

**NOTICE OF PURPA CONSIDERATION AND IMPLEMENTATION PROCESS
TO
ALL INTERESTED PERSONS**

Issued: October 16, 2006

Lee County Electric Cooperative, Inc., (LCEC) hereby gives public notice regarding the process to be followed by it in implementing the statutory directives in the Energy Policy Act of 2005 (EPAAct 2005), which amended the Public Utilities Regulatory Policies Act of 1978 (PURPA). The EPAAct 2005 established new federal standards under Section 111(d) of PURPA, which each non-regulated electric utility (such as LCEC) is required to consider and to “make a determination whether or not it is appropriate to implement such standard[s]” within certain defined timelines based on evidence collected from interested persons after public notice and hearing.

The five new PURPA standards defined by EPAAct 2005 which LCEC must consider are set forth below. A copy of the complete legislative language relevant to these standards is posted on LCEC’s Web site at www.lcec.net. Any active member of LCEC and the Secretary of the Department of Energy (referred to hereinafter as “Eligible Participants”) are eligible to participate in the subject process. Eligible Participants not able to access the LCEC Web site who desire a copy of the legislative language should contact LCEC either by:

- phone at (239) 425-7175;
- U.S. mail to: LCEC
Attn: PURPA Compliance
Post Office Box 3455
North Fort Myers, Florida 33918;
- fax at (239) 995-7904; or
- e-mail to PURPA@lcec.net;

and a copy will be provided

1. *Net Metering.* 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.

2. *Fuel Sources.* 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.

3. *Fossil Fuel Generation Efficiency.* Each electric utility shall develop and implement a 10-year plan to increase the efficiency of its fossil fuel generation.

4. *Time-Based Metering and Communications.* Not 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. [This reflects the opening paragraph of the standard; the second paragraph of the standard lists some of the types of time-based rate schedules that may be offered; and the third paragraph provides that each electric utility subject to the first paragraph shall provide each customer requesting a time-based rate with a time-based meter capable of enabling the utility and customer to offer and receive such rate. The full text of this standard is available on the LCEC Web site www.lcec.net by clicking on the PURPA link.]

5. *Interconnection.* 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.

Please note that LCEC purchases its full power requirements from Seminole Electric Cooperative, Inc. (Seminole) under a long-term full-requirements contract. For this reason, LCEC would not be able to implement certain PURPA standards, most notably Standards 2 (Fuel Sources) and 3 (Fossil Fuel Generation Efficiency). LCEC's ability to fully implement other standards may be limited as well. LCEC notes, however, that Seminole follows policies consistent with Standards 2 and 3, which LCEC supports. Commenters are urged to take such limitations into account when presenting their views.

In order for LCEC 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, LCEC will follow the procedural schedule set forth below (each component is explained fully in following paragraphs):

- Notice – to be posted on October 16, 2006
- Initial Comments – to be submitted by December 15, 2006
- Reply Comments – to be submitted by January 26, 2007
- Request To Participate in Public Hearing – to be submitted by February 9, 2007
- Public Hearing – to be held on March 2, 2007 at the LCEC offices at 4980 Bayline Drive, North Fort Myers, Florida commencing at 9:00 a.m.
- Determination – to be rendered on or before July 31, 2007.

Notice. This Notice is being posted on LCEC’s Web site, and an abbreviated notice is being sent to all LCEC customers along with the monthly bill. Any Eligible Participant may obtain a copy, at cost, of the relevant portions of EAct 2005 at the LCEC main office following the procedures explained above.

Initial Comments. Any initial comments should (if possible) be typed (double spaced) and paginated, with appropriate headings so that the reader will know with specificity which of the five 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. LCEC requests that at least three copies of the comments be filed at its office at 4980 Bayline Drive, North Fort Myers, Florida 33917, or alternatively, a single copy may be electronically filed via the PURPA link at LCEC.net. LCEC will post all comments submitted by Eligible Participants on its Web site 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 arguments 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 which it is addressing. The filing instructions described above for initial comments should be followed for reply comments. LCEC 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.

Request To Participate in Public Hearing. Any Eligible Participant that desires to participate in the public hearing should so notify LCEC in writing (either by mail at the LCEC office address noted above, by fax at the number noted above, or by e-mail at the e-mail 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.

PURPA Notice

Hearing. The hearing will be held at the LCEC office at 4980 Bayline Drive, North Fort Myers, Florida 33917 and will be presided over by an impartial third party selected by LCEC. 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. A one-day hearing is the standard, but the hearing will continue for as many concurrent days as needed to allow all Eligible Participants to comment. The purpose of the hearing is to collect remarks in addition to those found in the written comments. Therefore, participation in the hearing is not required for written comments to be considered. A transcript of the proceeding will be posted on the LCEC Web site and made available to any Eligible Participant upon request at cost.

Determination. The Determination to be made by LCEC as to whether or not it is appropriate to implement any of the five standards will be in writing, will be based on findings supported by the evidence of record, will be posted on the LCEC Web site and will be made available for any Eligible Participant at cost.

LCEC encourages parties interested in this matter to contact LCEC with any questions regarding any of the items above.