

**JACKSON ELECTRIC MEMBERSHIP CORPORATION
BOARD OF DIRECTORS'
WRITTEN DETERMINATION WITH RESPECT TO PURPA STANDARDS**

Background:

This document is adopted by the Jackson Electric Membership Corporation (“Jackson EMC”) Board of Directors (the “Board”) and constitutes the written, public determination of Jackson EMC with respect to each of the five new standards which Jackson EMC was required to consider pursuant to the Electricity Modernization Act of 2005 (the “EMAct”) which amended the Public Utility Regulatory Policies Act of 1978 (“PURPA”). This document is adopted pursuant to Rule 15 of Jackson EMC’s PURPA Rules and 16 USCA § 2621(b).

The Board began consideration of each of the five standards set forth in the EMAct (the “Standards”) on March 9, 2006. Subsequently, the Board directed that Jackson EMC’s staff confer with expert consultants on each of the Standards, and to jointly develop testimony relating to each Standard for the purposes of guiding and informing the Board’s consideration of, and ultimate determination with respect to, each Standard. Jackson EMC scheduled and held a public hearing on March 9, 2007 (the “Hearing”). To solicit and encourage participation in the Hearing public notice was provided by each of the following means:

- Notice placed in November issue of the JEMCO News.
- PURPA Procedures placed on JEMC web site on October 6, 2006.
- PURPA notice placed on JEMC web site on November 7, 2006.

The Board, has now completed its consideration of whether the adoption of each of the Standards will serve the three purposes of PURPA,¹ in reliance upon the facts, opinions, conclusions and other information derived from a careful review of the official transcript of the Hearing, and after giving due and thoughtful consideration to applicable federal and state law, the unique circumstances of non-profit, member-owned cooperatives in general, and to the specific circumstances of Jackson EMC in particular. Based upon the foregoing, the Board has resolved and makes the determinations set forth below:

¹ The three purposes of PURPA are: (i) to encourage the conservation of energy; (ii) to optimize the efficient use of energy facilities and resources; and (iii) to encourage equitable consumer rates. 16 USCA § 2611.

The Net Metering Standard.

The Net Metering Standard provides as follows:

Each electric utility shall make available upon request net metering service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term “net metering service” means service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.

16 USCA § 2621(d)(11).

Outline of Rationale.

In its consideration of the net metering Standard, the Board notes that adopting this Standard as set forth in the statute would likely entail significant costs, and would reduce overall sales of central station electricity, although it would not likely reduce overall use of electricity, nor would it reduce the need for generating capacity. The Board finds that adopting a net metering Standard would not encourage the conservation of energy nor would it optimize the efficiency of use of facilities and resources. Moreover, due to differences between the components of the wholesale rate under which Jackson EMC purchases power and the retail rate at which it sells power, the Board has concluded that the net metering Standard would not enhance the equity of the Cooperative’s rate structure.

The Board, does note, however, that Jackson EMC’s current Rate Schedules and Riders for Electric Service do include a net metering rider (“Rider NM”), which is applicable to qualified customers in the Cooperative’s service area. Rider NM was implemented a number of years ago to comply with the requirements of the Georgia Co-Generation and Distributed Generation Act of 2001 (O.C.G.A. § 46-3-50, *et. seq.*), and does incorporate aspects of the Net Metering Standard.

Based upon the foregoing, and other evidence found in the transcript of the Hearing, the Board hereby makes and adopts the following determination in regards to the Net Metering Standard:

Determination:

After due consideration, the Board of Directors of Jackson EMC does hereby resolve that it should not, and therefore does not, adopt the Net Metering Standard as set forth in 16 USCA § 2621(d)(11) for “any electric consumer” served by

Jackson EMC. However, Jackson EMC shall continue to offer net metering to those Jackson EMC consumers who qualify under Rider NM.

Fuel Source Diversity.

