

Virtual Conference
Board of Directors and Executive Committee Meeting
Public Alliance for Community Energy
In-Person Meeting Site: 8377 Glynoaks Dr, Lincoln, NE
March 19, 2026 - 2:00 p.m. (CT)

A G E N D A

All agenda items are for discussion and action will be taken as deemed appropriate.

1. Call to Order
 - A. Section 84-1412 (8) – Nebraska Open Meetings Act
 - B. Roll Call
 - C. Public Comment

2. Introduction and Welcome
 - A. Introductory Remarks

3. Consent Agenda
 - A. Minutes of the January 21, 2026, Board of Directors Meeting
 - B. Next Meeting – May 20, 2026
 - C. Financial Report
 - I. Forvis Mazars Planning Communication
 - D. Consent Resolution

4. Reports
 - A. Director of Gas Operations
 - B. Retail Gas Services Coordinator

5. Legislative Update

6. Contracts and General Counsel Report

7. Items for Future Agenda

8. Adjournment

CONSENT AGENDA

Date:	March 19, 2026
Initiator/Staff information source:	Chairperson Devine
Action Proposed:	<u>Approval</u>

Minutes of the January 21, 2026, Board of Directors meeting were previously distributed to Board Members and are included as Attachment A.

The next meeting of the ACE Board of Directors is set for Thursday, May 20, 2026, at the Younes Conference Center South, Kearney, Nebraska.

ACE financials for December 2025, January 2026, and February 2026 were previously distributed. Jamie Johnson, Director of Finance and Accounting, will review the January financials for the NMPP Energy organizations and the February financials for ACE in more detail at the meeting. January financials for the NMPP organizations will be provided prior to the meeting. ACE February financials are included as Attachment B.

A copy of the Forvis Mazars Planning Communication is included as Attachment C, which provides an overview of the upcoming audit process. Johnson will review this letter with the Board of Directors at the meeting.

CONSENT AGENDA (Continued)

Date:	March 19, 2026
Initiator/Staff information source:	Chairperson Devine
Action Proposed:	Approval

Consent Resolution

WHEREAS, certain business of the Board of Directors of the Public Alliance for Community Energy transpires on a regular and routine basis or is not of a controversial nature; and

WHEREAS, roll call votes on each individual issue greatly extend the meeting time.

NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that in the interest of economizing time yet complying with the Open Meetings Act of the State of Nebraska, which requires roll call voting, the following issues are hereby consolidated in this Consent Resolution:

- 1. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the minutes of the January 21, 2026, Board of Directors meeting are hereby approved as presented; and*
- 2. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the next regularly scheduled meeting will be Wednesday, May 20, 2026, at the Younes Conference Center South, Kearney, Nebraska.*
- 3. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the financial statements for December 2025, January 2026, and February 2026 are hereby reviewed and accepted; and*
- 4. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the receipt of the Forvis Mazars Planning Communication is hereby acknowledged.*

DIRECTOR OF GAS OPERATIONS

Date:	March 19, 2026
Initiator/Staff information source:	Beth Ackland
Action Proposed:	<u>Informational</u>

Beth Ackland, Director of Gas Operations, will provide updates on various work activities since the last meeting and a preview of the 2026-27 Choice Gas Program.

RETAIL GAS SERVICES COORDINATOR

Date:	March 19, 2026
Initiator/Staff information source:	Mandy Heermann
Action Proposed:	<u>Informational</u>

Mandy Heermann, Retail Gas Services Coordinator, will update members on the various activities the ACE team has been working on since the last Board meeting.

LEGISLATIVE UPDATE

Date:	March 19, 2026
Initiator/Staff information source:	David Russell
Action Proposed:	Informational

Kara Hunt, Government Affairs & Project Manager, will provide an update on legislative advocacy.

