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**CO-GENERATION  
SCHEDULE "CO-G"**

AVAILABILITY

This schedule is applicable for purchases of electricity by the Company from such qualifying facilities (QF) as cogenerators or small power producers as defined in Part 292, Subpart B, of the Public Utility Regulatory Policies Act of 1978 regulations. The Company may require proof that the QF meets the requirements for a qualifying facility under those regulations.

This schedule is available for power to be supplied by the QF to the Company at a single point of delivery in amounts less than 1000 kW.

This schedule may be used in conjunction with any of the Company's filed rate schedules presently in effect and applicable to the supply of electric service to a customer.

MONTHLY RATE

Energy:

- (a) If a QF has installed time of use metering, the following energy rates apply:

On-Peak - \$0.01857 per kilowatthour

Off-Peak - \$0.01603 per kilowatthour

- (b) If a QF has not installed time of use metering, the following energy rate applies:

All hours - \$0.01761 per kilowatthour

"On-Peak" is defined to be daily from the hours of 7 a.m. to 10 p.m.

"Off-Peak" is defined to be daily from the hours of 10 p.m. to 7 a.m.

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**CO-GENERATION**  
**SCHEDULE "CO-G" (Continued)**

MONTHLY RATE (Continued)

Capacity:

The following capacity payments are in addition to the energy rate to be paid.

- (a) No capacity payments will be made to QF's who supply 100 kW of power or less except as stated in (c) below.
- (b) For QFs in excess of 100 kW but less than 1,000 kW who enter into contracts of at least six years but not more than ten years duration with the Company to provide dependable capacity to the Company, the Company will purchase capacity from the QF at a levelized capacity rate per kWh for all kilowatthours delivered based on the contract service date in accordance with the following table.

Such capacity payments will remain constant for the term of the contract. The date when energy and capacity are first provided to the Company by the QF on a regular basis is defined as the contract service date. The Company may require reasonable security for capacity payments made to the QF in anticipation of delivered capacity for the duration of the contract. A QF whose average kWh delivered falls below 40% of contracted capacity for any month is not eligible to receive capacity payments for that month. Capacity rates available to QF's will be those shown as the current rate. Other values are provided for information only.

<u>CONTRACT</u> <u>TERM</u>	<u>FIRM MONTHLY CAPACITY RATE</u>	<u>ESTIMATED MONTHLY CAPACITY</u>		
	<u>PAYMENT PER KWH</u>	<u>RATE PAYMENT PER KWH FOR</u>		
		<u>QF SERVICE DATE OF</u>		
		<u>1996</u>	<u>1997</u>	<u>1998</u>
	<u>CURRENT RATE</u>			
6 Years	0.00¢	0.02¢	0.10¢	0.18¢
7 Years	0.01¢	0.08¢	0.15¢	0.23¢
8 Years	0.06¢	0.12¢	0.19¢	0.27¢
9 Years	0.10¢	0.16¢	0.23¢	0.30¢
10 Years	0.14¢	0.19¢	0.25¢	0.32¢

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MONTHLY RATE (Continued)

For Contract terms less than 6 years capacity payments will be made only as stated in (c) below.

- (c) QFs that are not eligible for dependable capacity payments under normal conditions will receive no capacity rate under this schedule. If, however, the Company requests power from such QF not eligible for capacity payments, then a capacity payment of 0.6 cents per kWh shall be paid to the QF for each kWh supplied by the QF during the period that power is requested by the Company.

CONNECTION CHARGE:

The QF will pay the installed cost of the metering equipment and a monthly charge for the recurring expense of the QF metering connection. The monthly charge is as follows:

Basic watt-hour meter .....	\$ 6.50
Time-of-use watt-hour meter .....	\$ 6.71
Recording time-of-use meter.....	\$16.74

SIMULTANEOUS PURCHASE AND SALE OPTION

Each QF served under this schedule shall have the option of either a simultaneous purchase and sale or the sale of only its excess power. The selection of such option shall be expressed in an Electric Service Agreement and shall be for a period of not less than one year.

TERM

One year or longer.

SALES TO QUALIFYING FACILITIES

Supplementary, backup, interruptible, and maintenance power will be supplied by the Company to the QF under the applicable standard rate schedules.

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**INTERCONNECTION COSTS**

All interconnection costs including interconnection costs incurred by the Company which are necessary to purchase energy or energy and capacity from the QF or to supply backup power are the responsibility of the QF. The Company will provide a nonbinding estimate of all interconnection costs to be incurred by the Company.

The QF is responsible for providing, installing, owning, and maintaining at its expense all equipment on the QF's side of the interconnection point. The QF must submit its interconnection plans and specifications to the Company, and the Company shall accept or reject those plans. The Company will inspect and approve the installation prior to making the interconnection. The inspection will be conducted by the Company, and the results of the inspection will be provided to the QF. The costs of any additional Company inspection required shall be borne by the QF. The QF is also responsible for obtaining Company approval for equipment and material specifications prior to making any modifications.