The Fuel Source Diversity Standard provides as follows:

Each electric utility shall develop a plan to minimize dependence on 1 fuel source and to ensure that the electric energy it sells to consumers is generated using a diverse range of fuels and technologies, including renewable technologies.

Outline of Rationale.

The Board notes that it does not directly own or operate electric generating facilities. However, as a member of Oglethorpe Power Corporation (“Oglethorpe), from which Jackson EMC obtains approximately 57% of its total energy and 52% of its total capacity, the Cooperative does have some influence (together with Oglethorpe’s other thirty-eight member cooperatives) upon Oglethorpe’s policies and practices. (The remainder of Jackson EMC’s energy and capacity is provided through wholesale power contracts with independent vendors. Jackson EMC has no direct means of influencing the fuel source policies or practices of these vendors.) Moreover, based upon the Hearing testimony (see, Exhibit C to testimony of Steve Shurbutt), it appears that Oglethorpe provides Jackson EMC with wholesale power generated through a “diverse range of fuel and technologies, including renewable technologies.” The Board also notes that Jackson EMC’s participation in Green Power EMC is consistent with the Fuel Source Diversity Standard, and also concludes that continuing to support policies and practices designed to ensure reasonable fuel source diversity among Oglethorpe’s generating resources is consistent with the purposes of PURPA.

Based upon the foregoing, and other evidence found in the transcript of the Hearing, the Board hereby makes and adopts the following determination in regards to the fuel source diversity standard:

Determination:

Jackson EMC finds that Green Power EMC and Oglethorpe Power Corporation each have a plan to minimize dependence on one fuel source and ensure that electricity is generated using a diverse range of fuel technologies, including renewable technology. To the extent reasonably

appropriate, Jackson EMC's Board directs that Jackson EMC shall continue to support and encourage these efforts.

Fossil Fuel Generation Efficiency.

The Fossil Fuel Generation Efficiency Standard provides as follows:

Each electric utility shall develop and implement a 10-year plan to increase the efficiency of its fossil fuel generation.

Outline of Rationale.

The Board notes that it does not directly own or operate electric generating facilities. However, as a member of Oglethorpe, from which Jackson EMC obtains approximately 57% of its total energy and 52% of its total capacity, the Cooperative does have some influence (together with Oglethorpe's other thirty-eight member cooperatives) upon Oglethorpe's policies and practices. (The remainder of Jackson EMC's energy and capacity is provided through wholesale power contracts with independent vendors. Jackson EMC has no direct means of influencing the fuel efficiency policies or practices of these vendors.) Moreover, based upon the Hearing testimony (see, Exhibit D of testimony of Steve Shurburt), it appears that Oglethorpe has implemented a ten-year plan to increase the efficiency of its fossil fuel generation. The Board therefore, concludes that continuing to support Oglethorpe's current fossil fuel generation efficiency enhancement plan is consistent with the purposes of PURPA.

Based upon the foregoing, and other evidence found in the transcript of the Hearing, the Board hereby makes and adopts the following determination in regards to the fossil fuel generation efficiency standard:

Determination:

Jackson EMC finds that Oglethorpe Power Corporation has developed and implemented a ten-year plan to increase the efficiency of its fossil fuel generation. To the extent reasonably appropriate, Jackson EMC's Board directs that Jackson EMC shall continue to support and encourage Oglethorpe's implementation of this plan.

Time Based Metering and Communications Standard.

The Time Based Metering and Communications Standard provides as follows:

- (A) No later than 18 months after the date of enactment of this paragraph, each electric utility shall offer each of its customer classes, and provide individual customers

upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology.

