

TO: Interested Parties

FROM: Shane Woolbright
General Manager

DATE: December 21, 2011

SUBJECT: Energy Conservation Loans

MESO is fortunate to be able to provide zero-interest loans to cities for energy conservation, and customer assistance programs.

If you are interested in applying for a one-year interest free loan from MESO, please complete the enclosed one-page application. The loan may be applied to any activity that may result in the reduction of electric energy use or in a customer conservation program. For example, we have made loans for voltage control equipment, new street lighting and for line upgrades.

The loan application will be reviewed by the MESO Board of Directors. The main criteria used to judge the loan application will be the level of probably energy savings per dollar of investment. Loans that are customer side energy program such as rebates or credits for new lighting, insulation, or equipment may be extended for two years at the option of the Board.

If your city wishes to receive a loan, please provide MESO Board a full explanation of the project to be done (drawings, diagrams, or maps may be useful). Include a budget for the project, note the estimated value of city personnel time and equipment to be used on the project, note any city funds that are to be used on the project in addition to loan funds. Finally, provide an estimation of projected kwh savings on an annual basis as a result of the project and an estimate of KW peak reduction that may result.

We are extremely please with this program and hope that your city will take advantage of the program.

Please call us if we can assist in designing a program for your city.

JSW/bj

**MUNICIPAL ELECTRIC SYSTEMS OF OKLAHOMA
ENERGY CONSERVATION LOAN FUND**

LOAN APPLICATION

The following municipally owned electric utility, _____

_____ hereby applies for an interest-free loan from the MESO Energy Conservation Loan Fund, provided to MESO by the U.S. Department of Energy and the State of Oklahoma in the amount of \$_____.

Attached to this application is a detailed explanation of the project requested, an estimated budget for the project, the amount of municipal funds to be used on the project in excess of this loan application, and an estimate of the number of kilowatt hours expected to be conserved annually upon completion of the project and an estimate of the number of kilowatts of electric generation capacity expected to be conserved annually.

This application was approved by the governing board of _____
_____ on the ____ day of _____, 201____,
by a vote of _____ ayes and _____ nays.

Signed and submitted for approval this _____ day of _____,
201_____.

Chairman

Attest: _____

**MUNICIPAL ELECTRIC SYSTEMS OF OKLAHOMA
ENERGY CONSERVATION LOAN FUND**

LOAN AGREEMENT

Municipal Electric Systems of Oklahoma, Inc., hereinafter referred to as MESO and _____, a public trust operating an electric utility whose beneficiary is the City of _____, Oklahoma, hereinafter referred to as the utility, by this instrument agree to the following:

1. MESO hereby agrees to convey a loan in the amount of \$_____ to the utility on the _____ day of _____, 2011. Such loan shall be interest free and shall be repaid to MESO on or before _____ day of _____, 201____, by the utility.
2. The utility agrees to use funds provided by MESO exclusively to perform energy conservation project outlined on the loan application attached hereto.
3. The utility agrees to keep such funds in a separate interest-bearing account and provide to MESO quarterly reports as required by MESO on the progress of the loan project.
4. Should the approved loan project require funds in excess of the amount approved by this loan agreement, interest accrued on loan funds may be applied to the execution of the approved project. Should the project not require all loan funds approved, any positive interest earned on such funds will also be returned to MESO on or before the _____ day of _____, 201_____.
5. The utility agrees to provide to MESO as may be required by MESO reports on the loan project's success in achieving energy conservation.
6. MESO agrees to provide staff assistance to the _____ in providing and preparing any reports required by MESO.

This agreement signed this _____ day of _____, 201_____.

By: _____

For MESO

By: _____

Attest: _____

Attest: _____