

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.  
IMPLEMENTING THE ENERGY INDEPENDENCE AND  
SECURITY ACT OF 2007's PROVISIONS ESTABLISHING FOUR  
NEW FEDERAL STANDARDS UNDER  
THE PUBLIC UTILITIES REGULATORY POLICIES ACT OF 1978**

WHEREAS, the Energy Independence and Security Act of 2007 (EISA 07) amended the Public Utilities Regulatory Policies of 1978 (PURPA) by establishing four new federal standards under Section 111(d) of PURPA<sup>1</sup>; and

WHEREAS, EISA 07 requires nonregulated electric utilities that have total annual retail electric sales greater than 500 million kilowatt hours in 2007 to consider and determine whether or not to implement any one or more of the new PURPA standards addressing energy efficiency, integrated resource planning, rate design modifications to promote energy efficiency investments, consideration of smart grid investments and access to smart grid information; and

WHEREAS, Florida Keys Electric Cooperative Association, Inc. (Cooperative) is a nonregulated electric utility with total annual retail electric sales greater than 500 million kilowatt hours in 2007 and has exclusive jurisdiction over the subject matter of considering and determining whether to implement the new PURPA standards pursuant to PURPA and Chapters 425 and 366 of the Florida Statutes; and

WHEREAS, EISA 07 requires covered utilities such as the Cooperative to commence consideration of the new PURPA standards no later than December 19, 2008, and to complete the consideration and determination procedure no later than December 19, 2009;

NOW THEREFORE, be it resolved by the Board of Directors of the Cooperative, that the Cooperative shall commence its consideration of the four new PURPA standards which are set forth as follows:

1. First PURPA Standard 16 – Integrated Resource Planning. Each electric utility shall:
  - A. Integrate energy efficiency resources into utility, State, and regional plans; and
  - B. Adopt policies establishing cost-effective energy efficiency as a priority resource.
  
2. First PURPA Standard 17 – Rate Design Modifications to Promote Energy Efficiency Investments.
  - A. IN GENERAL. The rates allowed to be charged by any electric utility shall:

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<sup>1</sup> Due to a drafting error, PURPA EISA 07 contains two standards assigned the number 16 and two standards assigned the number 17. Congress does not intend to correct the numbering errors. Therefore, the standards shall be referred to by their full names, and as "First PURPA Standard 16, Second PURPA Standard 16", etc.

- (i) align utility incentives with the delivery of cost-effective energy efficiency; and
- (ii) promote energy efficiency investments.

B. **POLICY OPTIONS.** In complying with subparagraph A, each State regulatory authority and each nonregulated utility shall consider:

- (i) removing the throughput incentive and other regulatory and management disincentives to energy efficiency;
- (ii) providing utility incentives for the successful management of energy efficiency programs;
- (iii) 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;
- (iv) adopting rate designs that encourage energy efficiency for each customer class;
- (v) allowing timely recovery of energy efficiency related costs; and
- (vi) 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.

3. Second PURPA Standard 16 – Consideration of Smart Grid Investments.

*Under this standard, each State must consider whether to require an electric utility to demonstrate that it has considered an investment in a qualified smart grid system before investing in nonadvanced grid technologies. Although the Cooperative cannot direct state action or implement the entire standard as drafted, the Board will consider how the Cooperative makes smart grid investments and determine whether to implement a modified version of the standard that best serves its members.*

A. **IN GENERAL.** Each State shall consider requiring that, prior to undertaking investments in nonadvanced 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;
- (iii) improved reliability;
- (iv) security;
- (v) system performance; and
- (vi) societal benefit.

B. **RATE RECOVERY.** 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, including a reasonable rate of return on the capital expenditures of the electric utility for the deployment of the qualified smart grid system.

- C. OBSOLETE EQUIPMENT. Each State shall consider authorizing any electric utility or other party of the State to deploy 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 qualified smart grid system, based on the remaining depreciable life of the obsolete equipment.

4. Second PURPA Standard 17 – Smart Grid Information.


- A. STANDARD. All electricity purchasers shall be provided direct access, in written or electronic machine-readable form as appropriate, to information from their electricity provider as provided in subparagraph B.
- B. INFORMATION. Information provided under this section, to the extent practicable, shall include:
  - (i) PRICES – Purchasers and other interested persons shall be provided with information on:
    - (a) time-based electricity prices in the wholesale electricity market; and
    - (b) time-based electricity retail prices or rates that are available to the purchasers.
  - (ii) USAGE – Purchasers shall be provided with the number of electricity units, expressed in kWh, purchased by them.
  - (iii) INTERVALS AND PROJECTIONS – Updates of information on prices and usage shall be offered on not less than a daily basis, shall include hourly price and use information, where available, and shall include a day-ahead projection of such price information to the extent available.
  - (iv) SOURCES – Purchasers and other interested persons shall be provided annually with written information on the sources of the power provided by the utility, to the extent it can be determined, by type of generation, including greenhouse gas emissions associated with each type of generation, for intervals during which such information is available on a cost effective basis.
- C. ACCESS. Purchasers shall be able to access their own information at any time through the Internet and on other means of communication elected by that utility for Smart Grid applications. Other 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.

Be it further resolved that the Cooperative shall establish a procedural schedule for considering the four PURPA EISA 2007 Standards, which procedure shall include notice to the Cooperative's members, opportunities for interested persons to submit written comments, to reply to comments, and the opportunity to participate in a public hearing where members will be able to present their views, information and other evidence regarding the Standards. The Cooperative shall establish a time line as necessary for the implementation of the procedural schedule in a timely and efficient manner, such that the proceedings shall be completed and a written determination issued no later than December 19, 2009.

The foregoing Resolution was duly adopted by the Board of Directors of Florida Keys Electric Cooperative Association, Inc., at its regularly scheduled monthly meeting held on October 27, 2008.

  
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David C. Ritz, President

ATTEST:

  
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Michael H. Puto, Secretary