

**LOCKRIDGE and IRR \$**

\$30,815.84 Reimbursable thru **3/31/02** "Legal Fees"  
\$39,381.83. Reimbursable **4/25/02-11/15/02** "Legal Fees"  
\$21,000 & \$35,282.23 11/16/02-**3/30/03** LEGAL/CONSULTING SERVICES  
TOTAL **\$126,479.90** (out of 1st \$500,000)

**BUT SEE THIS CONFLICT**

**11/5/03** TM's **final accounting** for first \$500,000 includes \$9,978.50 for "legal fees" for Chadbourne and Park and for Faegre & Benson but **NONE FOR LOCKRIDGE.**

4/30/02 Closing Liabilities: \$50,000 "deferred retainer fees" payable in Dec '02, "as set forth in retainer agreement"

\$800/month rent paid by EE to Lockridge, commencing Jan '02, "currently due and payable (reported as closing liabilities for 1st CDA); (moved into new office Nov 2004; using home address before that?)

**5/03 Special Legislation** in Special Session

**5/5/04 LTR to TM & JJ Re: Retainer Letter and Fee Agreement**

"**continued legislative** and legal representation":

general legal representation; specific legal & regulatory representation & assistance re:

PPA dvlpmt, draftg & ngtn;

rprsntatin bef PUC & other regulatory bodies;

environmental review, permitting, siting and routing;

non-fnci agrmts - draftg, negotiation, documentation & oversight;

corporate representation relating to development of the Project.

1. "defer payment of **current balance of the 2003 governmental relations contract (i.e., \$50,000)** until 6/30/04"; after that multipliers take effect; balance must be paid by 6/30/07.
2. "The **state and federal government relations contract for 2004** will be **\$40,000.**"
3. "The **state and federal government relations contract for 2005** will be **\$125,000.**"
4. "For **legal work** LGN will bill you at our then-current **hourly rates**. . . . Payment for all billed legal fees is due within sixty days . . . may elect to delay payments . . . until milestones. . . subject to multipliers . . . All legal fees billed prior to this agreement considered to payment delayed subject to multipliers.
5. LGN will bill for time and out-of-pocket expenses on a monthly basis; expenses payable monthly and not deferrable.
7. Failure to pay shall be grounds for withdrawing as counsel.

Signed by JJ 5/8/04

5/5/04 EE ltr to Cmsnr: Lockridge to defer \$2M in billings; ltr from Sr Mngng Pr to confirm;

9/04 LSD doing legal work at PUC

**12/1/04.INVOICE TO TM @ EE:**

"General and Administrative Advice" "Legal services rendered from August 2003 to August 2004"

\$80,927.12 Total Payments Received 0.00 Bal Due \$80,927.12

included in 12/22/04 Reimbursement Request for first draw on \$8M

says invoice date 12/15/04 & redacts amount as "privileged or confidential"

**FINAL ACCOUNTING FOR FIRST \$500,000 BY TOM MICHELETTI**

**REPORTS FILED BY TOM MICHELETTI WHEN SEEKING REIMBURSEMENT, AFFIRMED & ATTESTED AS VALID**

**11/5/03 accounting \$514,283.14**  
(three numbers total \$522,653.57)

thru 3/31/02  
**\$248,715.57**

4/25-11/15/02  
**\$136,863.39**

11/16/02-3/30/03  
**\$137,074.61**

<b>17,346.05</b>	HDR Engineering <b>65,598.51</b>		10,888.50	1799.73 & 2910.28
<b>8,953.72</b>	SEH $\emptyset$	---	---	----
<u>50,000</u>	SAIC	50,000		
<b>\$76,299.77</b>	Engnrg & Enviro Srvces <b>65,598.51 - 10,704.26</b>			
8,200	Nazar Massouh Encl Anlys ✓		8,200	
<u>107,004.81</u>	ICF Resources ✓	97,944.81	9,060.00	
115,204.81	Vrftcn ecnmcs and load ✓			
<b>49,747.67</b>	Acres Mgmt Consulting <b>39,872.20</b>			17,382.20 & 22,490
<b>49,747.67</b>	Trnsmsn Anlsys Dvlpmt <b>39,872.20 = 9,875.47</b>			
<b>10,885.68</b>	Browers $\emptyset$	---	---	---
<b>53,523.68</b>	Ceteris <b>2700</b>	---	---	2700
<u>13,834.71</u>	Sherner $\emptyset$	---	---	---
<b>78,244.07</b>	Project dvlpmt services <b>2700 = 75,544.07</b>			
87,355.18	payroll	41,271.52	33,941.00	12,142.66
<u>39,454.14</u>	wholdg <b>39,398.14</b>	8,374.60	15,282.54	8434 & 4882 & 917 & 1508
<b>126,809.32</b>	payroll and st/fed wholdg <b>126,753.32 = 56</b>			
<b>56,601.50</b>	off, travel & admin expense			
<b>43,648.82</b>	no detail/miscellaneous	19,127.55	19,692.27	4229.01
<b>= 13,552.68</b>				
<b>8,380.00</b>	Chadbourne & Park $\emptyset$	---	---	---
<u>1,598.50</u>	Faegre & Benson ✓	1,181.25	417.25	
<b>9,978.50</b>	legal fees <b>1598.50 = 8380</b>			
<u>1,397.50</u>	Freeberg			245 & 820 & 332.50
1,397.50	acctng/tax services			

**NOT ON FINAL ACNTG - LOCKRIDGE**

**30,815.84**

**39,381.83**

**21,000 & 35,282.23**

(totals \$126,479.90; discrepancies noted above (in bold) total \$118,112.48)

**LOCKRIDGE GRINDAL NAUEN**

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J. MICHAEL SCHWARTZ  
HARRY E. GALLAHER  
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††† MANAGER OF STATE GOVERNMENT RELATIONS**

May 6, 2004

Ms. Sandy Layman  
Commissioner  
Iron Range Resources  
P.O. Box 441, Highway 53 South  
Eveleth, MN 55734-0441

Dear Ms. Layman:

This letter serves to confirm that Lockridge Grindal Nauen P.L.L.P. ("LGN") serves as counsel to Excelsior Energy Inc. in connection with Excelsior's development of the IGCC coal gasification and electric power generating facility proposed to be constructed on the Iron Range in Northern Minnesota.

In addition to general legal representation, LGN will provide Excelsior Energy with specific legal and regulatory representation and assistance relating to (a) the development, drafting and negotiation of a Power Purchase Agreement; (b) representation before the Public Utilities Commission and other regulatory bodies; (c) environmental review, permitting, siting and routing for the Project's generation and transmission facilities; (d) drafting, negotiation, documentation and oversight of non-financial Project agreements; and (e) corporate representation relating to the development of the Project.

As part of our agreement with Excelsior, LGN has agreed to defer our legal fees until certain financial milestones in the project have been reached. While it is difficult to predict this early in the project what our ultimate fees may be, we are estimating that our deferred hourly fees in connection with the above mentioned work could be approximately \$2 million.

Ms. Sandy Layman

May 6, 2004

Page Two

If you have any questions concerning this letter, please feel free to contact me.

