

**RULES FOR ELECTRIC SERVICE
RULE 6 - AUXILIARY SERVICE
FOR NON-QUALIFYING FACILITIES**

A. APPLICATION

(1) Service to customers who have another source of power which can be substituted for Company's service for any of customer's operations. Service is supplied under the terms of this rule unless such other source of power is maintained solely for use in case of interruption of the Company's service. Service to Qualifying Facilities (QFs) is provided for under Rule 6A.

(2) Service is supplied only where Company has available the capacity and facilities adequate for the service and only under a contract for an initial term of one or more years under a general service rate schedule with measured demands. Bills for service are based on charges specified in the rate schedule, subject to a minimum charge as described in this rule.

(3) The customer's equipment may not be operated concurrently by means of service supplied by Company and by such other source of electric or mechanical power except upon written agreement setting forth the conditions of such operation.

(4) Customers selecting Rule 6 do not qualify for the Net Service provision of Rule 11.

(C)

B. MINIMUM CHARGE

The minimum monthly charge is the KW demand and KWH energy charges in the rate schedule for 100 hours use of the kilowatts of Reserved Capacity, plus the succeeding KW charge in the rate schedule for any kilowatts of the Billing KW in excess of the kilowatts of Reserved Capacity.

C. RESERVED CAPACITY

(1) When customer's entire power requirements exceed the capacity of such other source of power and no load limiter is installed, the Reserved Capacity is the rated capacity in kilowatts (at unity power factor) of customer's other source of power. In all other cases the Reserved Capacity is the average kilowatts, supplied during the single 15 minute period of maximum use during the current billing month or any of the preceding 11 months, but not less than the kilowatt setting of a load limiter, or, when no limiter is installed, not less than Company's estimate of the number of kilowatts of customer's entire power requirements as stated in the contract.

(2) The customer has the option of furnishing, installing, and maintaining a load limiter for service supplied by Company, which shall be approved, set, and sealed by Company. The limiter will be set at approximately the number of kilowatts of Reserved Capacity contracted for by the customer.

**D. PURCHASE OF ENERGY FROM SPECIFIC CUSTOMER-OWNED GENERATING
EQUIPMENT (Limited 3-1-88)**

The Company will purchase the net electric energy output from a customer's generating facility provided: (1) the facility uses biomass (excluding direct combustion of the biomass resource), municipal solid waste, solar, wind, or small hydro (5 MW or less) as the energy source; (2) the customer's system is installed in accordance with Company specifications and the receipt of the

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RULES FOR ELECTRIC SERVICE**RULE 6 - AUXILIARY SERVICE
FOR NON-QUALIFYING FACILITIES (CONTINUED)****D. PURCHASE OF ENERGY FROM SPECIFIC CUSTOMER-OWNED GENERATING
EQUIPMENT (Limited 3-1-88) (Continued)**

facility's output is not detrimental to the operation of the Company's distribution system or to other customers; and (3) the customer compensates the Company for the estimated cost of interconnection and metering facilities in excess of what is required for normal service. Any subsequent maintenance and modification of such facilities to adjust to changing conditions on the Company's electrical system is at the selling customer's expense. For these provisions to be applicable to a municipal solid waste project, the proposed operator/owner of such project must demonstrate that governmental agencies having the right to approve or reject the operation and location of such project have been informed of the planned source of all waste to be processed, and assent to the processing of such waste, as evidenced in a letter or statement duly executed.

Energy output is purchased, as available, from the customer's qualifying facility at the rate of \$0.06 per KWH or at the calendar year weighted average value of the Company's interchange energy sales and purchases when such rate exceeds \$0.06 per KWH. Payments so determined are limited to purchases made prior to January 1, 1990. Thereafter, payments will be maintained at the rate in effect for 1989. Payment on the basis of \$0.06 per KWH is made monthly for energy received from the qualifying generating facility in the preceding month with reconciliation with the annual rate as soon as the calendar year data is available. At the Company's option, when purchases are less than 150 KWH per month, payment may be made annually.

The rate in this rule is available to developers who contacted the Company regarding the application of this rule to a specific project prior to March 1, 1988, or who can demonstrate that they made substantial progress toward the development of a specific project or facility prior to March 1, 1988. The following constitute evidence of substantial progress toward developing a project:

- 1) FERC certification granting qualifying status to the facility,
- 2) a statement of project definition including preliminary project design,
- 3) a letter of intent or similar evidence of host site control,
- 4) evidence of adequate fuel supply consistent with anticipated project life and energy production,
- 5) a plan for obtaining all necessary project licensing, and
- 6) preliminary evidence of the project's financial feasibility and a preliminary financing plan.

A developer unable to reach agreement with the Company concerning the substantial progress criteria must initiate a formal proceeding with the Commission within ninety (90) days of the effective date of this tariff supplement.

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**RULE 6 - AUXILIARY SERVICE
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EQUIPMENT (Limited 3-1-88) (Continued)**

Additionally, the rate is available only to those developers who satisfy the above criteria and who sign a power purchase agreement applicable to the project prior to January 1, 1990, or who began negotiations on the agreement within a reasonable period of time after the effective date of this tariff supplement, but have been unable to sign a power purchase agreement prior to January 1, 1990, due to a legitimate contract dispute.

The rate under this rule expires January 1, 2010.

**E. ADJUSTMENTS TO COMPETITIVE TRANSITION CHARGE AND INTANGIBLE TRANSITION
CHARGE (C)**

- (1) Except as provided for in subsection (2), if a customer installs on-site generation, which, after January 1, 1999, operates in parallel with other generation on the Company's system and which reduces by 10% or more the customer's purchases of electricity through the Company's transmission and distribution network, the customer's fully allocated share of transition or stranded costs shall be recovered from the customer through the CTC and ITC.
- (2) If an existing industrial or commercial customer installs on-site generation with an installed capacity of 4 MW or more or expands existing on-site generation by 4 MW or more after January 1, 1999 and prior to December 31, 2009, and the customer can document that it had concluded a written economic feasibility study of self-generation as of December 31, 1996 or earlier, then, in addition to any other applicable charges, the Company will calculate a separate bill annually in the first quarter of each calendar year in the Transition Period for one-third of the difference between: a) the amount of annual CTC and ITC revenue that the customer would have been billed by the Company based on the customer's average billing demand and energy usage for the calendar year 1996 and the prevailing CTC and ITC charges in the Rate Schedule applicable to that customer and b) the amount of annual CTC and ITC actually billed in the just completed calendar year with the self-generation in operation, using the prevailing CTC and ITC charges in the Rate Schedule applicable to that customer. For purposes of this provision, self-generation means self-generation which had not commenced operation as of December 31, 1998 or additions and/or expansions of self-generation which existed prior to December 31, 1998. This charge is in addition to all other applicable Tariff charges and will be paid monthly.