

CORPORATE POLICY STATEMENT

Title:

Voting and Elections

Objective:

To create general guidelines governing the voting process primarily for the election of Directors and for other matters as established by Holy Cross Energy's Articles of Incorporation and Bylaws. These guidelines are intended to insure the fairness, impartiality, confidentiality and integrity of the voting process.

Policy:

The Board of Directors from Holy Cross Energy shall not take a position of support or opposition for any individual candidate for Board election. Resources of Holy Cross Energy shall not be used to support or oppose a candidate for election. During the two months prior to an election Board members are prohibited from sending individual newsletters using cooperative resources. Each Member of Holy Cross Energy shall be entitled to one vote upon each matter submitted to a vote at any meeting of the Members. At all meetings of the Members at which a quorum is present, all questions shall be decided by a vote of a majority of the Members voting in person and, for the election of Directors and where authorized by resolution of the Board, by mail; except as otherwise provided by law, the Articles of Incorporation or Bylaws.

I. Election Supervision.

As necessary, and not less than ninety (90) days prior to any meeting of Members where an election may occur, the Board of Directors shall appoint an independent third party [such as a Certified Public Accounting firm, professional election firm, or other designee] to receive, prepare and secure the return envelopes containing ballots, and at the appropriate time, tabulate ballots and report voting results to the Board. The Board shall also appoint an Election Supervisory Committee ["Committee"] consisting of Holy Cross's general corporate legal counsel, a representative of the selected independent third party and a member of Holy Cross's management staff to oversee the election and voting process. The 'Committee's responsibilities include, but are not limited to, resolving all issues or questions that may arise with respect to the election and voting process, the validity of a Member's' signature on nominating petitions and return envelopes, the registration of Members, the tabulation of ballots and any challenges to the election and voting process.

II. Nomination, election and voting requirements'

Elections for members of the Board of Directors will be held at the annual meeting of Holy Cross Energy. The date, time and location for the annual meeting will be posted on Holy Cross Energy's website no less than six months prior to the meeting. A "Notice of Right to Nominate Directors" is published three to four months prior to the Annual Meeting of Members.

- A) Any Member in good standing of Holy Cross Energy and otherwise qualified is eligible to submit a nominating petition to become a candidate for the Board of Directors. Nominating petitions must be signed by at least fifteen qualified Members of Holy Cross Energy and submitted to the Board no less than forty-five days prior to the election.
- B) Ballots shall be mailed to all Members of Holy Cross Energy at the Member's billing address with the Notice of Annual Meeting approximately thirty days prior to the annual meeting. The "Record Date" for determination of the Members who are entitled to vote in the election shall be the date that the mail ballots are sent.
- C) All mail ballots shall contain a return envelope which must be signed by the Member.

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Return envelopes must include a privacy sleeve to conceal the markings on the ballot. The address on the return envelopes will be specified by the independent third party. Members who vote by mail are not allowed to vote at the annual meeting.

- D) The deadline for mailing ballots shall be posted on Holy Cross Energy's website at least three months prior to the deadline. Information on how to become a candidate and the schedule of elections shall be mailed to each Member and posted on Holy Cross Energy's website no less than two months prior to the election. The ballot position of a qualified Director candidate will be determined on a random basis prior to the publication of the ballot.
- E) The "Notice of Annual Meeting" that is mailed to Members with the ballot shall contain voting instructions and biographical information about each qualified Director candidate. Candidates will be identified by name, hometown, and length of Membership. A candidate may submit up to a 250 word summary of the candidate's qualifications and views for inclusion in the "Notice of Annual Meeting."
- F) From time to time, a Member may request a replacement ballot. The Member will be advised that the Member may vote in person at the Annual Meeting. Should that be unsatisfactory, a ballot and attendant information will be reissued to them. Should Holy Cross receive more than one ballot from any one Member, then all ballots from said Member will be declared invalid.
- G) The independent third party will receive the return envelopes and maintain care, custody and control of the return envelopes until the tabulation process is completed. The tabulation process shall be completed by the independent third party within a reasonable time agreed upon and supervised by the Committee; and candidates shall be given the opportunity to be present during the ballot tabulation.

III. Voting Qualifications.

Only Members of Holy Cross Energy may sign a nominating petition and only Members may vote at regular and special meetings of Members.