CONTRACTS AND GENERAL COUNSEL REPORT

Date:	March 19, 2026
Initiator/Staff information source:	Michelle Lepin
Action Proposed:	Informational

Contracts Report:

Other Party	Agreement Name	Effective Date	Termination Date
Forvis Mazars, LLP	Engagement Letter for Audit 2026	January 28, 2026	Terminates upon completion and payment

Legal and Regulatory Report:

The General Counsel will provide a report at the March 19, 2026, meeting.

Unapproved Minutes
 Board of Directors Annual Meeting
 Executive Committee Meeting
 Public Alliance for Community Energy
 Younes Conference Center South
 416 W Talmadge St, Kearney, NE 68845
 January 21, 2026 - 10:00 a.m. (CT)

The Board of Directors and Executive Committee of the Public Alliance for Community Energy (ACE) met on Wednesday, January 21, 2026, at the Younes Conference Center South, 416 W Talmadge St, Kearney, Nebraska, 68845. Notice of the meeting was given to the Board of Directors and Executive Committee by email. The public was advised by publication in print and online in the *Lincoln Journal Star* newspaper and website on December 19, 2025, and on the NMPP Energy website. The notice and agenda were posted upon issuance at the NMPP Energy office, 8377 Glynoaks Drive, Lincoln, Nebraska, and kept continually current and available for public inspection. All documents being considered at the meeting and the current version of the Nebraska Open Meetings Act were made available on NMPP Energy’s Public Meeting Information website.

CALL TO ORDER

Chairperson, Andrew Devine, called the meeting to order at 10:01 a.m. (CT). Devine announced that pursuant to Section 84-1412(8) of the Nebraska Open Meetings Act, a current copy of the Open Meetings Act was posted in the meeting room.

ROLL CALL

Quorum was declared with 25 of the 76 Directors present. As there was quorum for the Board of Directors, a meeting of the Executive Committee was not called.

Quorum = 19 Directors

1. Albion – Andrew Devine	14. Lewellen – Joy Trim
2. Alliance – Kirby Bridge	15. Loup City – AJ Reimers
3. Arapahoe – Dixie Sickels	16. McCook – Gene Weedin
4. Bartley – Ronni Harding	17. Minden – Michael Krings
5. Bridgeport – Ron Doggett	18. Morrill – Janine Schmidt
6. Chappell – Todd Rust	19. Mitchell – Savanna Daly
7. Cozad – Kelly Peden	20. Ogallala – Kevin Wilkins
8. Curtis – Andrew Lee	21. Ord – Jeramie VanLeer
9. Franklin – Raquel Felzien	22. Oshkosh – Kim Martin
10. Gibbon – Matt Smallcomb	23. Oxford – Duane Hoffman
11. Gothenburg – Gary Greer	24. Plainview – Jeremy Tarr
12. Holdrege – Chris Rector	25. Ravenna – Kellie Crowell
13. Kimball – Bill Hinton (Arrived after roll call)	26. Sargent – Gwenda Horky

Absent: Ainsworth, Ansley, Atkinson, Bassett, Bayard, Beaver City, Benedict, Benkelman, Bertrand, Blue Hill, Brady, Broken Bow, Burwell, Cairo, Cambridge, Chadron, Clay Center, Creighton, Dalton, Edgar, Edison, Gering, Gordon, Gurley, Hartington, Hemingford, Henderson, Holbrook, Indianola, Laurel, Long Pine, Loomis, Lyman, Neligh, Nebraska Public Power District, Orleans, Osmond, Paxton, Potter, Red Cloud, Rushville, Saint Paul, Scottsbluff, Shelton, Sidney, Spalding, Stamford, Terrytown, Wausa, and Wood River

PUBLIC COMMENT

Devine asked if there were members of the public in attendance who would like to make agenda comments. There were no public comments.

INTRODUCTION AND WELCOME

Devine announced the new representatives to the board and thanked all for being in attendance.

CONSENT AGENDA

Minutes

Minutes of the November 19, 2025, meeting were previously distributed as Attachment A. There were no changes to the minutes.