Sincerely yours,

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

*Harry E. Gallaher / bme*  
Harry E. Gallaher

HEG/bme

c: Thomas Micheletti  
Julie Jorgensen

# EXCELSIOR ENERGY INC.

294 GROVE LANE EAST • SUITE 260 • WAYZATA, MN 55391  
952.404.4100 • FAX: 952.404.4104

TOM MICHELETTI  
PRINCIPAL  
952.250.2252  
[TOMMICHELETTI@MSN.COM](mailto:TOMMICHELETTI@MSN.COM)

DISCLOSURE RESTRICTED UNDER CONFIDENTIALITY AGREEMENT

May 6, 2004

Ms. Sandy Layman  
Commissioner  
Iron Range Resources  
P.O. Box 441, Highway 53 South  
Eveleth, MN 55734-0441

RE: Request for Disbursement of Remaining Funds Pursuant to Convertible Debenture Agreement Between the State of Minnesota and Excelsior Energy Inc.

Dear Commissioner Layman:

In accordance with the provisions of the above-referenced Agreement, Excelsior Energy Inc. hereby requests disbursement of the remaining \$1 million of loan funds. To meet its matching funding obligations under the Agreement, Excelsior has secured the following:

- I. Services Agreement. [REDACTED] has signed a definitive agreement with Excelsior to provide a variety of [REDACTED] services to Excelsior and the Project including [REDACTED] services, [REDACTED] and [REDACTED] services. [REDACTED]
- II. Legal and Regulatory Services Agreement. Lockridge Grindal Nauen has entered into a definitive agreement with Excelsior to provide approximately \$2 million of legal services and to defer billings associated with such efforts. A letter from the Senior Managing Partner of LGN to the IRR will confirm its binding commitment to Excelsior.
- III. Consultant Services Agreement. Excelsior has executed definitive agreements with Ceteris Inc., Strategic Finance Resources Inc., Sherner Power Consulting Inc., Browers Consulting Inc., and Wadley Consulting. Together, these firms have

committed to provide the Project with engineering, finance, project management, transmission planning and other key consulting services. The agreements with these firms provide for payment deferrals in the amount of \$1.55 million.

The total of the deferrals noted above is in the amount of \$5.95 million, more than \$1 million in excess of the requirements of the Convertible Debenture Agreement provisions. We have previously shared information about these matters with you and your staff, and copies of all the above-referenced agreements are maintained in our offices and are available for review by your staff. The willingness of these firms to put substantial sums at risk reflect the significant milestones the Mesaba Project has achieved and the momentum building towards getting the project to the finish line.

We are grateful for the help we have received from Iron Range Resources and the Governor's office and appreciate the continued support of you, the Board and your staff. We look forward to the ground-breaking of the single largest project ever constructed on the Iron Range.

Sincerely,

Tom Micheletti

Cc: Mike Larson  
Dave Hart

**LOCKRIDGE GRINDAL NAUEN P.L.L.P.**

Attorneys at Law  
SUITE 2200  
100 WASHINGTON AVENUE SOUTH  
MINNEAPOLIS, MINNESOTA 55401  
TELEPHONE (612) 339-6900

DATE 12/01/04

STATEMENT NO. 6322  
CLIENT NO. 04493-0002

General and Administrative Advice

Mr. Thomas Micheletti  
Excelsior Energy, Inc.  
Suite 305  
11100 Wayzata Boulevard  
Minnetonka, MN 55305

*Please detach here. Return this portion with your payment. Thank you.*

Legal services rendered from August 2003 to August 2004

\$80,927.12

Total Payments Received: 0.00

BALANCE DUE: \$80,927.12

260348-1

**LOCKRIDGE GRINDAL NAUEN P.L.L.P.**

Attorneys at Law  
SUITE 2200  
100 WASHINGTON AVENUE SOUTH  
MINNEAPOLIS, MINNESOTA 55401  
TELEPHONE (612) 339-8800

DATE 12/01/04

STATEMENT NO. 6322  
CLIENT NO. 04493-0002

General and Administrative Advice

Mr. Thomas Micheletti  
Excelsior Energy, Inc.  
Suite 305  
11100 Wayzata Boulevard  
Minnetonka, MN 55305

**Privileged or Confidential Information Redacted**



Vendor	Page	Invoice Date	Description	Amount	TOTAL
Daniel Olson	1	10/29/2004	5500 - Office Related Expenses:5510 - Office Supplies	185.93	
			5100 - Travel-Employee /Consultant:5120 - Mileage	115.43	
			Total	301.38	
			Previously Reimbursed	116.28	
			REIMBURSABLE TOTAL		\$185.08
	4	12/14/2004	5500 - Office Related Expenses:5560 - Miscellaneous Office Ex	122.48	
			5100 - Travel-Employee /Consultant:5105 - Meals	58.72	
			TOTAL		\$179.20
Ceteris	8	12/5/2004	5000 - Staff & Consultants-Current		\$10,000.00
	9	12/5/2004	5100 - Travel-Employee /Consultant:5140 - Airfare	813.80	
			5100 - Travel-Employee /Consultant:5105 - Meals	600.27	
			5100 - Travel-Employee /Consultant:5130 - Parking	58.00	
			5100 - Travel-Employee /Consultant:5125 - Car Rental	122.21	
			5100 - Travel-Employee /Consultant:5135 - Taxi	50.00	
			5100 - Travel-Employee /Consultant:5110 - Lodging	162.21	
			TOTAL		\$1,704.68
James M. Milkovich	21	12/1/2004	5410 - Fuel Related Expenses:5411 - Fuel Consultant	21,937.50	
			5100 - Travel-Employee /Consultant:5110 - Lodging	182.21	
			5100 - Travel-Employee /Consultant:5130 - Parking	42.00	
			TOTAL		\$22,141.71
Chadbourne & Park	24	12/2/2004	5320 - Legal:5321 - Outside Counsel		\$4,120.84
SafeGuard	25	11/2/2004	5500 - Office Related Expenses:5530 - Printing		\$534.88
	26	12/3/2004	5500 - Office Related Expenses:5530 - Printing		\$55.52
Applied Graphics	27	12/8/2004	5500 - Office Related Expenses:5530 - Printing		\$289.27
UPS	28	12/4/2004	5500 - Office Related Expenses:5515 - Postage		\$16.65
	29	12/11/2004	5500 - Office Related Expenses:5515 - Postage		\$78.54
Cypress Communications	30	12/1/2004	5500 - Office Related Expenses:5520 - Telephone		\$980.17
Aetna	31	11/16/2004	5500 - Office Related Expenses:5590 - Miscellaneous Office Expense		\$159.00
MISO	32	12/13/2004	5360 - Transmission:5361 - Transmission Line Design		\$10,000.00
Baune Dosen	33	11/30/2004	5340 - Tax and accounting:5341 - Accounting Services		\$1,850.00
Melissa Leibert	34	12/8/2004	5500 - Office Related Expenses:5590 - Miscellaneous Office Expense		\$75.00
	35	12/12/2004	5500 - Office Related Expenses:5590 - Miscellaneous Office Expense		\$75.00
American Express	38	11/18/2004	5100 - Travel-Employee /Consultant:5140 - Airfare	5,203.75	
			5500 - Office Related Expenses:5510 - Office Supplies	1,812.01	
			5500 - Office Related Expenses:5590 - Miscellaneous Office Ex	278.40	
			Total	7,392.18	
			NON REIMBURSABLE EXPENSES	418.22	
			REIMBURSABLE TOTAL		\$6,973.94
ICF Consulting	39	12/8/2004	5330 - PUC Case:5332 - Testimony Research		\$28,250.00
StarTech Computing	40	12/1/2004	5500 - Office Related Expenses:5525 - IT Expenses		\$570.00
Qwest	41	12/10/2004	5500 - Office Related Expenses:5525 - IT Expenses		\$38.28
Vector Internet Services, Inc.	42	12/18/2004	5500 - Office Related Expenses:5525 - IT Expenses		\$19.95
Iowa Utilities Board	43	12/20/2004	5330 - PUC Case:5332 - Testimony Research		\$482.25
Leonard Street	44	12/17/2004	Privileged or Confidential Information Redacted		Privileged or Confidential Information Redacted
Minnesota Chamber of Commerce	45	12/17/2004	5200 - Other Employee Expenses:5215 - Dues		\$10.00
	46	12/20/2004	5200 - Other Employee Expenses:5215 - Dues		\$180.00
Lethem & Welkins	47	11/30/2004	Privileged or Confidential Information Redacted		Privileged or Confidential Information Redacted
S E H	48	11/11/2004	1250 - Power Plant		\$13,267.07
Bob Evans	49	12/4/2004	5500 - Office Related Expenses:5520 - Telephone	134.75	
			5100 - Travel-Employee /Consultant:5120 - Mileage	48.79	
			5100 - Travel-Employee /Consultant:5140 - Airfare	2,123.29	
			5100 - Travel-Employee /Consultant:5105 - Meals	54.89	
			5100 - Travel-Employee /Consultant:5130 - Parking	81.75	
			5100 - Travel-Employee /Consultant:5135 - Taxi	140.05	
			5100 - Travel-Employee /Consultant:5110 - Lodging	221.94	
			5500 - Office Related Expenses:5525 - IT Expenses	8.87	
			TOTAL		\$2,783.60
Lockridge Grindal Nauen P.L.L.P	88	12/15/2004	Privileged or Confidential Information Redacted		Privileged or Confidential Information Redacted
			TOTAL		\$184,650.26

