

**RESOLUTION OF THE BOARD OF DIRECTORS OF
CASS COUNTY ELECTRIC COOPERATIVE INC.
Kindred, North Dakota**

RECITALS

WHEREAS, Cass County Electric Cooperative Inc. (hereinafter the “cooperative”) is a non-regulated electric utility with total annual retail electric sales greater than 500 million kilowatt-hours;

WHEREAS, the Public Utility Regulatory Policies Act of 1978 (PURPA), 18 U.S.C. § 2601 *et seq.*, as amended by the Energy Independence and Security Act of 2007 (EISA 2007), Public Law No. 110-140, 121 Stat. 1492 (2007) (collectively called PURPA EISA 2007), requires nonregulated electric utilities that have total annual retail electric sales greater than 500 million kilowatt-hours to consider and determine whether to implement standards addressing energy efficiency integrated resource planning, rate design changes to promote energy efficiency investments, consideration of smart grid investments, and other smart grid information (hereinafter the “PURPA EISA Standards”):

WHEREAS, included in Section 532 of EISA 2007 are requirements that the board investigate and consider whether to adopt the following two new PURPA EISA Standards under 16 U.S.C. § 2621(d):

- 1) The cooperative will (i) integrate energy efficiency resources into utility and regional plans; (ii) adopt policies establishing cost-effective energy efficiency as a priority resource.
- 2) Rates charged by the cooperative will (i) align utility incentives with the delivery of cost-effective energy efficiency; and (ii) promote energy efficiency investments. To comply with this standard the cooperative will consider:
 - a) removing the throughput incentive and other regulatory and management disincentives to energy efficiency;
 - b) providing utility incentives for the successful management of energy efficiency programs;
 - c) including the impact on adoption of energy efficiency as one of the goals of retail rate design, recognizing that energy efficiency must be balanced with other objectives;
 - d) adoption of rate designs that encourage energy efficiency for each customer class;
 - e) allowing timely recovery of energy efficiency-related costs; and
 - f) offering home energy audits, offering demand response programs, publicizing the financial and environmental benefits associated with making home energy efficiency improvements, and educating homeowners about all existing Federal and State incentives, including the availability of low-cost loans, that make energy efficiency improvements more affordable.

WHEREAS, included in Section 1307 of EISA 2007 are requirements that the board consider the following two additional PURPA EISA Standards under 16 U.S.C. § 2621(d):

- 1) Prior to undertaking investments in non-advanced grid technologies, the cooperative must demonstrate that the cooperative considered an investment in qualified smart grid system

based on appropriate factors including (iii) total costs;(iv) cost-effectiveness; (v) improved reliability; (vi) security; (vii) system performance; and (viii) societal benefit.

- 2) All the cooperative's electric purchasers will be provided direct access in written or electronic machine-readable form as appropriate, to the following information:
 - a) *Prices.* Information on (i) time-based electricity prices in the wholesale electricity market; and (ii) time-based electricity retail prices or rates which are available to the purchasers.
 - b) *Usage.* The number of electricity units, expressed in kwh, purchased by them.
 - c) *Intervals and Projections.* Updates of information on prices and usage offered on not less than a daily basis, including hourly price and use information, where available, and day-ahead projection of such price information to the extent available.
 - d) *Sources.* Written information provided annually on the sources of the power provided by the utility, to the extent it can be determined.

WHEREAS, the cooperative desires to adopt a resolution establishing its plan and procedures for its review and consideration of the PURPA EISA Standards set forth above.

NOW, THEREFORE, the Board of Directors (hereinafter the "board") of the cooperative hereby adopts the following resolution:

RESOLUTION

RESOLVED, the board approves the procedural requirements set forth below to commence the process of considering these PURPA standards.

RESOLVED, the President/CEO, with the assistance of the cooperative's staff, shall follow the approved procedural requirements and study and formulate a proposed determination on each PURPA standard referenced below.

RESOLVED, the board shall make its final written determination on the PURPA EISA Standards on or before December 19, 2009.

