



April 29, 2016

Edwin Reyes
Enchantment Energy Consulting, LLC
On behalf of the City of Socorro, New Mexico
8505 Hilton Ave NE
Albuquerque, NM 87111
505.239.1714

Dear Mr. Reyes:

Twin Eagle Resource Management (Twin Eagle) appreciates the opportunity to participate in this RFI and provide this information to the City of Socorro, New Mexico (Socorro) related to the expected cost to supply some or all of Socorro's wholesale electric energy needs.

Twin Eagle's wholesale power marketing services are delivered by a strong commercial and operations team with the market experience, knowledge, and focus on customer relationships that are necessary to deliver reliable service to its customers. Twin Eagle has a presence throughout the major U.S. power markets with more than 9,000 MW currently under management. Twin Eagle offers a comprehensive suite of services to meet the needs of electric load and generation customers. Twin Eagle combines excellent energy management and optimization expertise with a reputation for integrity and exceptional service, making us a leader in the industry among our peers. Twin Eagle currently supplies reliable, low cost energy and services to the City of Raton New Mexico; Arkansas River Power Authority (ARPA) in Colorado; the City of Fountain Colorado; and Southern Montana Electric Cooperative located in southern Montana. Twin Eagle is confident that we can provide the energy and other services needed by Socorro in a reliable and cost effective manner.

The general provisions of this informational offer are:

1. Product: Twin Eagle's proposed pricing is intended to indicate the price that Twin Eagle would be willing to supply Socorro's energy requirements as outlined in the RFI. This would include the wholesale electric power supply and scheduling services for the electric load served by Socorro under a fixed-price long-term power purchase agreement.



The energy requirements covered under this proposal are the capacity and energy required to serve Socorro's electric load associated with the Industrial, Commercial and/or Residential load as set forth in the RFI.

2. Ancillary Services: Twin Eagle's pricing assumes that Twin Eagle will be responsible for transmission costs and ancillary services required to deliver energy to the Delivery Point. These will include reserves, scheduling, energy imbalance, and losses for energy delivered to the delivery point. Socorro will be responsible for transmission and ancillary services necessary to deliver the energy from the Delivery Point to the Socorro system. Twin Eagle is also willing to discuss arrangements with Socorro to deliver energy into Socorro's system and take care of all ancillary services and transmission subject to a negotiated rate.

3. Delivery Point(s): Twin Eagle will deliver energy to Socorro at the Four Corners 345kV substation. However, If Socorro would prefer delivery at the San Juan 345kV substation Twin Eagle is willing to deliver energy at that location for approximately the same price subject to mutual agreement by both parties.

4. Pricing: The total cost of power delivered to the delivery point(s) will be:

Product 1 - Industrial Corridor:

5 years - July 1, 2017 through June 30, 2022 - \$41.80/MWh
7 years - July 1, 2017 through June 30, 2024 - \$47.50/MWh
10 years - July 1, 2017 through June 30, 2027 - \$53.80/MWh

Product 2 - Industrial Corridor and Tech:

5 years - July 1, 2017 through June 30, 2022 - \$41.77/MWh
7 years - July 1, 2017 through June 30, 2024 - \$47.47/MWh
10 years - July 1, 2017 through June 30, 2027 - \$53.76/MWh

Product 3 - Total City:

5 years - July 1, 2017 through June 30, 2022 - \$41.75/MWh
7 years - July 1, 2017 through June 30, 2024 - \$47.45/MWh
10 years - July 1, 2017 through June 30, 2027 - \$53.70/MWh

The lower price for products 2 and 3 are the result of increased volumes and the ability for Twin Eagle to spread the cost of supplying Socorro over more MWhours. In addition to the



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fixed price structure listed above, Twin Eagle is willing to discuss other pricing options with Socorro; such as a combination of fixed and indexed pricing that could potentially reduced Socorro's total price for the longer term products.

This indicative pricing is intended to provide the Socorro City Council and City administration with information that can be used to determine the economic feasibility of the formation of a municipal electric utility enterprise within the City of Socorro. In the event the formation of the electric utility is determined to be economically feasible and Socorro forms its own municipal utility, Twin Eagle would like to be Socorro's energy supplier.

We look forward to hearing from you and welcome the opportunity to work with you and the City of Socorro to supply Socorro's energy needs.

Authorized Representative of Twin Eagle Resource Management:

Eric P. Watts

Executive Vice President Wholesale Power and Environmental