



TRI-COUNTY Electric Cooperative, Inc.

" A Commitment to Service and Savings "

TRI-COUNTY ELECTRIC COOPERATIVE, INC.

SUMMARY OF FINAL DETERMINATION

FOR IMPLEMENTING PURPA EISA 2007 RATEMAKING STANDARDS

PROJECT NO. 2008-TX101-0001

On May 19, 2009, the Board of Directors of Tri-County Electric Cooperative, Inc. (Tri-County) adopted four new policies to address 1) integrating energy efficiency resources into resource planning and making cost-effective energy efficiency a priority resource; 2) modifying rate designs to promote energy efficiency investments; 3) assessing investments in smart grid technologies before investing in non-advanced technologies; and 4) making smart grid information available to members. These policies implement modified versions of the four new ratemaking standards federal law requires Tri-County to consider pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA), as amended by the Energy Independence and Security Act of 2007 (EISA), 16 U.S.C. §2621(d)(16), (17), (18) and (19), Public Law No. 110-140, 121 Stat. 1492 (2007) (hereinafter, PURPA EISA).

The following is a summary of the new policies:

Policy No. 1 for Integrated Resource Planning: Tri-County Electric Cooperative, Inc. will incorporate energy efficiency and conservation programs into the programs it offers its members, as well as load control or management programs offered by its power supplier. Tri-County will also continue to provide information to Brazos so that Brazos can include Tri-County's energy efficiency programs as a priority resource in its resource planning and continue to consider cost-effective programs designed to increase energy efficiency. This policy is necessary to reduce the future need for increased capacity and purchased power costs related to additional capacity and to reduce current power costs paid by Cooperative members. The Cooperative's existing energy efficiency programs were included in its expenses at the time of its most recent rate design and cost of service evaluation. As a result, any program costs are being recovered from members under existing rates. But any decrease in the cost of purchased power or the average cost per kilowatt hour (kWh) of purchased power does not increase the Cooperative's margins. The cost of purchased power is passed directly to member-owners through the Cooperative's power cost recovery factor (PCRF). This means that any future energy efficiency programs adopted by the Cooperative will entail expenses that will not be offset by reduced costs until the next time the Cooperative revises its retail rate structure.

Policy No. 2 for Rate Design Modifications to Promote Energy Efficiency Investments: Tri-County's retail rates will align utility incentives with the delivery of cost-effective energy efficiency and promote energy efficiency investments through (a) removing the throughput incentive and other regulatory and management disincentives to energy efficiency by phasing out rate designs such as declining block rates that encourage non-efficient energy consumption; (b) providing incentives for the successful management of energy efficiency programs by adopting rates over time that more closely align charges such as customer charges, demand charges and energy charges, with how the costs of providing those services are incurred; (c) including the impact on adoption of energy efficiency as one of the goals of retail rate design by reviewing its rate structure in detail to ensure that promoting energy efficiency continues to be included in its rate design, but balanced with other factors; and considering whether to adopt a lost revenue adjustment mechanism; (d) considering adopting rate designs that encourage energy efficiency for each customer class at the time of its next cost of service study and rate design procedure; (e) allowing timely recovery of energy efficiency related costs by allocating those costs to each rate class and recovering those costs through rate designs and by considering adoption of a lost revenue adjustment mechanism or other similar mechanism; and (f) continuing its existing programs offering home energy audits, demand response programs where appropriate, publicizing the financial and environmental benefits associated with making home energy efficiency improvements, and educating homeowners about existing Federal and State incentives, including the availability of low-cost loans, that make energy efficiency improvements more affordable.

Policy No. 3 for Smart Grid Investments: Before undertaking investments in non-advanced grid technologies, Tri-County will consider an investment in a qualified smart grid system based on: (a) total costs; (b) cost-effectiveness; (c) improved reliability; (d) security; (e) system performance; and (f) societal benefit. Tri-County also will consider recovering from members any capital,

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operating expenditure, or other costs to the Cooperative relating to the deployment of a qualified smart grid system, including a reasonable rate of return on capital expenditures for the deployment of the qualified smart grid system. Tri-County will consider deploying 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.

Policy No. 4 for Smart Grid Information: To the extent practicable, Tri-County will provide its members with direct access, in written or electronic machine-readable form as appropriate, to information that will include: (a) Pricing Information: Should Brazos' wholesale rate structure and Tri-County's retail rate structure permit customers to take advantage of time-based electricity prices in the wholesale electricity market, such information will be available to the purchasers; (b) Usage Information: The number of electricity units, expressed in kWh, purchased by them will be provided to members through the monthly bill and on line for members taking advantage of the cooperative's on-line payment option; (c) Intervals and Projections: Should Brazos' wholesale rate structure and Tri-County's retail rate structure permit customers to take advantage of updates of information on prices and usage, on not less than a daily basis and including hourly price and use information, where available, and day-ahead projections of such price information to the extent available, will be offered, to the extent practicable and applicable to the member; (d) Sources: Should Brazos provide Tri-County with written information on the sources of the power provided by Brazos to Tri-County, 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, members and other interested persons will be provided, to the extent practicable and applicable, with such information on at least an annual basis, through the Cooperative newsletter; (e) Access: Should Tri-County determine that it is cost effective to do so, members will be able to access, to the extent practicable and applicable to the member, 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 will be granted access to information not specific to any purchaser through the Internet. Information specific to any purchaser will be provided solely to that purchaser.

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The Final Determination is available on Tri-County's website at <http://www.tcectexas.com/links.html>.

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TRI-COUNTY
Electric Cooperative, Inc.

"A Commitment to Service and Savings"

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From The Cooperative Kitchen



This month's recipe was provided by Wanda Herring from Keller. She will receive a 60 Years of Home Cooking Cookbook, compliments of TCEC. Consider sending in your favorite recipe for a chance to win your own copy of 60 Years of Home Cooking.

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MINTED FRUIT SALAD



... INGREDIENTS ...

- 1 Cup of Pineapple Chunks (Fresh or Canned)
- 2 Tablespoons of Fresh Chopped Mint or 2 Teaspoons if Dried
- 1/2 Cantaloupe
- 1 Apple not peeled
- 1/2 Cup of Seedless Grapes, Sliced
- 2 Tablespoons of Lowfat Yogurt
- Mint Sprigs (Optional)



Combine pineapple chunks and mint in a large bowl. Cut cantaloupe into cubes and chop the un-peeled apple into chunks. Combine the cantaloupe cubes, apple chunks, sliced grapes and yogurt with the pineapple chunks and mint.

Chill the mixture before serving. This makes about 4 servings at 85 calories per serving. Garnish each serving with a fresh mint sprig, if desired.

Mint adds a wonderful flavor to this colorful salad. This salad can be served as a delicious dessert to conclude your summer meal.

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Note: You can get creative and substitute other fruits to suit your tastes. Enjoy!

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It Pays To Stay Informed!

Find your account number in our Member Information Bulletin and you will receive a \$20.00 credit on your electric bill. Simply contact one of the offices listed to the left and make them aware of your discovery.

It pays to stay informed!

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