Next Meeting

The next meeting of the ACE Board of Directors is set for Thursday, March 19, 2026, at the NMPP Energy offices, Lincoln, Nebraska.

Financial Report

Jamie Johnson, Director of Finance and Accounting, reviewed the November financials for the NMPP Energy organizations and ACE. Financial summaries were included as Attachment B. November 2025 ACE financials were previously distributed.

CONSENT RESOLUTION

Motion: Chris Rector moved to approve the following Resolution. Kellie Crowell seconded the motion, which carried unanimously on a roll call vote. Did not vote: Kelly Peden and Bill Hinton.

WHEREAS, certain business of the Board of Directors of the Public Alliance for Community Energy transpires on a regular and routine basis or is not of a controversial nature; and

WHEREAS, roll call votes on each individual issue greatly extend the meeting time.

NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that in the interest of economizing time yet complying with the Open Meetings Act of the State of Nebraska, which requires roll call voting, the following issues are hereby consolidated in this Consent Resolution:

- 1. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the minutes of the November 19, 2025, Board of Directors meeting are hereby approved as presented; and*
- 2. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the next regularly scheduled meeting will be Thursday, March 19, 2026, at the NMPP Energy offices, Lincoln, Nebraska; and*

3. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the financial statements for November 2025 are hereby reviewed and accepted.*

DIRECTOR OF GAS OPERATIONS REPORT AND RETAIL GAS SERVICES COORDINATOR REPORT

Closed Session

Motion: Kevin Wilkins moved to go into closed session for the protection of the public interest to discuss proprietary and competitive information relating to ACE marketing and pricing. ACE reps, alt reps, any ACE Member community employee or elected official, as well as any NMPP Staff member may participate in the closed session. Gene Weedon seconded the motion, which carried unanimously on a roll call vote. Did not vote: Kelly Peden and Bill Hinton.

Devine restated on record that the limitation of the subject matter of the discussion was proprietary and competitive information relating to ACE marketing and pricing.

The board went into closed session at 10:13 a.m.

The meeting reconvened in open session at 10:36 a.m. There was no action taken during or as a result of the closed session.

BUDGET FOR FISCAL YEAR 2026-2027

Johnson discussed ACE's proposed Budget for Fiscal Year 2026-2027. A detailed analysis of the budget including narrative discussion was included in the meeting packet as Attachment C.

Motion: Chris Rector moved to approve the following Resolution. Raquel Felzien seconded the motion, which carried unanimously on roll call vote. Did not vote: Kelly Peden and Bill Hinton.

BUDGET RESOLUTION

WHEREAS, the ACE Board of Directors is authorized to annually prepare, establish, adopt and maintain a budget of revenues and expenditures; and,

WHEREAS, the proposed budget for Fiscal Year Ending March 31, 2027, has been reviewed by the ACE Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY the ACE Board of Directors that the budget for Fiscal Year 2026-2027, as presented, is hereby approved and made a part of the official minutes folder.

MEMBER DISTRIBUTION

Johnson reported the Board has the discretion to approve a member distribution. A member distribution policy is included in ACE's Policies and Guidelines. Distribution amount illustrations were provided to assist the Board when considering a member distribution. The member distribution will be paid February 2026. The member distribution policy was included within the meeting packet.

Discussion ensued.

Motion: Michael Krings moved to approve the following Resolution. Gary Greer seconded the motion, which carried 23-1-0 on a roll call vote. Did not vote: Kelly Peden and Bill Hinton.

