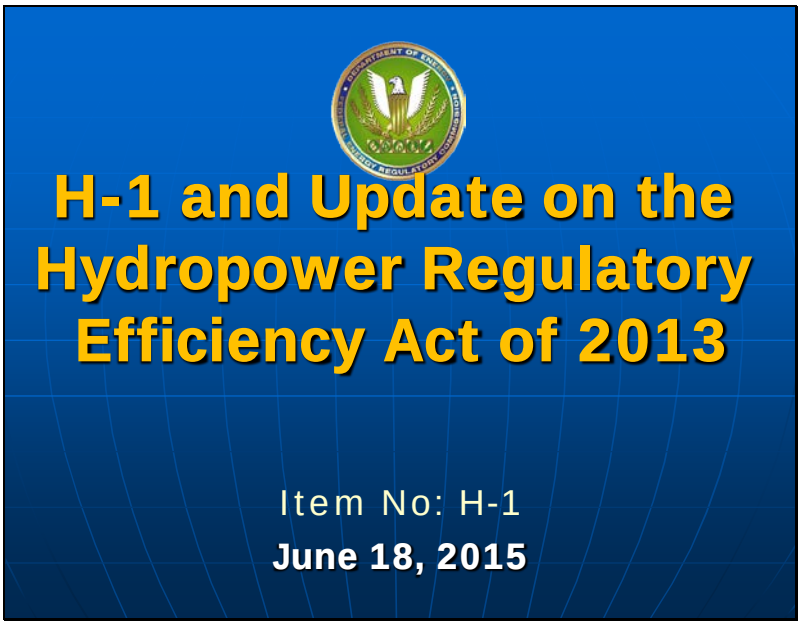
Slide 1



Good morning Mr. Chairman and Commissioners. Today we are here to provide a brief summary of H-1 and an update on our implementation of the Hydropower Regulatory Efficiency Act of 2013.

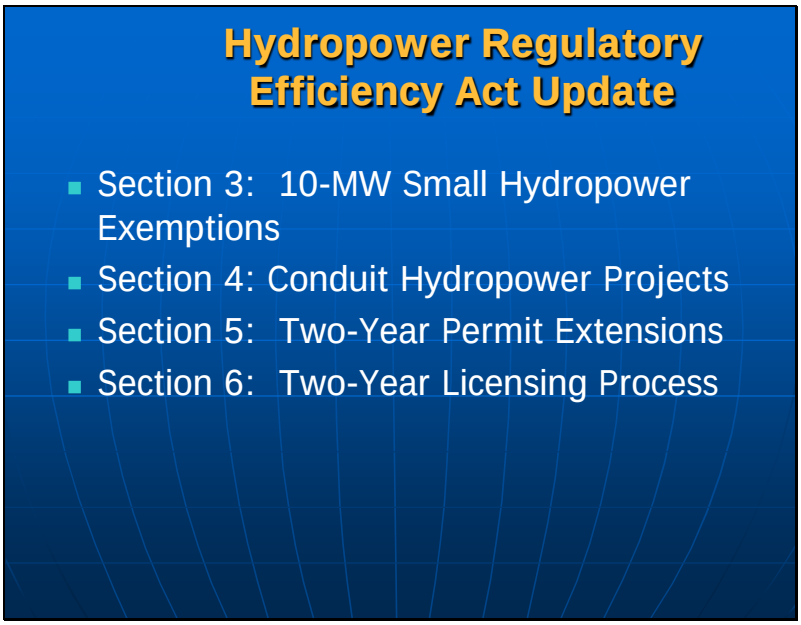
Slide 2

H-1 addresses the applicability of the Hydropower Regulatory Efficiency Act's qualifying conduit provisions to Soldier Canyon Filter Plant's proposed project. The proposed 100-kW Soldier Canyon Micro Hydro Facility would be located along an existing municipal raw water supply pipeline at the Soldier Canyon Filter Plant near Fort Collins, Colorado.

