

**ROCK ENERGY COOPERATIVE
MEMBER OWNED GENERATION FACILITIES
SERVICE RULES AND REGULATIONS**

1.0 GENERAL

- 1.1 The Cooperative, consistent with its policy of encouraging innovation in the energy field and with the requirements and objectives of the “Public Utility Regulatory Policies Act of 1978” (PURPA), asserts its willingness to:
- a) Interconnect with qualifying Member Owned Generation Facilities (Qualifying Facility or QF), and
 - b) Operate in parallel with the QF, and
 - c) Purchase all power and energy generated by the QF which the Member may make available to the Cooperative, and
 - d) Sell to the Member, all power and energy requested by the Member.
- 1.2 The Cooperative intends that these service rules and regulations be in compliance with the requirements of PURPA and the various Federal Energy Regulatory Commission (FERC) Orders implementing those requirements. The two principal FERC Orders are:
- a) Order No. 69 (Docket No. RM79-55) – Final Rule Regarding the Implementation of Section 210 of the Public Utility Regulatory Policies Act of 1978, issued February 19, 1980; and,
 - b) Order No. 70 (Docket No. RM79-54) – Final Rule Establishing Requirements and Procedures for a Determination of Qualifying Status of Small Power Production and Cogeneration Facilities, issued March 13, 1980.

2.0 QUALIFICATION REQUIREMENTS

- 2.1 Any individual, corporation, or partnership wishing to interconnect with the Cooperative’s electric system shall become a Member of the Cooperative in accordance with the Bylaws of the Cooperative.
- 2.2 Any Member wishing to operate generating facilities in parallel with the Cooperative’s system, shall first sign an electric service agreement providing for adherence to these Rules and Regulations which from time to time may be modified by the Cooperative and approved by the Board of Directors.

- 2.3 Unless specific exceptions are made by the Cooperative, only facilities which comply with the efficiency and/or fuel source standards of FERC Order No. 70 will be allowed to operate in parallel with the Cooperative's system.
- 2.4 Prior to the interconnection, the Member shall provide the Cooperative with sufficient information to permit the Cooperative to determine whether the proposed facility meets the qualification proposed facility does not meet the basic qualification requirements, the Cooperative shall provide the Member with a written explanation of the reasons for its position. The Member may at any time apply directly to the Federal Energy Regulatory Commission (FERC) for certification as a qualifying facility.
- 2.5 If in the opinion of the Cooperative, the Member fails to conform to these Rules and Regulations including subsequent operation of his generating facilities in a non-qualifying manner, the Cooperative will no longer be obligated to purchase any capacity and energy made available and may notify the Member to disconnect the generating facilities from the Cooperative's system. In the event the Member fails to immediately comply with a disconnect notice, the Cooperative reserves the right to make such disconnection including the discontinuation of electric service if necessary.

3.0 INTERCONNECTION REQUIREMENTS

- 3.1 Prior to the installation of the QF, the Member should submit his plans to the Cooperative for its review to assure compliance with these Rules and Regulations. This review shall not be construed as permission to interconnect with the Cooperative's system. Written authorization to interconnect shall be granted by the Cooperative only after demonstration of compliance with these Rules and Regulations has been made. This authorization shall not relieve the Member from the responsibility of installing, operating, and maintaining the facilities in a satisfactory and safe manner.
- 3.2 The Member shall furnish, install and maintain all additional wiring and equipment required for the installation of the QF and the appropriate service metering equipment except the meter which will be furnished and installed by the Cooperative at the expense of the Member.
- 3.3 Prior to interconnection, the Member shall provide an affidavit from a qualified electrical contractor or inspector indicating compliance with the latest edition of the National Electric Code (NEC), the National Electric Safety Code (NESC), all State and local ordinances and all building codes.
- 3.4 The Member shall reimburse the Cooperative for its incremental cost resulting from interconnecting with the QF. The incremental interconnection cost shall include all reasonable costs of connection, switching, metering, transmission, distribution, safety provisions and administrative costs incurred by the Cooperative directly related to

the installation and maintenance of the physical facilities necessary to permit interconnected operations with the QF, to the extent such costs are in excess of the corresponding costs which the Cooperative would have incurred had it not interconnected.

- 3.5 Employees and authorized representatives of the Cooperative have the right to enter upon Member's property at any reasonable time to insure continued compliance with these Service Rules and Regulations and the accuracy of its meters. Such inspection by the Cooperative shall not relieve the Member from the responsibility of installing, operating, and maintaining the facilities in a satisfactory and safe manner.
- 3.6 In order to provide adequate safety to the Cooperatives' employees when performing certain operation and maintenance on the Cooperatives' system, it is essential that a means be available to positively disconnect the QF from the system such that there is no possibility that the QF could backfeed through the service transformer and energize the primary system. Consequently, the Member shall furnish and install an Underwriter's Laboratory (UL) listed disconnect switch which shall be located between the Member's QF automatic disconnect device and the Cooperatives' system. The location of the switch shall be approved by the Cooperative and shall be housed in an approved enclosure which can be secured with a padlock or locking device. Where feasible, the Cooperative may permit the use of service transformer disconnect, in place of the Member furnished disconnect switch.
- 3.7 The Cooperative reserves the right to open the disconnect switch (i.e., isolating the Member's QF) without prior notice to the Member for any of the following reasons with written notification of disconnection as soon thereafter as practical:
 - a) System emergency and/or maintenance operations require such action.
 - b) A potentially hazardous condition relating to the QF is discovered.
 - c) The operation of the QF interferes with the quality of service provided to other Members and/or the operation of the Cooperatives' system.

