Staff Report

To: Board of Directors

From: Colin Woodrow

Date: February 26, 2026

Agenda Item: 5.2 Missoula Electric Cooperative Equipment & Connection Work Orders

Attachments:

- 5.2.1 Invoice – MEC Contribution in Aid of Construction
- 5.2.2 Invoice – MEC Substation Capacity Charge

Recommendation:

Approve the MEC invoices totaling $297,565.29 representing a contribution in aid of construction and a substation capacity charge with respect to the electrical power system at the new facility.

Discussion:

The agency has been working with Cushing Terrell and MEC to design the electrical system powering the new facility. As a result, MEC requires a customer contribution toward specific electric facilities at the new facility in the form of two transformers. MEC will retain ownership of the transformers and will maintain and operate the equipment. Installation and electrical service will be specified as part of the full construction estimate.

In addition, the substation capacity charge will recover part of MEC's prior investment in the necessary electrical infrastructure required to serve large power loads such as the new facility. The substation charge ensures system reliability for all MEC members.

Financial Impact and Funding Source:

Substation Capacity Charge – Work Order #2024619 = $278,390.65
Contribution in Aid of Construction – Work Order #20240619 = $19,174.64

It should be noted that the work orders total is substantially below what was budgeted for powering the new facility.

DBE Certified:

Not applicable.

MISSOULA ELECTRIC COOPERATIVE

INVOICE

CONTRIBUTION IN AID OF CONSTRUCTION

Work Order #20240619

Missoula Urban Transportation District (MUTD)
Attn: Colin Woodrow
1121 Shakespeare Street
Missoula, MT 59802

Description	Quantity	Value	Extended
TX PAD 3PH 2000KVA	2	$9,587.32	$19,174.64
		TOTAL	$19,174.64

This invoice represents a **Contribution in Aid of Construction (CIAC)** associated with the historical cost of two (2) 2000 kVA transformers currently held in the Cooperative's inventory. CIAC is a customer contribution toward specific electric facilities required to serve the project; however, the Cooperative will retain ownership of the transformers and remain responsible for their operation and maintenance. Payment of this invoice applies **only** to the cost of the transformers identified herein. Labor and related materials necessary for transformer installation as well as additional CIAC necessary to extend electrical service to the site will be determined and communicated once a full construction estimate is completed.

CIAC charged by Missoula Electric Cooperative (MEC) also does **not** include the cost of any system upgrades that may be required as a result of the Interconnection Study Reimbursement Agreement dated October 30, 2025. Should system upgrades be identified through that study, the results and any associated costs will be communicated prior to proceeding with further construction or commitments.

MISSOULA ELECTRIC COOPERATIVE

INVOICE

SUBSTATION CAPACITY CHARGE

Work Order #20240619

Missoula Urban Transportation District (MUTD)
Attn: Colin Woodrow
1121 Shakespeare Street
Missoula, MT 59802

Description	Quantity	Value	Extended
Service #1 (Building)	1401.69KVA	$86.12	$120,713.54
Service #2 (Bus Charging)	1830.90KVA	$86.12	$157,677.11
		TOTAL	$278,390.65

This invoice is valid for payments received by MEC before March 31, 2026

The **Substation Capacity Charge** is designed to recover a portion of the Cooperative's prior investments in electrical infrastructure required to reliably serve large loads. These investments include substations, substation equipment, and associated distribution system upgrades that provide capacity and system support beyond standard service levels. The charge ensures that customers with significant capacity requirements equitably contribute to the cost of infrastructure necessary to accommodate their load while maintaining system reliability for all members.