The order explains that small conduit facilities and qualifying conduits simply generate hydroelectricity by using the water within a conduit that is operated for the distribution of water for agricultural, municipal, or industrial consumption and not primarily for the generation of electricity. Whether the conduit's ability to generate hydropower is due to the conduit's gradient or the head from an upstream dam is not relevant. The order finds that Soldier Canyon's proposed project meets the criteria for a qualifying conduit.

Cleo will now begin our update on the Hydropower Regulatory Efficiency Act of 2013.

Slide 3



By way of background, the Hydropower Regulatory Efficiency Act was signed into law on August 9, 2013.

The Act affected hydropower development in four ways.

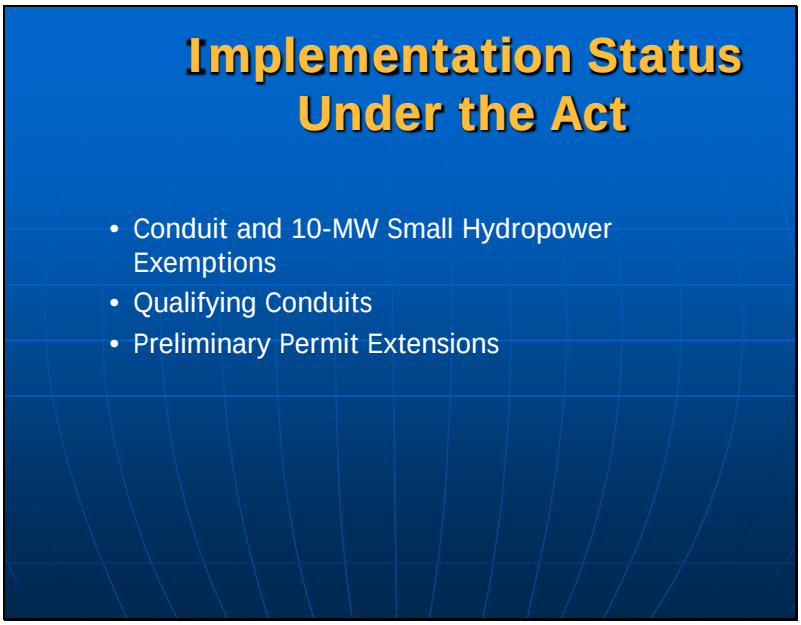
For projects at existing dams that qualify for a small hydropower exemption, Section 3 of the Act amended PURPA by increasing the maximum allowable capacity for such projects from 5 MW to 10 MW.

Section 4 provided that conduit hydropower facilities with an installed capacity that does not exceed 5 MW and which meet the Act's other qualifying criteria, are not required to be licensed under the Federal Power Act. It also increases the maximum installed capacity from 15 MW to 40 MW for a privately developed hydropower facility that qualifies for a conduit exemption. Previously, the 40-MW maximum was available only to municipal projects.

Section 5 of the Act provided the Commission with the authority to extend preliminary permits for up to 2 additional years beyond the 3 years previously allowed under Section 5 of the Federal Power Act.

Lastly, section 6 required the Commission to investigate the feasibility of a 2-year licensing process for hydropower development at non-powered dams and closed-loop pumped storage projects.

Slide 4



We have been implementing the Act for nearly two years. Soon after the Act was passed, we updated our website to provide guidance on how to apply for conduit and 10-MW small hydropower exemptions, qualifying conduits, and preliminary permit term extensions. The Commission subsequently, in Order 800, revised its regulations to conform them to the changes brought about by the Act.

We have received notices of intent to construct 58 qualifying conduit facilities, 30 applications for extensions of permit terms, and one 10-MW or less small hydropower exemption application for a project greater than 5 MW.

Of the 58 proposed qualifying conduit facilities, 43 facilities have been qualified, 8 were rejected because they did not meet the criteria set forth in the Act, and the remaining 7 are pending. Of the 30 applications for permit extensions, 15 were granted and 14 were denied due to lack of diligence, and one is pending.

In addition, staff is testing a two-year licensing process in compliance with Section 6 of the Act, which Tim will discuss next.