PROCEDURAL REQUIREMENTS

I. Establish Proceeding to Comply with PURPA EISA 2007 Standards

In accordance with PURPA Sections 2602(6)(C) and 2621(a)-(c), as amended by EISA 2007, the cooperative will hold an informal paper hearing on **October 14, 2009** to consider adoption of the PURPA EISA Standards per the December 22, 2008 resolution of the board, and in accordance with the procedures and protocols set forth herein. The board directs the cooperative staff to gather comments, data, views, arguments and other evidence addressing the PURPA EISA Standards.

II. Public Notice of Proceeding.

Cooperative staff shall give members and interested persons notice of the proceeding, including a brief description of the purpose of the proceeding and its procedure so as to provide a reasonable and meaningful opportunity to participate and submit written comments, data, views or arguments in the project by:

- A. Publishing the notices contemplated herein in the *Highline Notes* or other publication that is mailed or delivered to all member-owners of the cooperative;

- B. Posting notices, comments, proposed determinations and all future information about the proceeding prominently in an area of the cooperative's Web site (www.kwh.com) that is accessible to members and the public;
- C. Publishing notice of the process contemplated herein one time in one or more newspapers of general circulation in the cooperative's service territory;
- D. Mailing a copy of the notice to the Secretary of Energy's representative, as applicable;
- E. Providing notice to and requesting comments or assistance from the cooperative's wholesale power supplier, Minnkota Power Cooperative; and
- F. Giving members and interested persons at least 30 days after notice is published to indicate their interest in participating in the proceeding and to submit comments.

III. Participating in Proceeding.

Pursuant to PURPA Section 2631(a), the Secretary of Energy, and affected electric utility subject to the regulatory authority of the cooperative, which might therefore be affected by precedents set in the proceeding, and any electric consumer of an affected electric utility, including any member of the cooperative, may participate in the proceeding by submitting a written statement of its position as provided herein. Other interested persons may submit written comments on the standards for the cooperative's consideration and may participate in the proceeding according the schedule detailed below. All interested participants will be given reasonable opportunity to present comments, data, views, arguments and other evidence in this project under the schedule set forth herein. Timely received written comments will be posted on the cooperative's website as soon as possible upon receipt and in as complete a fashion as practical.

IV. Procedural Timeline:

The board approves the following timeline but also authorizes the President/CEO to adjust the timeline as necessary to complete the record of the proceeding and determination of its application of the PURPA EISA the project in a timely and efficient manner.

- Notice to members and others completed by: **March 31, 2009.**
- Posting of staff's proposed determination: **July 15, 2009**
- Deadline for Written Comments from members, and other interested parties entitled to appear: **August 14, 2009**
- Deadline for Final Staff Recommendations: **September 15, 2009**
- Board paper hearing: **October 14, 2009**
- The proceeding shall be completed and a written determination issued no later than December 19, 2009.

V. Record of Proceeding.

Cooperative staff shall maintain a permanent written or electronic record of all information prepared for and submitted in the project. The written or electronic record shall include, but is not limited to, the following non-confidential documents:

- A. Proof of notice of the proceeding consisting of one or more affidavits attesting to the completion of notice and attaching copies of the notices;
- B. Comments, data, views, arguments and other evidence gathered from members and interested persons who participated in the project, all of which shall be timely placed on the cooperative's website in as complete a fashion as is practical;
- C. All applicable board resolutions;
- D. Service lists;
- E. Comments, data, views, arguments and other evidence prepared by cooperative staff and any consultants, which form the basis of staff's recommendation to the board on the subject matter of the standards.

VI. Cooperative Staff's Initial Proposed Determination.

Cooperative staff shall prepare an initial recommendation in written form so as to include a brief explanation of and the text of the proposed determination, and a concise explanation of the reasons for the proposed action on each PURPA EISA Standard under consideration. In compliance with the applicable time requirements set forth herein, the cooperative staff's proposed determination shall be posted on the cooperative's website (www.kwh.com), sent to the interested participants who have submitted comments or who have requested to be notified. Further, such recommendation shall also be submitted to the board before the meeting at which the board will initially consider the recommendation.