12/1/04

## Exhibit B

### Disclosure Schedule

(Section 5)

1. Section 5.5: Title to Properties and Encumbrances

None.

2. Section 5.6: Litigation

None.

3. Section 5.8: Conversion Stock

The Conversion Price and the number of Conversion Shares to be issued cannot be calculated as of the Closing Date. As of the Closing Date, 500 shares of Common Stock of the Company have been reserved for issuance upon conversion of the Conversion Stock, and there is nothing in the Company's corporate documents which would prevent the Company and its shareholders from amending its Articles of Incorporation to authorize additional shares, which could be used as the Conversion Stock upon the conversion of the Convertible Debenture.

4. Section 5.9: Securities Laws

As set forth on Exhibit C, 300 shares of Common Stock of the Company have been offered and sold.

5. Section 5.10: Patents and Other Intangible Rights

The Company does not own or license any patents, trade names, service marks, trademarks or copyrights.

5. Section 5.14: Outstanding Debt

Loans evidenced by a promissory note in the principal amount totaling \$140,000, with interest thereon, from Thomas Micheletti and Julie Jorgensen

6. Section 5.15: Schedule of Assets and Contracts

- a. 5.15.1: Real and Personal Property: None.

- b. 5.15.2: Each indenture, lease, or sublease or other instrument:

Month-to-month lease of office space from Lockridge, Grindal & Nauen (\$800/month)

- c. 5.15.3: All executory contracts, agreements, purchase orders, commitments and arrangements:

*rent*  
*\$800/mo*

*J. J. J.*

**CLOSING LIABILITIES (AS OF APRIL 30, 2002)**  
**EXCELSIOR ENERGY INC.**

PROMISSORY NOTE in favor of Thomas Micheletti and Julie Jorgensen in the principal amount of \$140,000, with interest thereon at four percent (4%) per annum.

SALARY of Thomas Weaver in the monthly amount of \$8333.34 (paid and current through April 30, 2002) and contingent severance payment of \$50,000 in the event terminated or resigns for good cause.

DEFERRED SALARIES of Thomas Micheletti and Julie Jorgensen, commencing August 1, 2002, in the accrued amount through April 30, 2002 of \$150,000 each (to continue to be accrued and deferred until third party funding is secured).

DEFERRED RETAINER FEES to Lockridge, Grindal and Nauen, payable in December 2002, in the amount of \$50,000, as set forth in retainer agreement.


OFFICE RENT to Lockridge, Grindal and Nauen, currently due and payable, in the amount of \$800 per month commencing January 2002.

CONSULTING FEES for preparation of financial model (estimated to be \$5000 - 10,000).

CONSULTING FEES to HDR Engineering (contingent upon the Company requesting services from HDR) in an initial amount of \$35,000, as set forth in retainer agreement.

FEES INCURRED IN THE FUTURE UNDER OTHER RETAINER AGREEMENTS, contingent upon further work being requested.

FEDERAL AND STATE TAX obligations accruing for withholding, payroll and unemployment taxes.



**LOCKRIDGE GRINDAL NAUEN**

**P.L.L.P.**

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GOVERNMENT RELATIONS†

DENNIS M. MCGRANN††  
KATHLEEN K. MICHELETTI†††  
ALLYSON J. HARTLE  
REBECCA K. KLETT  
RACHEL R. ZAGRABELNY  
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JENNIFER A. SWEENEY

† NON-ATTORNEY LOBBYISTS

†† DIRECTOR OF FEDERAL PUBLIC AFFAIRS

††† MANAGER OF STATE GOVERNMENT RELATIONS

May 5, 2004

Tom Micheletti  
Excelsior Energy, Inc.  
294 Grove Lane East, Suite 260  
Wayzata, MN 55391

Julie Jorgensen  
Excelsior Energy, Inc.  
294 Grove Lane East, Suite 260  
Wayzata, MN 55391

Re: Retainer Letter and Fee Agreement

Dear Tom and Julie:

This letter sets forth the terms and conditions of Lockridge Grindal Nauen P.L.L.P.'s ("LGN") continued legislative and legal representation of Excelsior Energy, Inc. ("Excelsior") in connection with Excelsior's development of an IGCC coal gasification and electric power generating facility in Minnesota (the "Project"). In addition to general legal representation, LGN will provide specific legal and regulatory representation and assistance relating to (a) the development, drafting and negotiation of a Power Purchase Agreement; (b) representation before the Public Utilities Commission and other regulatory bodies; (c) environmental review, permitting, siting and routing for the Project's generation and transmission facilities; (d) drafting, negotiation, documentation and oversight of non-financial Project agreements; and (e) corporate representation relating to the development of the Project.

1. LGN will defer payment of the current balance of the 2003 governmental relations contract (i.e., \$50,000) until June 30, 2004. If payment for the 2003 contract is not received by June 30, 2004, the outstanding balance shall be subject to the multipliers and payment terms set forth in paragraph 4 which are applicable to legal fees, but in no event shall payment of the outstanding balance be made later than June 30, 2007.

2. The state and federal government relations contract for 2004 will be \$40,000. If payment for the 2004 contract is not received by June 30, 2005, the outstanding balance shall be subject to the multipliers and payment terms set forth in paragraph 4 which are applicable to legal fees, but in no event shall payment of the outstanding balance be made later than June 30, 2007.

3. The state and federal government relations contract for 2005 will be \$125,000. If payment for the 2005 contract is not received by June 30, 2006, the outstanding balance shall be subject to the multipliers and payment terms set forth in paragraph 4 which are applicable to legal fees, but in no event shall payment of the outstanding balance be made later than June 30, 2007.