Slide 5

Pursuant to Section 6 of the Act, staff conducted a workshop on October 22, 2013, to solicit input on the feasibility of a two-year licensing process for projects that are located at existing, non-powered dams or are closed-loop pumped storage projects.

Based on the workshop testimony and written comments, staff developed a two-year process and issued a Notice on January 6, 2014, soliciting prospective license applicants to file a request to test it, or in the alternative, test a two-year process plan and schedule developed by the prospective license applicant.

As directed by the Act and informed by the workshop, staff developed criteria that a prospective applicant should follow in the development of a pilot project.

Pursuant to the Notice, the window for filing a request to test a process began on February 5, 2014, which, under the Act, is the date the Commission was required to implement pilot project testing; the filing window closed on May 5, 2014.

In response, two pilot project proposals were filed: Wildflower Water Pumped Storage Project No. 13842 and Kentucky River Lock & Dam No. 11 Hydroelectric Project No. 14276; both filings were timely. Commission staff rejected the proposal to test the pilot process for the Wildflower Project on May 27, 2014, because the project did not meet the criteria specified in the January 6, 2014 Notice.

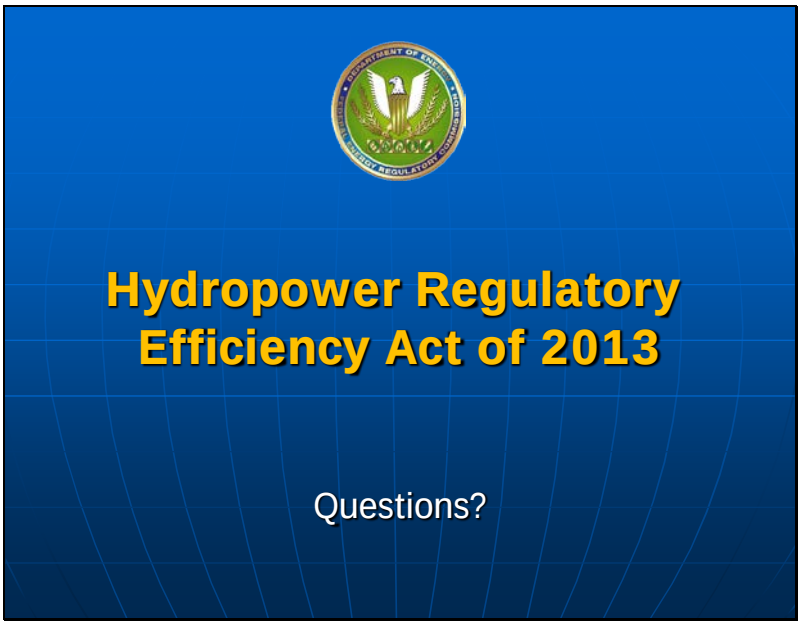
The Commission noticed the proposal for the Kentucky River Project on June 3, 2014, and Commission staff held a technical conference with the applicant and interested parties on

June 19, 2014, to discuss the project's proposed two-year process plan and schedule. On August 4, 2014, Commission staff approved the proposal to test the two-year process for the project, including a proposed license application due date of May 5, 2015.

The prospective applicant filed a license application for the project on April 16, 2015, and supplemented the application on May 6, 2015. Commission staff requested additional environmental information on the application on June 12, 2015, and is currently reviewing engineering and safety information that was filed by the applicant on June 10, 2015. Once the application is complete, Commission staff will issue a notice that it is ready for environmental analysis, soliciting stakeholder comments and recommendations, and prepare and issue an environmental document that evaluates the potential effects of the proposed project and recommends mitigation measures to be incorporated into any license issued. After a comment period on the environmental document, the Commission will act on the application.

Pursuant to the Act, the Commission will hold a final workshop to solicit public comment on the effectiveness of the pilot project by no later than February 5, 2017, and submit a report of its findings to Congress by no later than April 6, 2017.

Slide 6



This concludes our presentation and we are happy to answer any questions.