

RESOLUTION 4-2008

At a regular meeting of the Board of Directors (“Board”) of Empire Electric Association, Inc. (“Empire”), held at its office and principal place of business in Cortez, Colorado, on November 21, 2008, there being a quorum present, the following resolution was proposed and after being put to vote was unanimously adopted, said resolution being in words and figures as follows, to-wit:

WHEREAS, Tri-State Generation & Transmission Association (“Tri-State”) (Empire’s wholesale power provider) notified Empire of a 4.1 percent increase in wholesales rates effective January 1, 2009; and

WHEREAS, Empire’s Staff prepared and presented the 2009 budget (“Budget”) to the Board on November 21, 2008, which incorporated a 2.9 percent flow-through of Tri-State’s rate increase plus a 2.1 percent general rate increase; and

WHEREAS, the Budget recognizes that current rates are inadequate to meet the Board’s objectives and will require an increase in retail rates of approximately 5 percent, and

WHEREAS, the proposed rates will meet the following Board objectives:

1. Incorporate a January 1, 2009 increase in the cost of purchased power from Tri-State;
2. Provision of reasonable working capital;
3. Maintenance of reasonable Mortgage Coverage Ratios;
4. Achievement of equity as a percent of assets between 30 and 50 percent;
5. Achievement of a reasonable Rate of Return on Rate Base;
6. Clean up of several non-material tariff issues; and

NOW, THEREFORE BE IT RESOLVED, that notice be given to the Rural Utilities Service, National Rural Utilities Cooperative Finance Corporation, and members and customers of Empire in Colorado and Utah of the proposed rate adjustments as reflected in and supported by the Budget for implementation as soon as January 1, 2009.

BE IT FURTHER RESOLVED, to modify specific Tariffs to permit the following:

1. Residential Service and Farm and Home Service - Colorado and Utah:
 - a. Combine Residential & Farm and Home Service tariffs (3 & 4AB)
 - b. Increase the energy charge from \$0.10234 to \$0.10734/kWh per month
 - c. Increase the basic charge from \$16.50 to \$17.50 for residential service
 - d. Add a basic charge of \$33.50 for three phase
2. Residential & Commercial Time of Use - Colorado and Utah:
 - a. Separated Residential & Commercial Time of Use Tariffs into two sections
 - b. For both: increase the energy off-peak charge from \$0.04278 to \$0.047/kWh per month
 - c. Increase the basic charge for residential single phase from \$21.50 to \$22.50
 - d. Increase the basic charge for commercial three phase from \$36.50 to \$38.50
3. Commercial - Colorado and Utah:
 - a. Increase the energy charge from \$0.10234 to \$0.10734/kWh per month

- b. Increase the basic charge from \$16.50 to \$17.50 for single phase service
 - c. Increase the basic charge from \$31.50 to \$33.50 for three phase service
4. Industrial - Colorado and Utah:
- a. Increase the first 200 kWh/kW energy block from \$0.09210 to \$0.09671
 - b. Increase the second 200 kWh/kW energy block from \$0.06760 to \$0.07098
 - c. Increase the last energy block from over 400 kWh/kW at \$0.03611 to \$0.03792
 - d. Increase the basic charge from \$182.25 to \$191.25
 - e. Increase the demand per kW for secondary service from \$5.85 to \$6.15
5. Industrial Large Power Coincident Demand Service - Colorado and Utah
- a. Increase the energy charge from \$0.03442 to \$0.03614 per kWh per month
 - b. Increase the basic charge from \$232.25 to \$243.75
 - c. Increase the cooperative CP kW per kW from \$23.56 to \$24.74
 - d. Increase the NCP Demand Charge from \$5.85 to \$6.15
6. Security Lighting - Colorado and Utah:
- a. Increase 175 W Mercury Vapor from \$15.69 to \$16.27 per month
 - b. Increase 100 W High Pressure Sodium from \$11.35 to \$11.77 per month
 - c. Increase 250 W High Pressure Sodium from \$22.40 to \$23.23 per month
7. Street Lighting - Colorado and Utah:
- a. Increase 175 W Mercury Vapor from \$168.26 to \$174.48 per year
 - b. Increase 400 W Mercury Vapor from \$342.68 to \$355.32 per year
 - c. Increase 100 W High Pressure Sodium from \$128.17 to \$132.96 per year
 - d. Increase 250 W High Pressure Sodium from \$254.73 to \$264.12 per year
 - e. Increase 100 W High Pressure Sodium (security) at \$137.15 to \$142.20 per year
8. PV/Wind Renewable Energy Generation – Colorado and Utah
- a. Changed the PV/Wind Renewable Energy Generation title to “Net Metering”
 - b. Incorporated the new PUC Rules and Regulations

WITNESS THE HAND AND SEAL of the Officers of Empire Electric Association, Inc., on this 21st day of November 2008.

William C. Bauer, President

S E A L

David W. Sitton, Vice-President

I, David W. Sitton, do hereby certify that: I am the Vice President of Empire Electric Association, Inc., and that the above is a true and correct copy of the resolution adopted at the regular meeting of the board of directors of Empire Electric, Inc., held November 21, 2008, the meeting was duly and regularly called in accordance with the bylaws of Empire Electric Association, Inc., and said resolution has not been modified or rescinded.

S E A L

David W. Sitton, Vice President