

NOTICE

Date of Notice: June 18, 2010

NOTICE OF IMPLEMENTATION OF A SURCHARGE ON THE ELECTRIC BILLS OF SAN MIGUEL
POWER
ASSOCIATION, INC.
170 W. 10th Ave., Nucla, CO 81424

You are hereby notified that SAN MIGUEL POWER ASSOCIATION, INC. (SMPA) Board of Directors has approved a surcharge on its electric bills to become effective July 29, 2010.

The approved surcharge will provide revenue to pay the loan payments on a loan to place a portion of the Nucla-Telluride 115kV transmission line underground. The loan and surcharge were part of a settlement to settle long-term litigation and allow the project to be constructed. The project is necessary to provide much needed back-up power to the region and enhance system reliability. You will only be affected by these changes if you reside in the surcharge area as defined in the settlement agreement. The surcharge will be 7.47411% of the revenue of each monthly billing, added to the billing.

The surcharge area includes Telluride, Mountain Village, Ophir, Sawpit and Eastern portions of San Miguel County from the top of Lizard Head Pass through Trout Lake/San Bernardo area, the Telluride region and down valley through Placerville to Specie Creek Bridge, Illium Valley and Specie, Wilson and Sunshine Mesas.

The provisions of the surcharge settlement are available for examination and explanation at the Ridgway office located at 720 N. Railroad St., P.O. Box 1150, Ridgway, Colorado 81432 and the Nucla office located at 170 W. 10th Avenue, P.O. Box 870, Nucla, Colorado 81424. They are also available for inspection on the SMPA website at smpa.com.

Anyone who desires to comment about the proposed surcharge may file written comments and/or complaints at the SMPA offices listed above.

SMPA will hold a public information hearing at 10:00a.m. on July 13, 2010 at the SMPA Nucla office located at 170 W. 10th Avenue, Nucla, Colorado.

SAN MIGUEL POWER ASSOCIATION, Inc.
By: Kevin L. Ritter, General Manager/CEO