- (B) The types of time-based rate schedules that may be offered under the schedule referred to in subparagraph (A) include, among others--
- (i) time-of-use pricing whereby electricity prices are set for a specific time period on an advance or forward basis, typically not changing more often than twice a year, based on the utility's cost of generating and/or purchasing such electricity at the wholesale level for the benefit of the consumer. Prices paid for energy consumed during these periods shall be pre-established and known to consumers in advance of such consumption, allowing them to vary their demand and usage in response to such prices and manage their energy costs by shifting usage to a lower cost period or reducing their consumption overall;
 - (ii) critical peak pricing whereby time-of-use prices are in effect except for certain peak days, when prices may reflect the costs of generating and/or purchasing electricity at the wholesale level and when consumers may receive additional discounts for reducing peak period energy consumption;
 - (iii) real-time pricing whereby electricity prices are set for a specific time period on an advanced or forward basis, reflecting the utility's cost of generating and/or purchasing electricity at the wholesale level, and may change as often as hourly; and
 - (iv) credits for consumers with large loads who enter into pre-established peak load reduction agreements that reduce a utility's planned capacity obligations.

Outline of Rationale.

The Board notes that Jackson EMC has existing rate schedules in various customer classes which offer time-based charges, critical peak pricing, and demand response price signals fully compliant with the Time Based Metering and Communications Standard. The Board also notes that its current power supply arrangements provide incentives to moderate growth in peak demand and to improve overall load factors. Moreover, the Board finds that retaining these rate schedules are consistent with the three goals of PURPA.

Based upon the foregoing, and other evidence contained in the transcript of the Hearing, the Board makes the following determination:

Determination:

The Board finds that Jackson EMC has already adopted and implemented the Time Based Metering and Communications Standard, and that the Board does continue to support such Standard as presently embodied in the policies, practices, rates, and regulations of Jackson EMC.

Interconnection Standard.

The Interconnection Standard provides as follows:

Each electric utility shall make available, upon request, interconnection service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term ‘interconnection service’ means service to an electric consumer under which an on-site generating facility on the consumer’s premises shall be connected to the local distribution facilities. Interconnection services shall be offered based upon the standards developed by the Institute of Electrical and Electronics Engineers: IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, as they may be amended from time to time. In addition, agreements and procedures shall be established whereby the services are offered shall promote current best practices of interconnection for distributed generation, including but not limited to practices stipulated in model codes adopted by associations of state regulatory agencies. All such agreements and procedures shall be just and reasonable, and not unduly discriminatory or preferential.

Outline of Rationale.

The Board notes that Jackson EMC has two members who have requested and obtained interconnection service. However, Jackson EMC's ability to offer such service in the future appears to be severely limited by Jackson EMC's wholesale power contacts. Moreover, to ensure the service reliability and the safety of its consumers, its employees and the public at large, the Board finds that interconnection service should be limited to those consumers which can demonstrate, at the consumer's own cost, full compliance with IEEE Standard 1547 and the guidelines and best practices established by the National Association of Regulatory Commissioners, the National Rural Electric Cooperative Association and the Federal Energy Regulatory Commission. The Board further finds that interconnection service, when subject to the foregoing limitations, is consistent with the purposes of PURPA.

In light of these considerations, and other evidence set forth in the transcript of the Hearing, the Board makes the following determination.

Determination:

The Board hereby directs that Jackson EMC adopt the Interconnection Standard, with the limitation that each consumer seeking interconnection service shall first, at such consumer's own expense, demonstrate that such consumer's proposed interconnection meet all of the following criteria: (i) IEEE Standard 1547; (ii) the Model Interconnection Procedures and Agreement for Small Distributed Generation Resources prepared by the National Association of Regulatory Commissioners; (iii) the Distributed Generation Interconnection Toolkit published by the National Rural Electric Cooperative Association; and (iv) the Small Generation Interconnection Rule established by the Federal Energy Regulatory Commission.

This Board, having considered the testimony presented at the Hearing, the purposes of PURPA, and both Federal and State law, hereby adopts this document by [*unanimous**] vote of the Board on the _____ day of _____, 2007.

JACKSON ELECTRIC MEMBERSHIP CORPORATION

By: _____
[Chairman]

Attest: _____
[Secretary]

[CORPROATE SEAL]

*Note: The rules provide that any board member not wishing to sign on to the Board's decision may prepare a "dissenting opinion."