers to specify the amount they wish to contribute to the program.

28.22 Eligibility

All member-consumers in all customer classes shall be eligible to participate in this program.

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28.3 Alternate Energy Purchase Program

28.31 Program Description

Pella Cooperative Electric obtains all of its wholesale power from Central Iowa Power Cooperative ("CIPCO"). Pella Cooperative Electric will arrange for the payment of Alternate Energy through CIPCO, which has been produced by alternate energy production facilities ("Alternate Energy") in amounts sufficient to meet the demand for Alternate Energy by Pella Cooperative Electric's member-consumers through this Program.

The program will allow Pella Cooperative Electric's members to enter into contracts for the purchase of Alternate Energy in 100 kWh blocks. The block will be made available to member-consumers in the form of an additional fee to the member's ordinary applicable energy rate, as set by the Pella Cooperative Electric Board of Directors. This Alternate Energy Program fee will be added to the member-consumer's bill each month. The member-consumer bill forms will separately itemize the amount being charged to the member-consumer for participating in the Program. Members will be required to agree to purchase the designated amount of Alternative Energy for a minimum term of 12 months. Member-consumers who purchase Alternate Energy through this Program will not be guaranteed that renewable energy will be delivered to their premises for use; but rather their purchase will cause Alternate Energy to be purchased by Pella Cooperative Electric for delivery into the CIPCO system, from which the customer is served.

28.32 Program Effective Date

This program shall become effective on April 1, 2004, and member-consumer will be able to subscribe to the Program effective as of said date. Pella Cooperative Electric intends to accept subscriptions to the program and will commence purchases of Alternate Energy April 1, 2004.

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Member-consumers that subscribes to the program will not be billed for any Alternate Energy until Pella Cooperative Electric actually commences purchases of the same. Accordingly, any member-consumer subscribing to the program during the first three months subscription period will likely begin receiving bills for the amount of Alternate Energy they have chosen to support in April of 2004.

28.33 EligibilityAll member-consumers in all customer classes shall be eligible to participate in this program.

28.34 Levels of member-consumer participation and rate

Members shall enter into a contract agreeing to purchase a specified number of blocks of Alternate Energy, with blocks being sold in 100 KWh blocks, with a minimum commitment of 12 months (100 kWh/mo X months). The monthly rate for new subscriptions to the Alternate Energy blocks shall be subject to adjustment on a quarterly basis. Blocks purchased by Pella Cooperative Electric in anticipation of sales to member-consumers may be banked for a period of up to 12 months. New contracts for purchases will be available on a quarterly basis.

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