As a practical matter Holy Cross asks Members to certify the Member's Membership by the Member's signature on petition forms and return envelopes containing ballots. Holy Cross verifies Membership based upon that Member's record and application for service. From time to time, such signatures vary from Holy Cross Energy's records requiring a determination of validity. Using the philosophy of allowing as many Members as possible to express their opinion, determinations of validity will err on the side of acceptance.

Specific Membership types and acceptable signatures for each include, but are not necessarily limited to, the following:

- A) Individual Membership. The Member of record's signature. In the case of a joint Membership, one signature from any joint Member is acceptable on a return envelope, and one signature is acceptable on a nominating petition.
- B) Corporate Membership. The signature of an officer or assistant officer of the corporation such as President, Vice-President, Secretary or Treasurer.
- C) Unincorporated Entity Membership. The signature of an authorized representative.

The Committee will determine signature and Membership validity including but not limited to clear evidence of a signature by someone other than the Member. Unsigned return envelopes will invalidate any ballot contained therein and will remain unopened until after the Annual

Meeting. More than one return envelope from any Member will invalidate all ballots from that Member.

IV. Ballot Procedures.

For each election a printed ballot and a special envelope for the concealing of such ballot by each Member who votes, together with a return envelope containing a signature line by the voting Member shall be mailed to each Member. Each Member shall be instructed that if the Member wishes to vote, the ballot shall be marked in accordance with instructions to be placed on each ballot, such ballot shall then be placed in the special envelope, and the special envelope containing the ballot shall then be mailed to the independent third party in the return envelope, which must be signed by the Member. Return envelopes not signed by a Member shall not be counted.

Generally, the process of receiving, preparing and securing the return envelopes will be in the care, custody and control of the independent third party under the supervision of the Committee.

- A) Return envelopes shall be addressed to the independent third party. The independent third party shall retrieve the envelopes from the Post Office, keep them unopened and secure until the tabulation process begins at the designated time and location prior to the business portion of the Annual Meeting of Members.
- B) The return envelopes shall have affixed to them a Member name and address label generated from the Membership records of Holy Cross. The envelopes shall have a signature block for the Member's signature, printed name and title. Other appropriate information and directions will also be provided. Any ballots delivered to Holy Cross Energy in person or by mail shall be delivered by secure means to the independent third party prior to the Annual Meeting of Members.
- C) The independent third party, with assistance from the Committee and Holy Cross staff while under the supervision of the independent third party shall 1) maintain an accounting of the number of return envelopes; and 2) sort the envelopes into groups after comparing the Member label to the signature block. The groups include: i) envelopes signed by the Member, officer or authorized representative, ii) envelopes unsigned, iii) envelopes to be reviewed by the Committee for the Committee's determination of validity.
- D) 'Questions or concerns raised by the candidate regarding the handling of return envelopes should be directed immediately to the Committee for the Committee's immediate review and determination.
- E) The independent third party will transport all return envelopes to the site of the Annual Meeting of Members and maintain custody and control during meeting registration and tabulation. The independent third party will also supervise the in-person voting process.
- F) The independent third party shall supervise the transport and be in control of all ballots cast in person to a secure site to begin the ballot counting process.

V. Registration.

An important part of the Annual Meeting of Members is registration of Members to determine the presence of a quorum and, if required, to verify Membership for voting purposes. The registration process is handled by Holy Cross's staff and employees prior to the start of the business portion of the meeting.

In the event there is an election of Directors or a vote on any other issue, the registration

process would continue to be carried out by Holy Cross employees and the voting process would be supervised by the independent third party under the general oversight of the Committee.

- A) In person balloting will be available to Members prior to the business portion of the Annual Meeting of Members for a specific period of time. The Notice of Annual Meeting of Members shall specify the hours of balloting and the specific time when balloting will cease. In person balloting is not allowed for Members who have voted by mail prior to the Annual Meeting of Members.
- B) A qualified Director candidate may have a representative observe the registration and voting process. Questions or concerns, raised by the candidate's representative, regarding the registration and/or voting process should be directed immediately to the Committee for the Committee's immediate review and determination.
- C) No person shall be allowed to electioneer, photograph, videotape or tape record any activity in the registration and voting area while an election is in progress. Nor shall unauthorized persons congregate within the registration and voting area. Such area shall include the interior of the building where registration and voting is taking place.
- D) Any question, concern, dispute or inquiry regarding any election or voting issue that might arise during the registration and voting process will be submitted in writing to the Committee for the Committee's immediate review and determination. Any form of written submittal to any member of the Committee shall be sufficient. The Committee may respond to unwritten questions but such an unwritten question shall not be considered a legal form of inquiry.