4. For legal work LGN will bill you at our then-current hourly rates. For point of reference, my current hourly rate is \$250, Charles Nauen's rate is \$295 an hour, Chris Sandberg's

Tom Micheletti  
Julie Jorgensen  
May 5, 2004  
Page 2

rate is \$250 an hour and Ted Grindal's rate is \$295 an hour. We usually adjust our rates in November with the new rates taking effect in January.

Payment for all billed legal fees is due within sixty (60) days of the date of our statement, however, Excelsior may elect to delay payment of any or all of billed legal fees until certain Project milestones are reached. All legal fees which for which payment is delayed shall be subject to the multipliers set forth in this paragraph. In addition, any payments for billed legal fees which are not received within sixty (60) days of the date of the statement on which the fees first appeared will be deemed to be elected to be delayed by Excelsior and will be subject to the multipliers set forth below. Excelsior agrees that billed legal fees for which payment is delayed and which are paid at the following milestones shall be adjusted as follows:

- (a) Legal fees which are paid more than 60 days after the date of the statement but not later than the point at which \$15 million in capital or equity for the Project has been raised will be increased by 50% (i.e., multiplied by 1.5).
- (b) Legal fees which are paid after the milestone described in subparagraph 4(a) but not later than the point at which (i) the power purchase agreement for the Project has approved and (ii) at least \$30 million in capital or equity for the Project has been raised will be doubled (i.e., multiplied by 2).
- (c) Legal fees which are paid after the milestone described in subparagraph 4(b) but not later than the time of financial closing for the Project or start of construction of the Project, whichever ever comes first, will be tripled (i.e., multiplied by 3).

Excelsior agrees that in no event shall the deferred billed legal fees be paid later than the time of financial closing for the Project or start of construction of the Project, whichever ever comes first. In addition, at the point at which \$15 million in capital or equity for the Project has been raised, LGN shall have the right to require that Excelsior pay LGN up to one-half of the fees that have been deferred to that point with the balance of the fees being deferred subject to the multipliers set forth in subparagraphs 4(b) and 4(c) above.

All legal fees which were billed prior to the date of this agreement shall be considered to be fees for which payment has been delayed and shall be subject to the multipliers set forth in subparagraphs 4(a)-4(c).

5. LGN will bill Excelsior for time and out-of-pocket expenses, such as copies, telephone, fax, travel, etc., on a monthly basis. Excelsior's failure to object to a bill within 30 days of the date of the statement will be deemed to be Excelsior's acceptance of the amount billed. All expenses are payable monthly. Excelsior does not have the right to defer payment of expenses.

6. This agreement is not assignable by either party without the other party's consent; provided, however, that LGN agrees that it shall not unreasonably withhold its consent of any assignment of this Agreement so long as LGN receives satisfactory security and guarantees concerning the assignee's ability to perform and its consent to be bound by the terms of this agreement. Unless LGN has consented to the assignment of this agreement, notwithstanding anything in this agreement to the contrary, all deferred fees shall be due and payable (subject to the applicable multiplier) upon any sale, transfer or assignment of the Project or any assignment of this agreement by Excelsior.

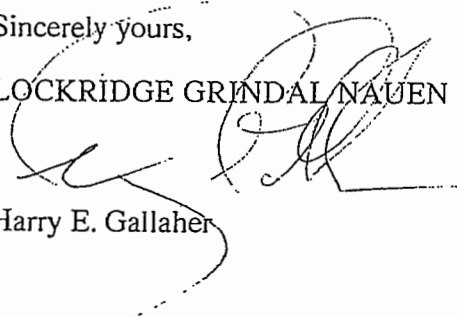
Tom Micheletti  
Julie Jorgensen  
May 5, 2004  
Page 3

7. Excelsior's failure to pay LGN as set forth in this agreement shall be grounds for LGN withdrawing as counsel for Excelsior.

If you are in agreement with the terms of our representation, please sign the duplicate original of this agreement in the space indicated and return the duplicate original to me.

Sincerely yours,

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

  
Harry E. Gallaher

So Agreed,

Excelsior Energy, Inc.

By

Julie Jorgensen

Its

Co-President and CEO

Date

May 8, 2004

HEG:bme

c: H. Theodore Grindal  
Charles N. Nauen

Mesaba Energy Project  
 Reimbursable Project Expenses---April 25, 2002 through November 15, 2002

<u>PAID TO</u>	<u>DESCRIPTION</u>	<u>CHECK NOS</u>	<u>AMOUNT</u>
HDR ENGINEERING	Site Engineering and Environmental Services	1074, 1082	\$10,888.50
ICF RESOURCES	Project Economics and Load Forecast Studies	1076	9,060.00
PAYROLL	Salary of Employee to November 15, 2002	1068, 1081	33,941.00
<u>LOCKRIDGE, GRINDAL</u>	Legal Fees	1062, 1075, 1083	<u>39,381.83</u>
FAEGRE & BENSON	Legal Fees	1059	417.25
NAZAR MASSOUH	Preparation of Project Financial Model	1085	8,200.00
MISCELLANEOUS	Office, Travel and Administrative Expenses	1048, 1053 - 1058, 1060, 1061, 1063 - 1066, 1069, 1071 - 1073, 1077 - 1080, 1084	19,692.27
STATE & FEDERAL WITHHOLDING	Tax Payments, Withholding	1046, 1047 1049, 1070	15,282.54
TOTAL			\$136,863.39

Mesaba Energy Project  
 Reimbursable Project Expenses – through March 31, 2002

DATE

PAID TO	DESCRIPTION	CHECK NOS.	AMOUNT
SCIENCE APPLICATIONS INT'L CORP.	Engineering and Environmental Services	1001, 1008, 1016	50,000
ICF RESOURCES	Project Economics, Load Forecasting, Transmission Analysis	1007, 1045	97,944.81
PAYROLL	Salaries of Employees through 4/31	1010, 1011, 1013, 1020, 1021, 1038, 1042, 1043, 1044	41,271.52
LOCKRIDGE, GRINDAL & NAUEN	Legal Fees	1004, 1024	30,815.84
FAEGRE & BENSON	Legal Fees	1025, 1026	1,181.25
MISCELLANEOUS	Office and Administrative Expenses	1002, 1003, 1005, 1006, 1009, 1012, 1014, 1015, 1017, 1022, 1023, 1028, 1030, 1031, 1032, 1033, 1036, 1037, 1039, 1041	19,127.55
STATE AND FEDERAL GOVT.	Tax payments, withholding	1019, 1040, electronic	8,374.60
TOTAL			\$248,715.57



Mesaba Energy Project Reimbursable Project Expenses – November 16, 2002 – March 30, 2003			
Paid to	Description	Check No.	Amount
HDR Engineering	Site Analysis	1097	1799.73
		1112	2910.28
Payroll	Salary – employee (through 12/31/02)	1100	12,142.66
Freeberg and Freeberg LeClair Accounting Service	Tax and accounting services	1091	245.00
		1092	820.00
		1116	332.50
Lockridge, Grindal & Nauen	Legal/Consulting Services	1096	21,000.00
		1117	35,282.23
Acres Management Consulting	Transmission analysis and development	1109	17,382.20
		1118	22,490.00
Ceteris, Inc.	Project development and consulting services	1115	2700.00
Miscellaneous	Office, travel and administrative expenses	1086, 1088, 1089, 1093-5, 1098-9, 1101-4, 1107-8, 1110-1, 1113, 1119, 1120-1	4229.01
State and Federal Withholding (employee income)	Tax payments	1090	8434.00
		1105	4882.00
		electronic (2/19/03)	917.00
		electronic (8/19/02)	1508.00
<b>TOTAL</b>			<b>\$137,074.61</b>

