

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
STATE OF ARIZONA
SCHEDULE QF-2

**OPTIONAL ELECTRIC SERVICE FOR QUALIFIED COGENERATION AND SMALL POWER
PRODUCTIONS FACILITIES OVER 100KW**

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AVAILABILITY: In all territory served by the Cooperative where facilities of adequate capacity and suitable voltages are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICATION: The Optional Electric Service for Qualified Cogeneration and Small Power Production Facilities over 100 kW (QF-2) is applicable to customers of the Cooperative that own and operate qualified cogeneration and small power production facilities of 100 kW or more that meet qualifying status as defined under 18 CFR, Chapter 1, Part 292, Subpart B of the Federal Energy Regulatory Commission's regulations and pursuant to the Arizona Corporation Commission's Decision No. 53245. The facility's generator(s) and customer's load must be located at the same premise. The owner of the Qualifying Facility (QF) shall enter into a contract pertaining to the operation of the QF by the QF owner with the Cooperative.

SUPPLEMENTARY POWER:

- A. Definition of Supplementary Power
Supplementary power is the kW capacity and related kWh energy purchased by the QF in excess of the production capability of the QF's generating equipment.
- B. Rates
The rates charged for supplementary power shall be the appropriate retail Tariff of the Cooperative which is applicable to the QF's class of service or any new retail rate agreed to by the parties and approved by the Arizona Corporation Commission.
- C. Determination of Supplementary Energy
Supplementary energy shall be equal to the metered kWh being supplied to the the QF, less any kWh billed as standby or maintenance energy.
- D. Determination of Supplemental Demand
Supplemental demand shall be the greater of:
 - i. The metered demand, measured in accordance with the Cooperative's appropriate standard offer retail rate schedule, less any standby and maintenance demand; or
 - ii. The minimum supplemental billing demand specified in the QF's contract.

STANDBY AND MAINTENANCE POWER:

- A. Definition of Standby - Maintenance Power
Standby and maintenance power is the kW capacity and related kWh supplied by the Cooperative attributable to forced or scheduled outages by the QF, respectively.
- B. Rates
 - Reservation / Capacity Charge
The reservation / capacity charge for standby and maintenance power shall be the sum of the distribution billing demand charge in the applicable retail rate schedule, plus the applicable demand charges in the wholesale supplier's tariff each month, multiplied by the contract Standby Capacity, as determined in Section E. of this section.
 - Energy Charge
The rate applicable to standby and maintenance energy shall be the sum of the distribution energy charge in the applicable retail rate schedule plus the current energy rate from the wholesale supplier multiplied by the sum of the Standby Energy and Maintenance Energy as determined in Sections C and D of this section.

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- C. Determination of Standby Energy
Standby energy is defined as electric energy supplied by the Cooperative to replace power ordinarily generated by the customer's generation facility during unscheduled full and partial outages of said facility. Standby energy is equal to the difference between the maximum energy output of the customer's generator(s) and the energy measured on the customer's generator meter(s) for the billing period, except those periods where energy supplied by the Cooperative is zero.
- D. Determination of Maintenance Energy
Maintenance energy is defined as energy supplied to the customer to a maximum of the Contract Standby Capacity times the hours in the Scheduled Maintenance period. Maintenance periods shall not exceed 30 days and must be scheduled during off peak months. Customer shall supply the Cooperative with a maintenance Schedule for a 12-month period at least 60 days prior to the beginning of that period, which is subject to the Cooperative's approval. Energy used in excess of a 30-day period of unauthorized maintenance energy shall be billed on the Supplemental Power Rate as specified in this Schedule.
- E. Contract Standby Capacity kW
Contract Standby Capacity kilowatt (kW) amount is the amount of cogeneration or self-generation capacity for which the customer contracts with the Cooperative for Standby Service. If the contract Standby Capacity is exceeded and not covered by the Supplementary Power provisions of this tariff, then the contract standby capacity is automatically increased to the new level. The Contract Standby Capacity kW cannot exceed the maximum net output rating(s) of the connected generator(s).

BASIC SERVICE CHARGE: The monthly basic service charge shall be the service charge contained in the Cooperative's current applicable retail rate schedule, plus an additional \$35 per month.

INTERCONNECTION CHARGE: The QF shall pay all costs associated with any and all additions, modifications or alterations to the cooperative's electric system necessitated or incurred in the establishment and operation of the interconnection with the QF, including but not limited to any and all modification required for the metering of power and energy or for the efficient, safe and reliable operation of the QF's facilities.

FACILITY CHARGE ON DEDICATED FACILITIES: The QF shall be required to pay to the Cooperative a monthly facilities charge to recover all related costs of any dedicated facilities constructed to serve the QF on a firm power and energy basis.

SERVICE CONDITIONS: The Service Conditions of the Cooperative, on file with the ACC, shall apply to this schedule. Cooperative policy regarding Meter reading intervals terms of payments, extended billing periods and collection policy, as filed and approved by the ACC, are stated and published in the Cooperative's Service Conditions.

CONTRACT PERIOD: As provided in the Cooperative's agreement for service with the customer.