Ayes: Kirby Bridge; Dixie Sickels; Ronni Harding; Ron Doggett; Todd Rust; Andrew Lee; Raquel Felzien; Matt Smallcomb; Gary Greer; Chris Rector; Joy Trim; AJ Reimers; Gene Weedin; Michael Krings; Savanna Daly; Janine Schmidt; Kevin Wilkins; Jeramie VanLeer; Kim Martin; Duane Hoffman; Jeremy Tarr; Kellie Crowell; Gwenda Horky

Nays: Andrew Devine

Abstain: 0

MEMBER DISTRIBUTION RESOLUTION

WHEREAS, the Public Alliance for Community Energy has adopted a Member Distribution policy as noted in the Public Alliance for Community Energy Policies and Guidelines, and

WHEREAS, the policy includes consideration of a Member Distribution consisting of a member attendance incentive of \$300 for each Board meeting attended in-person by the Member's representative/alternate representative and \$100 for each Board meeting attended virtually by the Member's representative/alternate representative, as long as the Member's representative or alternate representative counted toward meeting quorum, rolling distribution to distribution; and

WHEREAS, the policy includes consideration of a Member Distribution consisting of a marketing incentive of \$1,000 per Member for completion of a qualifying Choice Gas year marketing activity, as determined by ACE staff, rolling distribution to distribution; and

WHEREAS, the policy includes consideration of an additional Member Distribution of an amount to be determined by the Board to be allocated based on volumes for the rolling last three calendar years and Founding Members contributions, subject to the Qualification as noted in the Member Distribution policy.

NOW THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Public Alliance for Community Energy approve the distribution and allocation of funds to its membership consisting first of the total amount applicable under the member attendance incentive for all Board meetings attended and the total amount applicable under the marketing incentive for qualifying activity between January 23, 2025, and January 21, 2026, and then the additional amount to reach the total of \$400,000.

ELECTION OF OFFICERS

Election of officers was conducted at the ACE Board of Directors January 21, 2026, Annual Meeting. An overview of the election process was presented. Election information including nomination procedures, eligibility lists, and duties of the positions were previously emailed to members. Terms are for fiscal year 2026-2027 (April 1 through March 31).

The following nominations were received prior to the meeting:

Chairperson – Andrew Devine (incumbent)
Vice Chairperson – Jeremy Tarr (incumbent)
Secretary-Treasurer – Mike Palmer (incumbent) and Chris Rector

All were eligible for election; Andrew Devine and Jeremy Tarr previously confirmed their willingness to serve. Additional nominations were solicited from the floor; no nominations were received.

Motion: Ron Doggett moved to cease nominations for Chairperson and Vice Chairperson and a secret ballot be cast for slate of nominees for positions of Chairperson and Vice Chairperson. Kellie Crowell seconded the motion.

Voting results were as follows:

*Ayes: 23
Nays: 0
Abstain: 1
Did not Vote: 2*

Andrew Devine was elected Chairperson and Jeremy Tarr was elected Vice Chairperson of the ACE Board of Directors.

Motion: Jeremy Tarr moved to cease nominations and a secret ballot be cast for Secretary-Treasurer. Andrew Lee seconded the motion.

Voting results were as follows:

*1. Mike Palmer 7
2. Chris Rector 18*

Chris Rector was elected Secretary-Treasurer of the ACE Board of Directors.

ELECTION OF AT-LARGE REPRESENTATIVES TO THE ACE EXECUTIVE COMMITTEE

The election of the ACE Executive Committee at-large representatives was conducted at the ACE Board of Directors January 21, 2026, Annual Meeting. An overview of the election process was presented. Terms of service are for fiscal year 2026-2027 (April 1 through March 31). Pursuant to the Amended and Restated Bylaws of ACE, the Board of Directors may create an Executive Committee composed of Directors from at least ten percent of the membership, but shall be composed of no less than five Directors. The Executive Committee shall include the Chairperson, Vice Chairperson, and Secretary-Treasurer of ACE.

The following nominations were received prior to the meeting:

1. Kellie Crowell
2. Raquel Felzien
3. Duane Hoffman
4. Andrew Lee
5. Chris Rector

Each of the nominees had previously confirmed their willingness to serve. Chris Rector will serve on the committee by virtue of his position as Secretary-Treasurer and was removed as a nominee. Additional nominations were solicited from the floor. Ron Doggett and Janine Schmidt were nominated from the floor.