VI. Tabulation.

Once balloting has been closed the independent third party shall supervise the transport and be in control of all return envelopes and any ballots cast in person to a secure site to begin the ballot counting process. The independent third party will supervise Holy Cross employees in the opening of the return envelopes, removal and opening of the special ballot envelope, the removal of ballots and the counting of ballots.

- A) A qualified Director candidate may have one representative observe the tabulation process. The representative must be presented to the Committee in advance. The candidate's representative shall not interfere with the counting process or make challenges until the final count is tabulated. The candidate's representative or the candidate shall not be in close proximity to the area where the ballots are located so that such representative or candidate cannot touch or otherwise be close to the location of the ballots. Such challenges are to be made to the Committee in writing.
- B) The independent third party shall develop the party's own methods of counting, cross-checking, recording and reporting the result. Handling questionable or irregular ballots will be determined immediately by the independent third party's representative, in consultation with the Committee, if necessary.
- C) In the event that an election contest is won by a margin of 1% or less of total votes cast for that Director District position or that particular question, the independent third party will automatically recount all ballots appropriate to that Director District position or particular question.

In the event of a tie vote in a Director election, the outcome of the election shall be decided by the flip of a coin conducted by the Committee in the presence of the Board of Directors and the candidates. In the event of an election tie on any other issue, the

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election outcome shall be decided by a vote of the Board of Directors at the next regular meeting of the Board.

- D) The independent third party's representative will certify the results of the election and provide written certification to the Board of Directors as soon as the results are available.
- E) All return envelopes, ballots and any materials used in conducting the count shall be preserved and turned over to the Committee for safekeeping. These envelopes, ballots and materials will be preserved by the Committee for a period of not less than ninety (90) days.

VII. Challenges.

Any qualified Director candidate may challenge the correctness of any announced result of a Director election in which the person was a candidate. Should a challenge be presented it shall be made in writing, specifically asking for a recount, addressed to the Committee, and presented within 10 calendar days from the close of balloting. The Committee will authorize a recount at the requesting candidate's expense; to be performed in the same manner as, and by the same independent third party that performed the original vote count.

In regard to election issues other than the election of a Director, should 25 or more Members who voted in the election submit a signed, written request for a recount to the Committee within 10 calendar days from the close of balloting, the Committee will authorize a recount at the requesting Member's expense; to be performed in the same manner as, and by the same independent third party that performed the original vote count.

Due to the nature of the balloting by mail process as required by state law, any challenge by a qualified Director candidate of the balloting by mail process, method of handling return envelopes, validation of Members signatures, acceptance or rejection of return envelopes and/or other issues relating to balloting by mail must be made prior to the close of balloting at the Annual Meeting of Members. Any challenge so raised must be directed in writing to the Committee for the Committee's immediate review and determination. Once balloting closes, the return envelopes are opened, the special ballot envelope containing the Member's ballot will be removed, eliminating any method of identifying any ballot from any other. Once balloting is closed, challenges to the ballot by mail process will be denied.

VIII. Dispute Resolution.

The Committee shall have the authority to rule on all questions that may arise with respect to the validity of nominating petitions, validity of Member signatures, the registration of Members, counting of ballots cast in any election, determination of the validity of any ballot irregularly marked or cast, rulings upon all other questions that may arise relating to the ballot by mail process, Member voting and the election of Directors, and decisions upon any challenge, protest or objection made with respect to any election or conduct that may affect the results of any election. The Committee's decision on all such matters shall be final.

In the event any clause or provision of these guidelines shall be adjudged to be invalid or void, or determined to be in conflict with Holy Cross Energy's Articles of Incorporation, Bylaws, existing laws, rules and regulations of the United States of America, State of Colorado, or any governing body having jurisdiction over Holy Cross Energy, then and in that event, such laws, rules, and regulations shall take precedence over the particular guideline and the fact that any such clause or provision may be invalid or void shall not serve to invalidate the remaining guidelines, clauses and provisions contained herein.

Responsibility:

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It shall be the responsibility of the Board of Directors and the Committee to carry out the terms of this policy.

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