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CO-GENERATION  
SCHEDULE CO-G

AVAILABILITY

This Rate 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 Rate Schedule is available for power to be supplied by the QF to the Company at a single point of delivery in amounts of 100 kW or less.

This Rate 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:

QFs must elect to receive their energy payments based on either (1) rates in effect at the time the electricity is delivered, or (2) estimated rates determined at the time the obligation is incurred. The maximum contract term under option (2) shall be three (3) years.

The energy purchase prices shown below are applicable only to QFs selecting option (1) above for the years indicated:

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

	2002 Peak Season	2002 Non-Peak Season
On-Peak	\$0.05377 per kilowatthour	\$0.03269 per kilowatthour
Off-Peak	\$0.02221 per kilowatthour	\$0.02221 per kilowatthour

b) If the QF has not installed time-of-use metering, the following energy rates apply:

	2002
All hours	\$0.03066 per kilowatthour

"Peak Season" is defined as the months of June, July and August. All other months are defined as "Non-Peak Season".

"On-Peak" is defined to be from the hours of 7 a.m. to 10 p.m. Monday thru Saturday. All other hours are defined as "Off-Peak".

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CO-GENERATION  
SCHEDULE CO-G (Continued)

MONTHLY RATE (Continued)

Capacity:

No separate capacity payment shall be made by the Company.

CONNECTION CHARGE:

For each connection under this Rate Schedule, the QF will pay to the Company a monthly charge based on the type meter installed. The monthly charge is as follows:

Basic watthour meter.....\$ 10.43  
Recording time-of-use meter.....\$ 41.55

SIMULTANEOUS PURCHASE AND SALE OPTION

Each QF served under this Rate 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 the Electric Service Agreement and shall be for a period of not less than one year.

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CO-GENERATION  
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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.

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 a 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.

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CO-GENERATION  
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INTERCONNECTION COSTS (Continued)

The Company installs, owns, and maintains, at the QF's expense, all metering equipment needed to measure separately the electricity delivered to the Company. The QF will pay the installed cost of the metering equipment and a monthly connection charge for the recurring expenses of the QF connection. 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.

Interconnection costs applicable under this Rate 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 Generators, Interconnection Policy and Guidelines~~", ("Standards"). These Standards have been filed with the Commission. They 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 system.

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SAFETY AND RELIABILITY (Continued)

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.

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

Parallel operation must cease immediately and automatically during system 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 must install disconnect devices consistent with the requirements specified in the APS Engineering Manual, Section 35, for the size and voltage of the facility and capable of isolating the facility from the Company lines.

Automatic reclosing shall not be installed on the interconnection disconnecting device, except in certain Distribution System applications meeting specific requirements.

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 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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PERIODS DURING WHICH PURCHASES ARE NOT REQUIRED

The Company will not be required to purchase energy or capacity during a system 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 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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