Motion: Gene Weedon moved to cease nominations and a secret ballot be cast for the At-Large Representatives to the ACE Executive Committee. Matt Smallcomb seconded the motion.

Voting results were as follows:

- | | |
|-------------------|----|
| 1. Kellie Crowell | 18 |
| 2. Raquel Felzien | 20 |
| 3. Duane Hoffman | 21 |
| 4. Andrew Lee | 18 |
| 5. Ron Doggett | 12 |
| 6. Janine Schmidt | 20 |

The following directors were elected, via secret ballot, to serve as the At-Large Representatives to the ACE Executive Committee:

1. Kellie Crowell
2. Raquel Felzien
3. Duane Hoffman
4. Andrew Lee
5. Janine Schmidt

ELECTION OF AT-LARGE REPRESENTATIVE TO THE JOINT OPERATING COMMITTEE

The election of the Joint Operating Committee at-large member was conducted at the ACE Board of Directors January 21, 2026, Annual Meeting. The Joint Operating Committee is composed of the three officers from each of ACE, MEAN, and NPGA plus three at-large member positions (one Representative or Alternate Representative from ACE, one from MEAN, and one from NPGA hold the three at-large positions), who shall serve for a term of one year or until their successors are elected and qualified, whichever is later. An overview of the election process was presented.

Duane Hoffman (incumbent) was nominated prior to the meeting. Hoffman was eligible for election and had previously confirmed his willingness to serve. Additional nominations were solicited from the floor; Mike Palmer was nominated.

Motion: Ron Doggett moved to cease nominations and a secret ballot be cast for the At-Large Representative to the Joint Operating Committee. Kellie Crowell seconded the motion.

Voting results were as follows:

- | | |
|------------------|----|
| 1. Duane Hoffman | 17 |
| 2. Mike Palmer | 5 |
| Did Not Vote | 4 |

Duane Hoffman was elected At-Large Representative to the Joint Operating Committee.

LEGISLATIVE UPDATE

Kara Hunt, Government Affairs & Project Manager, provided updates on the current Nebraska legislative session.

CONTRACTS AND GENERAL COUNSEL REPORT

There were no contracts to report.

General Counsel Report:

Michelle Lepin, General Counsel, provided updates regarding the pending merger between Black Hills Corp. and NorthWestern Energy, including various filings and an upcoming hearing at the Nebraska Public Service Commission. The merger is anticipated to conclude late 2026 or early 2027.

ITEMS FOR FUTURE AGENDA

Devine reminded Directors to forward any additional agenda items to ACE staff so they may be included on the agenda for the next meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:18 a.m.

Recorded by:
Laurie Keiser, Administrative Assistant

Submitted by:
Jeremy Tarr, Vice Chairperson
ACE Board of Directors

Public Alliance for Community Energy

Balance Sheets

	February 2026	March 2025	\$ +/-
Assets			
Cash and cash equivalents	\$ 1,094,335	\$ 1,279,541	\$ (185,206)
Investments	2,676,960	2,406,098	270,862
Accounts receivable	116,189	112,629	3,560
Prepaid expenses	2,511	32,562	(30,051)
Capital assets, net	15,100	23,801	(8,701)
Total assets	\$ 3,905,095	\$ 3,854,631	\$ 50,464
Liabilities			
Accounts payable	318	10,980	(10,662)
Due to coalition members	6,077	56,436	(50,359)
Total liabilities	6,395	67,416	(61,021)
Total Net Position	3,898,700	3,787,215	111,485
Total liabilities and net position	\$ 3,905,095	\$ 3,854,631	\$ 50,464

