

Jeffrey Smith

From: Jeffrey Smith
Sent: Thursday, November 02, 2017 6:32 PM
To: 'Ofelia Melendez'
Subject: RE: cost of power - 2013 >> Update to 2017

Thank you for this.

Best Regards,
Jeff

Jeffrey Smith, P.E. | Chief Operating Officer

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From: Ofelia Melendez [<mailto:ofie@secpower.com>]
Sent: Thursday, November 02, 2017 5:36 PM
To: Jeffrey Smith
Cc: Emery Owen
Subject: RE: cost of power - 2013 >> Update to 2017

Good Morning Mr. Smith,

As per our conversation and further discussion with the Operations Manager, I will need to wait for the Tri-State information to provide you with a rate forecast for 2019 and beyond. Tri-State stated that they would have their Long Term Financial Forecast updated by the mid to late November to release the 2019 and beyond. For 2018, I would use a .07807 cost of power, be advised that it is only an estimate. Please be advised that since NMCC is a large dedicated load, Sierra will need to negotiate a contract and the rate will be developed at the time of the contract development. Thank you for your time.

Sincerely,

*Ofelia Melendez
Interim General Manager/Finance Manager
Sierra Electric Cooperative, Inc.
610 Hwy 195, P O Box 290
Elephant Butte, New Mexico 87935
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From: Jeffrey Smith [<mailto:jsmith@themacresourcesgroup.com>]
Sent: Wednesday, October 18, 2017 4:53 PM
To: Ofelia Melendez <ofie@secpower.com>
Cc: Emery Owen <emery@secpower.com>
Subject: FW: cost of power - 2013 >> Update to 2017

Ofelia, I am following up on our call today. We are updating our cost estimates for the new mine we are planning for Copper Flat and need input on current power rates from Sierra Electric. I am forwarding an SEC email that answered this same question when we were going through this process about 4 years ago. Assume the same load factors, etc. that were used at the time of our last study. Also, note that the power rate we are looking for is the rate that would be in effect today if we were operating now, there is no need to forecast a rate in the future. You indicated in our call you were searching for files on New Mexico Copper, I may be able to assist with information from my files. Don't hesitate to contact me.

Best Regards,
Jeff

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From: Jimmy W. Capps [<mailto:jcapps@secpower.com>]
Sent: Wednesday, September 25, 2013 2:57 PM
To: Jeffrey Smith
Cc: Jimmy W. Capps
Subject: cost of power - 2013

Jeff,

As per our conversation, I am updating the estimated cost of power for the Copper Flats project AS IF it was operational in 2013. I have used the assumption of a 33 MW load operating at 90% load factor (basically 24/7) and the resulting power cost for 2013 would be **\$.07444 per kWh**. I had provided Ed Fidler with an estimate (in 12/2011) of \$.075 per kWh (based on a 24 MW load @90% load factor) so it appears we were close with our estimate.

As to the possible "Facility Charge" I mentioned in our phone conversation. There will not be one as Tri-State (99% sure) will own the required substation that will be interconnected with El Paso Electric. I spoke to Tri-State and they are saying that EPE will want Tri-State to own, operate, and maintain the substation and these costs are built into the above reference cost of power from Tri-State/Sierra. This is good news.

Hope this helps you with your feasibility study. Please let me know if you require further information.

Jimmy Capps
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