**LOCKRIDGE GRINDAL NAUEN  
P.L.L.P.  
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BRADLEY W. ANDERSON  
PATRICIA A. BLOODGOOD  
CHRISTOPHER K. SANDBERG  
J. MICHAEL SCHWARTZ  
HARRY E. GALLAHER  
WILLIAM A. GENGLER  
ERIC C. TOSTRUP  
ROBERT K. SHELQUIST  
HENRI G. MINETTE  
GREGG M. FISHER  
SUSAN E. ELLINGSTAD  
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OF COUNSEL  
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MILDA K. HEDDLUM  
ELIZABETH A. SNELSON

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CHRISTIAN M. SANDE  
HEIDI M. DREWES-SILTON  
GREGORY J. MYERS  
JOSEPH F. HENDERSON  
KATHERYN A. ANDRESEN  
MARTIN A. CARLSON  
DAVID W. HUART  
JANELLE K. BEITZ  
YVONNE M. FLAHERTY

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KATHLEEN K. MICHELETTI  
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RACHEL R. ZAGRABELNY

† non-attorney lobbyist  
\*\* Director of Federal Public Affairs

**FACSIMILE TRANSMITTAL SHEET**

April 26, 2002  
Page 1 of 4

**FROM:** Harry E. Gallaher  
**RE:** Opinion Letter  
Our File/Matter No.4493-02  
**TO:**

<u>NAME</u>	<u>FAX NUMBER</u>	<u>PHONE NUMBER</u>
Gunnar B. Johnson	218-744-7401	

**COMMENTS/INSTRUCTIONS:**

UPON FAX COMPLETION RETURN TO: CTF C&T ROUTE        OR RUSH X

If you do not receive all pages indicated, please call 612-339-6900 ext. 4054 for assistance. This is being transmitted on a Xerox Telefax. Our telefax will receive documents automatically before, during and after office hours (8 am - 6 pm).

The information contained in this facsimile message is attorney-client privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone, and return the original message to us at the above address via the U.S. postal service.

**LOCKRIDGE GRINDAL NAUEN**  
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\*ALSO ADMITTED IN WISCONSIN

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\*\*ADMITTED IN WASHINGTON, U.S. ONLY

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REBECCA K. KLETT  
RACHEL R. ZAORABELNY

† NON-ATTORNEY LEGALISTS

\*\*\* DIRECTOR OF FEDERAL PUBLIC AFFAIRS

April 26, 2002

**VIA FACSIMILE 218-744-7401**

Gunnar B. Johnson  
Assistant Attorney General  
Office of the Attorney General  
P.O. Box 441, 1006 Hwy., #53 South  
Eveleth, MN 55734-0441

**Re: Opinion Letter**

Mr. Johnson:

Since all of the documents in connection with the closing of Excelsior Energy, Inc.'s sale of the Convertible Subordinated Debenture to the Iron Range Resources and Rehabilitation Agency ("IRRRB") as contemplated by the Convertible Debenture Agreement dated April 23, 2002 between Excelsior Energy and the IRRRB have not been executed (i.e., the closing documents), I am attaching for your and your client's reference the form of opinion letter that our firm will deliver at the closing. Please keep me informed of the status of and schedule for the closing.

Sincerely yours,

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

Harry E. Gallamer

HEG/ctj  
c. Excelsior Energy, Inc.

[Date]

Office of the Commissioner of Iron Range  
Resources and Rehabilitation  
Highway 53 South  
P.O. Box 441  
Eveleth, Minnesota 55734-0441

Re: **Excelsior Energy, Inc. Purchase Agreement for Convertible Debenture**

Dear Commissioner:

We represent Excelsior Energy, Inc., a Minnesota corporation (the "Company") and are giving this opinion in connection with the Company's issuance of \$1,500,000 Convertible Debenture pursuant to that certain Convertible Debenture Agreement dated as of April 23, 2002, (the "Agreement") between the Company, and the State of Minnesota through the Iron Range Resources and Rehabilitation Board (the "Purchaser") which was previously executed and delivered by the Company to the Purchaser. This opinion is being delivered to you pursuant to Section 8.1.4 of the Agreement. Capitalized terms used herein are defined in the Agreement unless otherwise specifically provided herein.

We have examined such documents and have reviewed such questions of law as we have considered necessary or appropriate for the purpose of this opinion and, based thereon, we advise you that, in our opinion:

1. The Company is a corporation duly organized and existing in good standing under the laws of the State of Minnesota, and has the corporate power and authority to own and hold the properties owned and leased by it and carry on the business in which it is engaged. The Company has the corporate power and authority to enter into the Agreement to issue and sell the Convertible Debenture.
2. The Agreement has been duly authorized, executed and delivered by the Company, and as a complete document with all relevant exhibits thereto is a valid and binding agreement of the Company enforceable in accordance with its terms under Minnesota law, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the rights of parties to an agreement generally, and by general principles of equity regardless of whether enforceability is considered in a proceeding in equity or at law and as limited as set forth in paragraph 4 below.
3. The Convertible Debenture being purchased on the date hereof, when delivered and paid for as contemplated in the Agreement, will be duly authorized, validly issued, fully paid, and nonassessable.
4. All corporate proceedings required by law, the Company's Articles of Incorporation or Bylaws, any agreement among the Shareholders of the Company to be taken by the Board of Directors and the Shareholders of the Company on or prior to the date hereof, in connection with the execution and delivery of the Agreement, the offer, issuance and sale of the Convertible

Office of the Commissioner of Iron Range

Page 2

[Date]

Debenture have been duly and validly taken with the exception of the authorization and reservation of the Conversion Stock as the Agreement does not specify the number shares of the Company or the percentage ownership in the Company represented by Conversion Stock.

5. There is nothing in the Company's corporate documents, as they exist as of the date of this letter, which would prevent the Company from using the authorized, but unissued shares of the Company's stock as the Conversion Stock upon the conversion of the Convertible Debenture or which would prevent the Company and its shareholders from amending its Articles of Incorporation to authorize additional shares of stock which could be used as the Conversion Stock upon the conversion of the Convertible Debenture.
6. No security holder of the Company is entitled to preemptive or similar rights as a result of the execution of delivery of the Agreement or the issuance of the Convertible Debenture or the Conversion Stock.

For purposes of this opinion, we have relied as to factual matters on certificates and information obtained from public officials, and officers and representations of the Company without further investigation or inquiry or independent verification. We have assumed without independent verification that all documents submitted as copies conform to the originals, that all certificates containing relevant facts are correct, that the certifications and representations of the principal officers of the Company are correct, and that the signatures on all documents examined by us are genuine.

This opinion is effective as of the date hereof, and is based upon the law of the State of Minnesota and the facts existing on this date. We disclaim any responsibility to advise you regarding the future acts of the Company or changes in law and their effect on the matters addressed in this opinion.

This opinion is solely for use by the Company and the Purchaser in connection with the Agreement, and it may not be used or relied upon by any other person or entity or for any other purpose, nor may it be quoted or filed with any governmental agency, without our prior written consent.

Very truly yours,

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

Harry L. Gallaher

cc: Excelsior Energy, Inc.