Public Alliance for Community Energy

Statements of Revenues and Expenses

For the Fiscal Year Ending March 2026: As of February 2026

	Fiscal Year			Prior Year	vs. Prior Year \$ +/-
	Actual	Budget	\$ +/-		
Operating Revenues					
Marketing fees	\$ 962,500	\$ 962,500	\$ -	\$ 962,500	\$ -
Operating Expenses					
Administrative and general	585,417	638,017	(52,600)	593,545	(8,128)
Depreciation	8,701	13,519	(4,818)	5,331	3,370
Total operating expenses	594,118	651,536	(57,418)	598,876	(4,758)
Operating Income / (Loss)	368,382	310,964	57,418	363,624	4,758
Investment return	143,103	107,250	35,853	168,666	(25,563)
Net Revenue Before Distribution to Members	511,485	418,214	93,271	532,290	(20,805)
Distribution to Members	(400,000)	-	(400,000)	(400,000)	-
Change in Net Position	\$ 111,485	\$ 418,214	\$ (306,729)	\$ 132,290	\$ (20,805)

Forvis Mazars Planning Communication to the Board of Directors and Management

Public Alliance for Community Energy

March 31, 2026

Thank You for Selecting Forvis Mazars

We are grateful for the opportunity to serve Public Alliance for Community Energy and gain insight into your operations. This communication provides useful information relevant to your role as those charged with governance of the entity, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

We understand the appropriate person in the governance structure with whom to communicate is:

- Mr. Andrew Devine, Chair of the Board of Directors

Your audit leader for any questions or communications is:

- Chris Lindner, Partner | chris.lindner@us.forvismazars.com | 402.473.7600
- Abby Dobson, Director | abby.dobson@us.forvismazars.com | 402.473.7600
- Trevor Copenhaver, Manager | trevor.copenhaver@us.forvismazars.com | 402.473.7600

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	<p>We have been engaged to audit the financial statements of Public Alliance for Community Energy for the year ended March 31, 2026.</p> <p>Please refer to our contract dated January 5, 2026, for additional information and the terms of our engagement.</p>
Audit Standards & Materiality	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.</p>
Our Responsibilities	<p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p>

Matter	Description of Audit Area
Your Responsibilities	Our audit of the financial statements does not relieve you or management of your responsibilities.
Distribution Restriction	This communication is intended solely for the information and use of the Board of Directors and, if appropriate, management of the entity and is not intended to be, and should not be, used by anyone other than these specified parties.

Other Information Accompanying the Audited Financial Statements

Management is responsible for the other information included in the annual report.

The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

We will not subject such information to the auditing procedures applied in the audit of the financial statements and, accordingly, we will not express an opinion or provide any assurance on it. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or whether there is an indication that the other information appears to be materially misstated or misleading. We will respond appropriately when we identify material inconsistencies or when we otherwise become aware that information appears to be materially misstated.

In the event we issue a disclaimer of opinion on the financial statements, our auditor's report will not make any reference to the annual report or to any procedures that may have been performed.

We understand that drafts of the annual report are not expected to be available until after the planned issuance of our auditor's report. We will request management to provide the documents to us when available in order to allow us to complete our required procedures described above. We will have no obligation to reissue our report in such situation to include the results of our procedures performed on the final document. However, if we identify material inconsistencies that indicate that the audited financial statements were misstated, then we will be required to evaluate the nature and magnitude of the misstatement to determine if a restatement of the previously issued financial statements is warranted.

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules, and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

We expect to begin our audit on approximately April 27, 2026.

Draft financial statements are expected to be ready and we will issue our report in early May 2026.

Planned Audit Scope

We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control-related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Risk Areas	Audit Approach
Risk of management override of controls	Analyze accounting estimates for bias, test selected journal entries, evaluate business rationale for unusual transactions
Improper revenue recognition	Agree payments to contract with third-party gas provider, perform revenue cut-off testing, analytically test revenue reasonableness

Other Procedures to Be Performed

We may also request written representations from the entity's general counsel as part of the engagement.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

Audit Implications of Significant Changes or Conditions

Critical audit areas

- Related party transactions
- Revenue recognition
- Distribution to members

Consideration of Error or Fraud

One of the most common questions we receive from governing bodies is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement team brainstorming
- Inquiries of management and others
- Reviewing accounting estimates for bias