4.0 ELECTRICAL REQUIREMENTS

- 4.1 Operation of the QF must not cause any reduction in the quality of service provided to other consumers nor interfere with the operation of the Cooperative's system. The Member shall be responsible for taking whatever corrective action might be required and/or reimbursing the Cooperative for the cost of corrective action which it deems necessary.
- 4.2 The Member shall provide an automatic disconnecting device and/or method to disconnect the QF from the Cooperative's system in the event of outages or faults on the Cooperative's distribution system or within the QF. The Member shall be responsible for having the disconnecting means tested by a certified electrician no

less than once every three years and shall provide the Cooperative with a certified copy of the test records. The Cooperative reserves the right to inspect or perform tests on the disconnecting means to assure proper operation. Such inspection by the Cooperative shall not relieve the Member from the responsibility of installing, operating, and maintaining the facilities in a satisfactory and safe manner.

- 4.3 The Cooperative does not assume any responsibility for the safety and electrical protection of the Member's facilities irrespective of the condition of the Cooperative's facilities. The Cooperative shall not be liable to the Member for any damage to the Member's facility, including damage caused by disconnection of the QF from the Cooperative's system by automatic devices or pursuant to these rules.
- 4.4 The rated capacity of the QF (to be connected in parallel with a low voltage service) shall be no greater than 20 kilowatts (KW) for single phase installations, unless authorized in writing by the Cooperative. Installations with a rated capacity over 20 KW shall require an engineering analysis for compatibility with the Cooperative's system.
- 4.5 The electrical characteristics of the QF shall conform with standards established by the Cooperative. The standards may include voltage, current, frequency, harmonics, and automatic synchronization, etc. Wherever possible the Cooperative will base its standards on industry wide standards.
- 4.6 The Member shall endeavor to operate the QF as near unity power factor as possible. The Cooperative reserves the right to require the Member to install power factor correction equipment or reimburse the Cooperative for its cost of installing power factor correction equipment.

5.0 RATES AND METERING

- 5.1 The Cooperative will purchase whatever energy and capacity the Member makes available at the avoided cost defined in FERC Order No. 69.
- 5.2 For QF's with rated capacity less than or equal to 10 kW, the capacity and energy supplied to the Cooperative by the Member shall be paid for at the rates and under the terms and conditions set forth in the Cooperative's standard rate schedules for purchase, appropriate for this service. For QF's with rated capacity greater than 10 kW, the rates paid by the Cooperative shall be negotiated by the Member and Cooperative.
- 5.3 The Cooperative will sell to the Member, whatever energy and capacity is requested including backup, supplemental, maintenance and interruptible power. All energy and capacity supplied to the Member by the Cooperative shall be paid for by the Member at the rates set forth in the Cooperative's standard retail rate schedule applicable to the class of service provided.

- 5.4 The Cooperative will not provide “wheeling” for QF’s less than 100 kW. For QF’s over 100 kW, the Cooperative may negotiate “wheeling” arrangements.
- 5.5 The Cooperative will provide metering devices at the Member’s expense, necessary to accurately record purchases of energy and capacity commensurate with the agreement between the Member and the Cooperative.
- 5.6 The meter(s) shall be read monthly, at the same time and in the same manner as for other Members of the Cooperative in the same consumer classification or as mutually agreed between the Cooperative and Member. Metering records shall be available for inspection at all reasonable times.
- 5.7 The Cooperative may credit payment for purchases against the Member’s current bill for electric service or any past due amount owed the Cooperative by the Member.

6.0 OTHER REQUIREMENTS

- 6.1 Each party agrees to protect, indemnify and hold harmless the Other Party and its officers, agents and employees from any and all claims, demands, suits, liability and expense (including attorney’s fees) arising from negligent acts or omissions of the indemnifying party, its employees or agents.
- 6.2 Throughout the term of this agreement, the Member shall carry a liability insurance policy issued by a licensed insurance carrier with an A. M. Best rating of B+ or better that provides protection against claims for damages resulting from (i) bodily injury, including wrongful death; and (ii) property damage arising out of the member’s ownership and/or operation of the distributed generation facility under this agreement. The limits of such policy shall be at least \$500,000 per occurrence for those members with small generation facilities. The member shall provide a certificate of insurance containing a minimum 30 day notice of cancellation to the cooperative prior to the connection of the member’s facility to the cooperative’s system.
- In the event the member chooses to self-insure, the member shall provide proof of financial responsibility satisfactory to the cooperative and shall indemnify the cooperative, its officers, agents, and employees against all loss, damage, expense and liability to any persons, including members, for injury to or death of persons or injury to property, including but not limited to consequential damages, interest, punitive damages, member’s fees and court costs, proximately caused by the indemnifying party’s construction, ownership, interconnection, operation, or maintenance of, or by failure of, any of such party’s works or facilities used in connection with the operation of the generating facility.