# Excelsior Energy Inc.

---

294 Grove Lane East · Suite 260 · Wayzata, MN 55391  
Phone: 952-404-4103 · Fax: 952-404-4104

November 5, 2003

Mr. Michael J. Larson  
Energy Director  
Iron Range Resources and Rehabilitation Agency  
P.O. Box 441  
Eveleth, MN 55734

*Don't inc  
Lockridge*

Dear Mike,

Attached is our final accounting for the first tranche of the loan under the Debenture Agreement between Excelsior Energy Inc. and Iron Range Resources.

The loan proceeds, totaling \$500,000, were used to reimburse the following invoiced project costs:

1. Engineering and environmental services	\$ 76,299.77
2. Verification of project economics and load forecasts	115,204.81
3. Transmission analysis and development	49,747.67
4. Project development services	78,244.07
5. Payroll and State/Federal withholding	126,809.32
6. Office, travel and administrative expense	56,601.50
7. Legal fees	9,978.50
8. Accounting/tax services	1,397.50
 TOTAL	 \$514,283.14

Please contact me should you have questions. Thank you.

Sincerely,

Thomas Micheletti  
Excelsior Energy Inc.  
Principal

Attachment

EXCELSIOR ENERGY INC.  
FINAL ACCOUNTING FOR INITIAL IRR FUNDING

PAID TO	AMOUNT
Acres Management Consulting	49,747.67✓
Browers Consulting LLC	10,885.68✓
Ceteris, Inc.	53,523.68✓
Chadbourne and Park	8,380.00✓
Faegre & Benson	1,598.50✓
Freeberg and Freeberg/ LeClair Accounting Service	1,397.50✓
HDR Engineering	17,346.05✓
ICF Resources	107,004.81✓
Nazar Massouh Financial Analysis	8,200.00✓
Miscellaneous Office, Travel & Admin.	56,601.50✓
Payroll	87,355.18✓
S E H	8,953.72✓
Science Applications Int'l Corp	50,000.00✓
Sherner Power Consulting	13,834.71✓
State and Federal Withholding	39,454.14✓
<b>TOTAL</b>	<b>514,283.14</b>

**EXCELSIOR ENERGY, INC.**  
**FINAL ACCOUNTING FOR INITIAL IRR FUNDING**

<b>Mesaba Energy Project</b>			
<b>Reimbursable Project Expenses – 2002-2003</b>			
<b>Supporting disbursement of initial \$500,000 loan by IRRRB</b>			
<b>Paid to</b>	<b>Description</b>	<b>Check No.</b>	<b>Amount</b>
Acres Management Consulting	Transmission Studies, Analysis and Development	1109, 1118, 1132, 1144	\$49,747.67
Browsers Consulting LLC	Engineering and Project Consulting	1152, 1157, 1160	\$10,885.68
Ceteris, Inc.	Project Development and Consulting Services	1115, 1125, 1130, 1146, 1150, 1167, 1175	\$53,523.68
Chadbourne and Park	Legal Services	1134, 1143, 1156	\$8,380.00
Faegre & Benson	Legal Fees	1025, 1026, 1059	\$1,598.50
Freeberg and Freeberg LeClair Accounting Service	Tax and accounting services	1091, 1092, 1116	\$1,397.50
HDR Engineering	Site Analysis, Engineering and Environmental Services	1074, 1082, 1097, 1112, 1135, 1168	\$17,346.05
ICF Resources	Project Economics, Load Forecasting, Transmission Analysis	1007, 1045, 1076	\$107,004.81
Nazar Massouh	Preparation of Project Financial Model	1085	\$8,200.00
Miscellaneous	Office, Travel and Administrative Expenses	1002, 1003, 1005, 1006, 1009, 1012, 1014, 1015, 1017, 1022, 1023, 1028, 1030, 1031, 1032, 1033, 1036, 1037, 1039, 1041, 1048, 1053-8, 1060, 1061, 1063-6, 1069, 1071-3, 1077-80, 1084, 1086, 1088, 1089, 1093-5, 1098-9, 1101-4, 1107-8, 1110-1, 1113, 1119, 1120-1, 1123, 1127-29, 1131, 1133, 1137-42, 1147-49, 1153, 1155, 1158-59, 1164, 1166, 1172-73	\$56,601.50



**EXCELSIOR ENERGY, INC.**  
**FINAL ACCOUNTING FOR INITIAL IRR FUNDING**

<b>Mesaba Energy Project</b> <b>Reimbursable Project Expenses – 2002-2003</b> <b>Supporting disbursement of initial \$500,000 loan by IRRRB</b>			
<b>Paid to</b>	<b>Description</b>	<b>Check No.</b>	<b>Amount</b>
Payroll ✓	Salaries of Employees	1068, 1081, 1100, 1010, 1011, 1013, 1020, 1021, 1038, 1042, 1043, 1044	\$87,355.18
SEH	Site Engineering and Environmental Analysis	1169	\$8,953.72
Science Applications Int'l. Corp.	Engineering and Environmental Services	1001, 1008, 1016	\$50,000.00
Sherner Power Consulting	Transmission, Engineering and Project Consulting	1151, 1161, 1162	\$13,834.71
State and Federal Withholding (employee income)	Tax Payments, Withholding	1019, 1040, electronic, 1046, 1047, 1049, 1070, 1090, 1105, electronic (2/19/03), electronic (8/19/02)	\$39,454.14
<b>TOTAL</b>			<b>\$514,283.14</b>

**From:** "Julie Jorgensen" <juliejorgensen@qwest.net>  
**To:** "Mike Larson" <Mike.Larson@irrrb.org>  
**Date:** 4/6/02 10:23AM  
**Subject:** closing items

Mike,

We mailed to you today a packet that contains the other closing documents for the Convertible Debenture Agreement. The packet does not contain the legal opinion, which we should get done early next week (it will come from Lockridge Grindal, the firm that has been doing the legislative-legal work for us). You also need to receive the closing liabilities list, and I will have the accountant finalize that once we know what the closing date is (we are hoping early next week will work). Let me know if there is anything else we can do or if anything else is required.

We are working with the Chamber of Commerce to try to find a win/win with them that would make the legislation stronger for us while at the same time more attractive to the large energy users.

Thanks for your help.

Julie

*Revised*

**Excelsior Energy Lobbyists from Lockridge Grindal Nauen**

7/1/2002 thru 6/30/2003	6/1/2003 thru 5/31/2004	6/1/2004 thru 5/31/2005
Gallaher, Harry	Gallaher, Harry	Gallaher, Harry
Genia, James M.	Genia, James M.	Genia, James M.
Grindal, Theodore H.	Grindal, Theodore H.	Grindal, Theodore H.
Klett, Rebecca	Klett, Rebecca	Klett, Rebecca
McGrann, Dennis M.	McGrann, Dennis M.	McGrann, Dennis M.
Micheletti, Kathleen K.	Micheletti, Kathleen K.	Micheletti, Kathleen K.
Sandberg, Christopher K.	Sandberg, Christopher K.	Sandberg, Christopher K.
Zagrabelny, Rachel	Zagrabelny, Rachel	Zagrabelny, Rachel

**Excelsior Energy Lobbyists from Cook Girard Hill**

7/1/2002 thru 6/30/2003	6/1/2003 thru 5/31/2004	6/1/2004 thru 5/31/2005	1/1/2005 thru 12/31/2005	1/1/2006 thru 12/31/2006	Newly Registered in 2007
Cook, Judy E.	Cook, Judy E.	Cook, Judy E.	Cook, Judy E.	Cook, Judy E.	Kavanagh, John (1/9/2007)
Girard, James L.	Girard, James L.	Girard, James L.	Girard, James L.	Girard, James L.	
Hill, Todd A.	Hill, Todd A.	Hill, Todd A.	Hill, Todd A.	Hill, Todd A.	
		Kajer, Andrea	Kajer, Andrea	Kajer, Andrea	

**Excelsior Energy Lobbyists from Leonard Street & Deinard**

7/1/2002 thru 6/30/2003	6/1/2003 thru 5/31/2004	6/1/2004 thru 5/31/2005	1/1/2005 thru 12/31/2005	1/1/2006 thru 12/31/2006
		Bertrand, James J.	Bertrand, James J.	Bertrand, James J.
		Meloy, Brian M.	Meloy, Brian M.	Meloy, Brian M.
		Kelley, Timothy M.	Kelley, Timothy M.	Kelley, Timothy M.
		Starns, Byron E.	Starns, Byron E.	Schultz, Ronald J.
				Seltzer, Matthew
				Starns, Byron E.

