

NOTICE OF PURPA CONSIDERATION AND HEARING PROCESS  
TO  
ALL ELIGIBLE PARTICIPANTS

Issued: May 30, 2009

Clay Electric Cooperative, Inc. (the “Cooperative”) hereby gives public notice regarding the process to be followed by it in implementing the statutory directives in the Energy Independence and Security Act of 2007 (EISA 2007), which amended the Public Utilities Regulatory Policies Act of 1978 (PURPA). EISA 2007 established new Federal standards under Section 111(d) of PURPA, which each non-regulated electric utility (such as the Cooperative) is required to consider and to “make a determination whether or not it is appropriate to implement such standard[s]” within certain defined time lines based on evidence collected pursuant to a public notice and hearing.

The four new PURPA standards defined by EISA 2007 which the Cooperative must consider are set forth below. A copy of the complete legislative language relevant to these standards is posted on the Cooperative’s website at [www.clayelectric.com](http://www.clayelectric.com). The “Eligible Participants” in the Cooperative’s PURPA Consideration and Hearing Process consist of any and all active members of the Cooperative and the Secretary of the Department of Energy. If any Eligible Participant is not able to access the Cooperative’s website and desires a copy of the legislative language, that eligible Participant should contact the Cooperative: (a) by phone: (352) 473-8000; (b) by U.S. Mail: at PO Box 308, Keystone Heights, Florida 32656; (c) by fax: at 352-473-1407; or (d) by email: [Purpa@clayelectric.com](mailto:Purpa@clayelectric.com), and a copy will be provided at cost.

The four new PURPA Standards are summarized below:

1. *Integrated Resource Planning.* Each electric utility shall integrate energy efficiency into its plans, and adopt policies establishing cost-effective energy efficiency as a priority resource.
2. *Rate Design Modifications to Promote Energy Efficient Investments.* The rates allowed to be charged by any electric utility shall align utility incentives with the delivery of cost-effective energy efficiency, and promote energy efficiency investments.
3. *Smart Grid Investment.* 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 total costs, cost-effectiveness, improved reliability, security, system performance, and social benefits.
4. *Smart Grid Information.* All electricity purchasers shall be provided from their electricity provider direct access, in written or electronic machine-readable form as appropriate, to information concerning their energy usage and time-based electricity prices in the wholesale electricity market, along with retail prices or rates that are

available to purchasers. Further, purchasers shall be provided annually with written information on the sources of power provided by the utility, by type of generation, including the greenhouse gas emissions associated with each type of generation for intervals during which such information is available on a cost-effective basis.

Please note that the Cooperative purchases its full power requirements from Seminole Electric Cooperative, Inc. (Seminole) under a long-term full-requirements contract. For this reason, the Cooperative may not be able to effect certain of the PURPA standards, and its ability to effect aspects of some standards may be limited as well. Commenters are urged to take such limitations into account when presenting their views. The Cooperative notes, however, that Seminole follows policies consistent with the Integrated Resource Planning Standard, which the Cooperative supports.

Please further note that the Smart Grid Investment Standard as written applies to State regulatory authorities, not utilities such as the Cooperative. Nonetheless, the Cooperative will consider this Standard as if its intended application was for the Cooperative.

In order for the Cooperative to fully consider the views of the Eligible Participants regarding the standards so that it may determine whether or not it is appropriate to implement such standards, the cooperative will follow the procedural schedule set forth below (each component of which is more fully addressed in the ensuing portion of this Notice):

- Notice of Public Hearing and Procedural Schedule – issued May 30, 2009.
- Initial Comments – to be submitted on August 14, 2009.
- Reply Comments – to be submitted on or before August 31, 2009.
- Notice of Intent to Participate in Public Hearing – to be submitted on or before September 10, 2009.
- Public Hearing – to be held on September 24, 2009, commencing at 8:30 a.m. at Cooperative’s headquarters located at 225 West Walker Drive, Keystone Heights, Florida 32656.
- 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 a Notice was sent to all the Cooperative’s active members via the June, 2009 billing insert – Powerline. Any Eligible Participant may obtain at cost, a copy of the relevant portions of EISA 2007 at the offices of the Cooperative following the procedures explained above.

*Initial Comments.* These comments (if possible) should be typed (double spaced) and paginated, with appropriate headings so that the reader will know with specificity which of the four standards is being addressed. The comments should identify the name of the commenting party along with the address, telephone number, and (if available) the email address of the commenting party. The Cooperative requests that at least three copies of the comments be filed at its office at 225 West Walker Drive, Keystone

Heights, Florida 32656 or alternatively a single copy may be electronically filed at [Purpa@clayelectric.com](mailto:Purpa@clayelectric.com). The Cooperative will post all comments submitted by eligible Participants on its website and will make copies of comments available at cost, to any Eligible Participant that requests a copy.

*Reply Comments.* The purpose of reply comments (which should conform to the format described above for initial comments) is solely to respond to points made in another person's initial comments; therefore, it is important that the person submitting reply comments identify with specificity the initial comment(s) to which it is responding and the points (preferably with page references) in the initial comments should be followed for reply comments. The Cooperative will post all reply comments on its web site and will make copies of the reply comments available at cost to any Eligible Participant that requests a copy.

*Notice of Intent to Participate in Public Hearing.* Any Eligible Participant that intends to participate in the Public Hearing is requested to notify the Cooperative in writing (either by mail at the Cooperative's office address noted above, by fax at the fax phone number noted above, or by email at the email address noted above). The notification should indicate at least the following: (i) the name and address of the person requesting to participate; (ii) whether the person filed initial and/or reply comments; (iii) whether the person desires to make an oral presentation and if so, the anticipated length; and (iv) whether any special accommodations need to be made for the presenter.

*Hearing.* The hearing will be held at 225 West Walker Drive, Keystone Heights, Florida, 32656 and will be presided over by an impartial third party selected by the Cooperative. The procedures to be followed at the hearing will be determined by the presiding officer with the goal of ensuring a full and fair record on the issues. It is contemplated that a one-day hearing will be adequate, but if that is not the case, the hearing will continue on ensuing days until completed. The purpose of the hearing is to collect evidence in addition to that found in the written comments; a person need not participate in the hearing for his/her written comments to be considered. A transcript of the proceeding will be made and will be posted on the Cooperative's website and made available to an Eligible Participant at cost.

*Determination.* The Determination to be made by the Cooperative as to whether or not it is appropriate to implement any of the four standards will be in writing, will be based on findings supported by the evidence of record, will be posted on the Cooperative's website and will be made available for any Eligible Participant at cost.

We urge persons interested in this matter to contact us with any questions as to any of the items discussed above. Thank you in advance for your interest.