

**COGENERATION
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 of 100 Kw or less.

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 time-of-day metering has been installed, the following energy rates apply:

On-Peak - 1.570 cents per kilowatt-hour
Off-Peak - 1.502 cents per kilowatt-hour

(b) If time-of-day metering has not been installed, the following energy rate applies:

..... 1.502 cents per kilowatt-hour

Capacity

If a QF enters into a contract with the Company of at least two years duration to provide dependable capacity to the Company for a specified number of years, the Company will purchase capacity from the QF (at a capacity rate per on-peak Kwh) in accordance with the following schedule. 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. In order to receive capacity payments, the QF must provide energy and capacity on a time-of-day basis. The capacity rate will be paid per Kwh delivered during the on-peak period and is in addition to the energy rate paid to the QF.

From the contract service date through the eighth year of the contract: 0.50 cents per kilowatt-hour.

For the ninth through the final year of the contract: the greater of 0.50 per kilowatt-hour, or the monthly fixed charge per Kw of the last fossil-fueled steam generating unit to be declared in commercial operation on the Allegheny Power System during or prior to the eighth year of the contract, based on its installed cost as of the commercial operation date, times a ratio of the contract term in years divided by thirty-three - said ratio not to exceed one, divided by 456 (the average number of on-peak hours in a month).

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ON-PEAK AND OFF-PEAK PERIODS

The on-peak period shall be defined as the hours between 7:00 a.m. and 10:00 p.m. daily.

The off-peak period shall be defined as the hours between 10:00 p.m. and 7:00 a.m. daily.

CONNECTION CHARGE

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

Basic watt-hour meter	\$ 5.08
Time-of-use watt-hour meter	5.83
Recording time-of-use meter	19.62

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 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 specifications for such interconnection submitted by a small power producer or cogenerator does not and shall not be construed (a) as confirming or endorsing the design of the customer's facilities or (b) 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 small power producer or cogenerator, be

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INTERCONNECTION COSTS (Continued)

responsible for strength, details of design, adequacy, or capability of the customer'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.

The QF may elect to repay Company expended interconnection and meter costs as well as any administrative and related costs, including interest on the unpaid amounts at the rate of the Company's most recent issue of long-term debt, over a period of not greater than 36 equal monthly payments, in which case the QF is required to provide a Surety Bond or equivalent security acceptable to the Company to ensure the payment schedule.

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 Index 1.0, and are titled "Customer-Owned 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.

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.

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SAFETY AND RELIABILITY (Continued)

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 that curtailment, interruption, or reduction of deliveries of energy or 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 the QF's generator from the Company 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 system.

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

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.

FAILURE TO OPERATE

If capacity payments are based on long-term dependable capacity, QF agrees that if the facility ceases operation prior to the end of the term of the contract, then the QF shall be liable to the Company for the total difference between the actual payments for capacity paid to the QF and the payments for capacity that would have been paid to the QF if calculations were based on the actual term of the operation. The Company will be entitled to interest on the overpayments at the rate of the Company's most recent issue of long-term debt at the time of the Company's initial monthly over payment for capacity to the QF.

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 claim, demands, suits, actions, any judgments and all costs, expenses, 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.