- (a) The review and/or acceptance by the Company of the application for interconnection or plans and specification for such interconnection submitted by a QF does not and shall not be construed (1) as confirming or endorsing the design of the QF's facilities or (2) as any warranty of safety, durability, or reliability of the facilities.
- (b) The Company shall not, by reason of any review or acceptance of the plans and specifications or application for interconnection submitted by QF, be responsible for strength, details of design, adequacy, or capability of the QF's facilities; nor shall the Company's acceptance and/or review of said plans and specifications or application for interconnection be deemed an endorsement or warranty of those facilities.

The Company installs, owns, and maintains at the QF's expense all metering equipment needed to measure separately the electricity delivered to the Company. Access shall be granted by the QF to the Company's authorized representative during any reasonable hours to install, inspect, and maintain the Company's metering equipment.

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**CO-GENERATION**  
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**INTERCONNECTION COSTS (Continued)**

Interconnection costs applicable under this schedule are defined as the reasonable costs of connection, switching, metering, meter detents, transmission, distribution, safety provisions, and administrative costs incurred by the Company 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 Company would have incurred if it had not engaged in interconnected operation, but instead generated an equivalent amount of electric energy itself or purchased an equivalent amount of electric energy or capacity from other sources.

The QF shall have the option of paying the Company for such interconnection costs at the time of installation or repaying the Company for such costs over a period of up to three years. If the QF elects repayment over a period of time, reasonable security for such repayments can be required and the repayment schedule may include interest equal to the interest cost of the Company's most recent issue of long term debt.

**SAFETY AND RELIABILITY**

The Company has established standards to insure safety and reliability of interconnected operations. These standards are set forth in APS Engineering Manual Section 35, Subject Indices 1.0, 2.0 and 3.0 and are titled "Nonutility Generation", ("Standards"). These Standards which have been filed with the Commission and are incorporated herein by reference, will be enforced, and must be satisfied before the Company will interconnect with the QF. A copy of these Standards will be provided to a prospective QF upon request. The following is a brief outline of the Standards.

The QF assumes sole responsibility to design and install its system for protection against faults or disturbances on the Company's system.

Interconnection with the Company's system requires the installation of protective equipment by the QF which, in the Company's judgment, provides safety for persons, property and equipment affected, and prevents interference with the Company's supply of service to others, including voltage, frequency, or waveshape of power. After installation and at any time this rate is in effect, the Company shall have the right to inspect all the facilities and their operation, and to test all protective equipment.

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**CO-GENERATION**  
**SCHEDULE "CO-G" (Continued)**

**SAFETY AND RELIABILITY (Continued)**

QF generation must operate in parallel with Company generation. QF must provide synchronizing equipment which will automatically isolate the QF generation from the Company's system if the Company's circuit becomes de-energized or if the QF should lose synchronization.

Parallel operation must cease immediately and automatically during electrical outages and other emergency or abnormal conditions as specified by the Company, or when maintenance on Company facilities is being performed and safety considerations require the de-energizing of the QF. The Company is not liable for and accepts no responsibility whatsoever for any loss, cost, expense, damage or injury to any person or property resulting from the use or presence of electric current or voltage which originates from a QF's generation facilities, or is caused by failure of the QF to operate in compliance with Company requirements.

The Company may disconnect from the QF's facilities from time to time in order that the Company can (1) construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or any part of its system; or (2) if the Company determines the curtailment, interruption or reduction of deliveries of energy or energy and capacity is necessary because of technical system emergencies including forced outages and operating conditions on its system, or as otherwise required by prudent electrical practices.

The QF generation equipment must be equipped with a Company-controlled, and easily accessible, manually operable disconnecting device capable of being locked in the open position to isolate QF's generator from the Company's system. Interlocks must be provided to preclude paralleling the generator through any point other than the designated interconnection point.

Automatic reclosing shall not be installed on the interconnection disconnecting device.

QF equipment must be equipped with a Company-approved overcurrent protective device and necessary relaying to interrupt generator fault current due to faults on the Company's system.

The QF may be required to install current limiting reactors to limit the magnitude of QF-owned generator fault current.

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**CO-GENERATION**  
**SCHEDULE "CO-G" (Concluded)**

**PERIODS DURING WHICH PURCHASES ARE NOT REQUIRED**

The Company will not be required to purchase energy or capacity during an electrical emergency or during periods of maintenance when safety considerations would require the de-energizing of facilities. Whenever possible the Company will notify the QF by telephone, followed by written confirmation, of such circumstances.

**GENERAL**

The QF is solely responsible for the proper installation, operation, and maintenance of any equipment used to interconnect with the Company's system, and is liable for any claims, demands, suits, actions, any judgments and all costs, expense, pecuniary or other loss which may arise directly or indirectly from any act or omission of the QF, its agents, servants, or employees.

Maintenance and operation of the generator and associated equipment will be the responsibility of the QF.

Failure of the QF to comply with any of the Company's provisions or requirements shall result in disconnection from the Company's system and the Company will be under no obligation to make subsequent purchases of electricity until the QF complies with all the Company's requirements.

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