VII. Cooperative Staff's Final Recommendation

Cooperative staff shall prepare a recommendation in the form of a proposed determination, which shall include additional matters based upon input interested parties, as well as the staff's response to any interested parties' recommendations or comments. In compliance with the applicable time requirements set forth herein, the cooperative staff's final recommendation shall be posted on the cooperative's website (www.kwh.com), sent to the interested participants who have submitted comments or who have requested to be notified. Further, such recommendation shall also be submitted to the board before the meeting at which the board will consider the final recommendation.

VIII. Board Consideration

The board will consider the written information submitted by the staff, members and other interested parties submitting information hereunder in the time and manner required at an informal paper hearing to be held on October 14, 2009. The hearing will be chaired by the board chairman, and otherwise be administered in a manner similar to regular board meetings. The board may, but is not required, to authorize one or more parties making written submissions in the time and manner required to make short statements explaining their position. Board members may direct questions to staff and other interested parties present at the hearing. The board may, but is not required to accept supplemental written evidence submitted by any party. Members, as well as other interested parties authorized to make submissions, and such other parties as determined by the board may attend the

hearing, subject to reasonable limitations established by the board to address logistical concerns.

IX. Access to Information.

Pursuant to PURPA Section 2631(b), interested participants shall have access to information available to other participants in the proceeding if the information is relevant to the issues the participant has raised. The comments, data, views, arguments and other evidence prepared for and submitted in the project will be maintained in the cooperative's record of the proceeding, which will be available to all interested participants, except for any information that is privileged or confidential under the law. The board will make final determinations regarding any disputed requests for information.

X. Member-Consumer Representation.

Pursuant to PURPA Section 2632(b), the cooperative will provide an alternative means for providing adequate compensation to persons: a) who have or represent an interest that would not otherwise be adequately represented in the proceeding; b) whose representation is necessary for a fair determination in the proceeding; and c) who are or who represent an interest that is unable to effectively participate in the proceeding because those persons cannot afford to pay reasonable attorneys' fees, expert witness fees or other reasonable cost of preparing for and participating in the proceeding, including fees and costs for obtaining judicial review. Alternative means may include the appointment by the board of a member representative. Persons interested in the proceeding and seeking such assistance with representation are required to make a request for assistance in writing to the President/CEO with a copy sent by e-mail to the board's counsel (wschlossman@vogellaw.com) setting forth detailed reasons representation is requested no later than 30 days after the deadline for expressing interest in participating in the proceeding. The burden is on the person requesting assistance to demonstrate the elements in PURPA Section 2632(b)(1)-(2). The board must approve or deny the request as soon as practicable or may delegate the authority to approve or deny certain requests to the President/CEO. The board may, in its discretion, cap the cost at a reasonable amount.

XI. Judicial Review.

A member-consumer of the electric cooperative or interested participant who is adversely affected by a determination in this project is entitled to judicial review using the procedures in PURPA.

XII. Communication.

All correspondence to and filings with Cass County Electric Cooperative Inc. concerning these proceedings must be addressed to:

Jane Lindemann, Board Recording Secretary
Cass County Electric Cooperative, Inc.
ATTN: PURPA PROCEEDINGS
P.O. Box 8
491 Elm Street
Kindred, ND 58051

E-mail correspondence may be provided, as .pdf files or MS Word files, to jlindemann@kwh.com.

Passed and approved this 24th day of February, 2009.



Wendy Loucks, Chairman

CERTIFICATION

I, John Froelich, do certify that I am the Secretary of Cass County Electric Cooperative Inc., and that the foregoing is a true and correct copy of a resolution, which was duly adopted by the Board of Directors held on February 24, 2009. A quorum was present at this meeting.

IN WITNESS WHEREOF, I have hereunto subscribed my name as Secretary of said corporation this 24th day of February, 2009.



John Froelich, Secretary

(Seal)