**Lobbyists from Excelsior Energy**

7/1/2002 thru 6/30/2003	6/1/2003 thru 5/31/2004	6/1/2004 thru 5/31/2005	1/1/2005 thru 12/31/2005	1/1/2006 thru 12/31/2006	Newly Registered in 2007
Jorgensen, Julie	Jorgensen, Julie	Evans, Robert S.	Evans, Robert S.	Evans, Robert S.	Micheletti, Kathleen (2/6/07)
Micheletti, Thomas A.	Micheletti, Thomas A.	Jorgensen, Julie	Jorgensen, Julie	Greenman, Christopher	
		Micheletti, Patrick	Micheletti, Patrick	Jorgensen, Julie	
		Micheletti, Thomas A.	Micheletti, Thomas A.	Kieves, Nicola	
		Wadley, Michael	Wadley, Michael	Micheletti, Patrick	
				Micheletti, Thomas A.	
				Osteraas, Thomas	
				Wadley, Michael	

**Other Lobbyists Registered as Representing Excelsior Energy**

7/1/2002 thru 6/30/2003	6/1/2003 thru 5/31/2004	6/1/2004 thru 5/31/2005	1/1/2005 thru 12/31/2005	1/1/2006 thru 12/31/2006	Newly Registered in 2007
Moore-Lindman, Marnie	Moore-Lindman, Marnie	Johnson, Douglas J.	Johnson, Douglas J.	Johnson, Douglas J.	Conover, David W.
Weaver, Thomas H.		Moore-Lindman, Marnie	Moore-Lindman, Marnie		

**Total Lobbying Disbursements Reported by Lobbyists Listed for Excelsior Energy**

<b>Document</b>	<b>Administration Disbursement</b>	<b>Legislative Disbursement</b>	<b>Metro Govt Disbursement</b>	<b>Total Disbursement</b>	<b>Principal Annual Report</b>
9/23/02		\$36,408.00		\$36,408.00	
7/1/2002 thru 6/30/2003		\$97,665.00		\$97,665.00	\$60,000.00
6/1/2003 thru 5/31/2004		\$65,403.00		\$65,403.00	\$100,000.00
6/1/2004 thru 5/31/2005	\$7,945.00	\$18,730.00		\$26,675.00	\$60,000.00
1/1/2005 thru 12/31/2005	\$2,364.00	\$33,243.00		\$35,607.00	\$40,000.00
1/1/2006 thru 12/31/2006	\$33,241.00	\$34,135.00	\$2,751.00	\$70,127.00	\$380,000.00
<b>Totals</b>	<b>\$43,550.00</b>	<b>\$285,584.00</b>	<b>\$2,751.00</b>	<b>\$331,885.00</b>	<b>\$640,000.00</b>

**From:** "Julie Jorgensen" <juliejorgensen@qwest.net>  
**To:** "Mike Larson" <Mike.Larson@irrrb.org>  
**Date:** 4/6/02 10:23AM  
**Subject:** closing items

Mike,

We mailed to you today a packet that contains the other closing documents for the Convertible Debenture Agreement. The packet does not contain the legal opinion, which we should get done early next week (it will come from Lockridge, Grindal, the firm that has been doing the legislative-legal work for us). You also need to receive the closing liabilities list, and I will have the accountant finalize that once we know what the closing date is. (we are hoping early next week will work). Let me know if there is anything else we can do or if anything else is required.

We are working with the Chamber of Commerce to try to find a win/win with them that would make the legislation stronger for us while at the same time more attractive to the large energy users.

Thanks for your help.

Julie

**LOCKRIDGE GRINDAL NAUEN**

**P.L.L.P.**

**ATTORNEYS AT LAW**

SUITE 2200

100 WASHINGTON AVENUE SOUTH  
MINNEAPOLIS, MINNESOTA 55401-2179

TELEPHONE (612) 339-6900

FACSIMILE (612) 339-0981

SUITE 301

660 PENNSYLVANIA AVENUE, S.E.  
WASHINGTON, D.C. 20003-4335

TELEPHONE (202) 544-9840

FACSIMILE (202) 544-9850

WWW.LOCKLAW.COM

Mr. Tom Dorman, Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40602-0615

Dear Mr. Dorman:

This letter is to provide notice to the Kentucky Public Service Commission that Norstan Network Services, Inc., a certificated provider of long distance telecommunications services in the State of Kentucky (Order No. 92-041), has entered into a Stock Purchase Agreement under which, after regulatory approvals, ownership of Norstan Network Services, Inc. will change. At the date of closing on the transaction, complete ownership of Norstan Network Services, Inc. will pass to NetWolves Acquisitions, Inc.

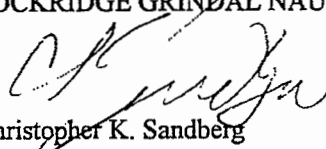
For your records, the contact for customers (and for the Commission) for Norstan Network Services, Inc. is now:

Cheryl Jung  
Manager, Finance & Administration  
5101 Shady Oak Road  
Minnetonka, MN 55343  
1-800-676-8870

Please let me know at once if the Commission needs any additional information concerning this change of ownership.

Sincerely,

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

  
Christopher K. Sandberg  
Counsel to Norstan Network Services, Inc.

CKS/sm

c: Norstan Network Services, Inc.

ROBERT J. SCHMIT  
RICHARD A. LOCKRIDGE  
CHARLES N. NAUEN\*  
H. THEODORE GRINDAL  
HUGH V. PLUNKETT III  
W. JOSEPH BRUCKNER  
BRADLEY W. ANDERSON  
PATRICIA A. BLOODGOOD  
CHRISTOPHER K. SANDBERG  
J. MICHAEL SCHWARTZ  
HARRY E. GALLAHER  
WILLIAM A. GENGLER  
ERIC C. TOSTRUD  
ROBERT K. SHELQUIST

\*ALSO ADMITTED IN WISCONSIN

OF COUNSEL  
DANIEL A. FARBER\*\*  
MILDA K. HEDBLOM  
ELIZABETH A. SNELSON  
KATHLEEN F. YOUNG

\*\*ADMITTED IN WASHINGTON, D.C. ONLY

HENRI G. MINETTE  
GREGG M. FISHBEIN  
SUSAN E. ELLINGSTAD  
KAREN M. HANSON  
JAMES M. GENIA

CHRISTIAN M. SANDE  
HEIDI M. DREWES-SILTON  
GREGORY J. MYERS  
JOSEPH F. HENDERSON  
KATHERYN A. ANDRESEN  
MARTIN A. CARLSON  
DAVID W. HUART  
JANELLE K. BEITZ  
YVONNE M. FLAHERTY

GOVERNMENT RELATIONS†  
DENNIS M. MCGRANN\*\*\*  
KATHLEEN K. MICHELETTI  
ALLYSON J. HARTLE  
REBECCA K. KLETT  
RACHEL R. ZAGRABELNY

† NON ATTORNEY LOBBYISTS

\*\*\* DIRECTOR OF FEDERAL PUBLIC AFFAIRS

April 18, 2002

RECEIVED

APR 24 2002

PUBLIC SERVICE  
COMMISSION

*KM strtd eEE  
2/6/07  
ple was Lockridge: 4/02*

**From:** Mandy <neshfamily@bigfork.net>  
**Subject:** info  
**Date:** December 26, 2007 11:02:18 PM CST  
**To:** Neigh Charlotte <neighcan@northlc.com>

Charlotte:

Here is what I've found so far on K. Micheletti. I'll keep looking tomorrow.

