

Holy Cross Energy
Notice of PURPA Implementation

Posted: May 26, 2009

Holy Cross Energy (HCE) hereby gives public notice regarding the process to be followed in considering the implementation of certain standards established in the Energy Independence and Security Act of 2007 (the "Act"). This Act amended Section 111(d) of the Public Utilities Regulatory Policies Act of 1978 (PURPA) requiring each non-regulated electric utility to consider and determine whether the implementation of each standard is appropriate, based on evidence collected from interested parties after public notice and an opportunity for public comment.

Any consumer who purchases electricity from Holy Cross Energy (Eligible Participants) may submit evidence in written form before the public hearing or in oral form at the hearing. A copy of the complete legislative language relevant to these standards and a copy of this notice are posted on HCE's website at www.holycross.com. Any Eligible Participant not able to access this web site and who desires a copy of this language should contact Holy Cross Energy at the address, phone number, or email address provided at the end of this notice.

The Act does not require that HCE adopt the suggested standards, only that HCE considers each of the four new standards and make a determination as to whether any of the suggested standards should be adopted.

The four standards to be considered are:

1. *Integrated Resource Planning.* Each electric utility shall:
 - a. Integrate energy efficiency resources into utility, State, and regional plans.
 - b. Adopt policies establishing cost-effective energy efficiency as a priority resource.
2. *Rate Design Modifications to Promote Energy Efficiency Investments.*
 - a. The rates allowed to be charged by any electric utility shall:
 - i. Align utility incentives with the delivery of cost-effective energy efficiency.
 - ii. Promote energy efficiency investments.
 - b. In complying with the above, each utility shall consider:
 - i. Removing disincentives to energy efficiency.
 - ii. Providing incentives for successful management of energy efficiency programs.
 - iii. Including impact on adoption of energy efficiency as one of the goals of retail rate design.
 - iv. Adopting rate designs that encourage energy efficiency for each customer class.
 - v. Allowing timely recovery of energy efficiency-related costs.
 - vi. Offering home energy audits, demand response programs, publicizing the financial and environmental benefits associated with making home energy efficiency improvements, and educating homeowners about existing Federal and State incentives that make energy efficiency improvements more affordable.
3. *Consideration of Smart Grid Investments.*
 - a. Each State shall consider requiring that, prior to undertaking investments in non-advanced grid technologies, an electric utility of the State demonstrate to the State that the electric utility considered an investment in a qualified smart grid system based on appropriate factors, including:
 - i. Total costs
 - ii. Cost-effectiveness/Improved Reliability
 - iii. Security
 - iv. System Performance
 - v. Societal Benefit
 - b. Each State shall consider authorizing each electric utility of the State to recover from ratepayers any capital, operating expenditure, or other costs of the electric utility relating to the deployment of a qualified smart grid system.
 - c. Each state shall consider authorizing any electric utility that deploys a qualified smart grid system to recover in a timely manner the remaining book-value costs of any equipment rendered obsolete by the deployment of the smart grid system, based on the remaining depreciable life of the obsolete equipment.
4. *Smart Grid Information.*
 - a. All electricity purchasers shall be provided direct access to information from their electricity provider.
 - b. Such information shall include:
 - i. Time based electricity prices in the wholesale electricity market
 - ii. Time based electricity retail prices or rates available to the purchaser
 - iii. The number of kWh purchased by a consumer

- iv. Updates of information on prices and usage shall be provided at least daily, and include day-ahead projection of price information, as available.
 - v. An annual report shall be provided with information on the sources of the power provided by the utility, including greenhouse gas emissions associated with each type of generation.
- c. Purchasers shall be able to access their own information at any time through the internet and on other means of communication selected by that utility for Smart Grid applications. Interested persons shall be able to access information not specific to any purchaser through the internet. Information specific to any purchaser shall be provided solely to that purchaser.

HCE has established the following procedures and schedule in order to properly consider the views of Eligible Participants.

- Notice – to be posted as of May 26, 2009.
- Initial Comments – to be submitted to HCE no later than July 6, 2009.
- Reply Comments – to be provided no later than August 3, 2009.
- Request to participate in Public Hearing – to be submitted no later than August 3, 2009.
- Public Hearing – to be held at HCE’s Glenwood Springs’ office on September 15, 2009.
- Determination – to be rendered on or before December 19, 2009.

Notice. This notice is being posted at the Cooperative’s offices, on its website, and in local newspapers, including the Aspen Times Weekly, the Eagle Valley Enterprise, the Glenwood Springs Post Independent, the Rifle Citizen Telegram, and the Vail Daily.

Initial Comments. HCE shall receive initial written comments and any related material from Eligible Participants, including staff, at the mailing or email address set forth below on or before July 6, 2009. Such comments should identify the name, address, HCE account number, telephone number, and email address (if available) of the commenting party. Comments should be legible, preferably typed, double-spaced, and paginated with appropriate headings identifying which of the standards is being addressed.

Reply Comments. Reply comments should be limited to responses to points or information provided by other parties in the Initial Comments. All Reply Comments should follow the format described above for Initial Comments and identify the specific point or points for which the response is being submitted. All Reply Comments should be submitted no later than August 3, 2009.

Posting Comments. All Initial and Reply Comments and any additional materials that meet the criteria listed above will be posted on HCE’s website in a timely manner after their receipt. Printed copies of such comments shall be available at cost to any Eligible Participant upon request.

Request to Participate in Public Hearing. An Eligible Participant who desires to participate in the public hearing should so notify HCE in writing by mail or email. All such notices must be received by August 3, 2009. The notification must indicate the following:

1. The name and address of the person requesting to participate.
2. Whether the person filed initial and/or reply comments.
3. Whether the person desires to make an oral presentation and if so, the anticipated length.
4. Whether any special accommodations need to be made for the presenter.
- 5.

Only individuals who file a request to participate will be permitted to present information at the public hearing. If no Eligible Participants participate in the public hearing, then only evidence in the Initial and Reply Comments will be considered by HCE.

Hearing. The hearing will be held at HCE’s Glenwood Springs office at 3799 Highway 82, Glenwood Springs, CO 81601 and will be conducted by a presiding officer selected by HCE. The specific procedure to be followed at the hearing shall be determined based on the number of participants and the extent of the anticipated comments or presentations. It is expected that a one-day hearing will be adequate, but the hearing will continue until completion if that is not the case. This hearing will provide an opportunity to provide evidence, in addition to that provided in the written Initial and Reply Comments. A person need not participate in the hearing for their written comments to be considered. Minutes of the proceedings will be taken and a transcript posted on HCE’s website and a printed copy will be made available upon request to any Eligible Participant at cost.

Determination. On or prior to December 19, 2009, the HCE Board of Directors will make a final determination on the four standards in writing. The Board will determine whether or not it is appropriate to adopt any of the four standards based on the evidence of record submitted in the Initial Comments, Reply Comments, and/or at the Public Hearing. This decision will be posted on HCE's web site and will be made available upon request to any Eligible Participants at cost.

Written comments and requests to participate in the public hearing should be mailed to:

Holy Cross Energy
Attention: Chris Hildred
P.O. Box 2150
Glenwood Springs, CO 81602

Written comments may also be hand delivered to HCE's Glenwood Springs office at 3799 Highway 82, Glenwood Springs, CO, 81601 during normal business hours, or emailed to childred@holycross.com, with PURPA included in the subject line.

Any person interested in this matter or requiring further information regarding this notice, the PURPA standards, or the procedure described herein should contact Mr. Chris Hildred at (970) 947-5414, or at childred@holycross.com.