Mandy

These are the lobby associations that Kathleen Micheletti **terminated** her services with (associates thru Lockridge??):

- Micheletti, Kathleen, K Minn Ambulatory Health Care Consortium, 1/31/2007
- Micheletti, Kathleen, K Fairview Health Services, 1/31/2007
- Micheletti, Kathleen, K Minn Credit Union Network, 1/31/2007
- Micheletti, Kathleen, K Minn Medical Group Management Assn, 1/31/2007
- Micheletti, Kathleen, K Ramsey Medical Society, 1/31/2007
- Micheletti, Kathleen, K Hennepin Medical Society, 1/31/2007
- Micheletti, Kathleen, K ClearWay Minn (fka MPAAT), 1/31/2007
- Micheletti, Kathleen, K Hennepin County, 1/31/2007
- Micheletti, Kathleen, K Thomson West, 1/31/2007
- Micheletti, Kathleen, K Workers Comp Pharmacy Alliance c/o MultiState Assoc, 1/31/2007
- Micheletti, Kathleen, K Minn Vikings Football Club, 1/31/2007
- Micheletti, Kathleen, K St Paul City of, 1/31/2007
- Micheletti, Kathleen, K Minn Academy of Ophthalmology, 1/31/2007
- Micheletti, Kathleen, K Minn Society of Anesthesiologists, 1/31/2007
- Micheletti, Kathleen, K Mille Lacs Band of Ojibwe Indians-Corp Comm, 1/31/2007

**Other terminations I came across of note(??):**

- Rukavina, Ida AFSCME 65, 5/31/2007
- Kunze, Leanne AFSCME 65, 5/15/2007 (Is this Leanne Stanley??)

**Of Note(??):**

LeBeau II, R Reid Lockridge Grindal Nauen PLLP, 100 Washington Ave S, Ste 2200  
Minneapolis, MN 55401 (612)339-6900 1439 11/14/2005

LeBeau II, R Reid Lockridge Grindal Nauen PLLP, 100 Washington Ave S, Ste 2200  
Minneapolis, MN 55401 (612)339-6900 1439 03/24/2006 10/02/2007 (termination date)

**And this ?? (Kathleen was involved with some of the same associations):**

LeBeau II, R Reid  
Registration Number: 1439

This report includes filings through 11:09 pm, Dec. 23, 2007,  
Lockridge Grindal Nauen PLLP  
100 Washington Ave S, Ste 2200  
Minneapolis, MN 55401

Telephone: (612)339-6900  
Association Represented Number Registration Date Termination Date Leg/Adm/Metro Designated Lobbyist  
Avis-Budget Group Inc 5951 10/8/2007  
ClearWay Minn (fka MPAAT) 4820 2/27/2007

Gold'N Plump Poultry Inc 4914 10/8/2007  
Hennepin County 3186 2/1/2007  
Interstate Companies Inc 5621 2/1/2007  
Microsoft Corporation 4316 2/1/2007  
Mille Lacs Band of Ojibwe Indians-Corp Comm 3587 11/14/2005  
Minn Beer Wholesalers Assn 475 10/8/2007  
Minn Credit Union Network 4656 3/24/2006 10/2/2007

**This is the only reference I've seen so far on the Campaign and Finance Disclosure site that mentions Lockridge. He/they must represent the associations listed??**

**I found this link with the below information on it, if I'm reading this correctly she was employed at Lockridge as recent as 11/30/06:**

[http://www.zoominfo.com/people/Micheletti\\_Kathleen\\_1314989.aspx](http://www.zoominfo.com/people/Micheletti_Kathleen_1314989.aspx)

1. [www.excelsiorenergy.com](http://www.excelsiorenergy.com)  
[www.excelsiorenergy.com/about/](http://www.excelsiorenergy.com/about/) - [Cached]

Published on: 7/10/2007 Last Visited: 7/10/2007

Kathleen Micheletti has over 20 years of experience working in Government Relations at the Federal, State and Local level. As the former Director of State Government Relations for a major Minneapolis law firm, she was responsible for managing an 8 member team, as well as issues for 25+ clients.

2. **Lockridge Grindal Nauen P.L.L.P.**  
[www.locklaw.com/practice/govre](http://www.locklaw.com/practice/govre) - [Cached]

Published on: 11/30/2006 Last Visited: 11/30/2006

**Kathleen K. Micheletti**

...  
Kathleen K. Micheletti

Manager of State Government Relations 612-596-4060 [kkmicheletti@locklaw.com](mailto:kkmicheletti@locklaw.com)

...  
In addition to her lobbying duties, Kathleen K. Micheletti also serves as the firm's Manager of State Government Relations. In this capacity, she is available to assist clients in any type of administrative, coordination or planning issue. Kathleen brings several years of lobbying, political and grassroots experience to the government relations team. Kathleen's attentiveness to detail and exemplary follow-through provide a winning combination for our clients. Since joining the firm, Kathleen has concentrated on health care issues, while also focusing on general commerce and business issues. Her past political involvement includes serving as the fundraising coordinator for a former Minnesota governor, holding several local DFL party positions, and working in all capacities for numerous federal, state and local political candidates. This commitment to the political process has translated into solid relationships with elected officials at all levels of government. Kathleen has a bachelor's degree in human services from Metropolitan State University.

3. [www.mn-politics.com](http://www.mn-politics.com)  
[www.mn-politics.com/pim-report](http://www.mn-politics.com/pim-report) - [Cached]

Published on: 9/30/2005 Last Visited: 3/17/2007

**Kathleen Micheletti of Lockridge Grindal Nauen**, for the MN Ambulatory Health Care Coalition, the MN Partnership for Action Against Tobacco, Rent-A-Center and the Workers' Compensation Pharmacy Alliance.

4. [www.mn-politics.com](http://www.mn-politics.com)  
[www.mn-politics.com/pim-report](http://www.mn-politics.com/pim-report) - [Cached]

Published on: 1/25/2007 Last Visited: 3/17/2007



Kathleen Micheletti for the Hennepin Medical Society, the Minnesota Vikings Football Club, the Ramsey Medical Society and Thomson West

5. [www.politicsinminnesota.com](http://www.politicsinminnesota.com)  
[www.politicsinminnesota.com/pi](http://www.politicsinminnesota.com/pi) - [Cached]

**Published on: 9/30/2005 Last Visited: 3/16/2007**

**Kathleen Micheletti of Lockridge Grindal Nauen**, for the MN Ambulatory Health Care Coalition, the MN Partnership for Action Against Tobacco, Rent-A-Center and the Workers' Compensation Pharmacy Alliance.