

Big Sandy Rural Electric Cooperative Corporation

Section DSM - 3(a)

Direct Load Control Program – Residential

Purpose

The Direct Load Control Program will encourage the reduction in growth of peak demand, enabling East Kentucky Power Cooperative ("EKPC") to utilize its system more efficiently, manage market purchases, and defer the construction of new generation.

Availability

The Direct Load Control Program is available to residential customers in the service territory of Big Sandy RECC and will include the control of water heaters, air conditioners and heat pumps, and pool pumps.

Availability may be denied where, in the judgment of Big Sandy RECC, installation of the load control equipment is impractical.

Eligibility

To qualify for this Program, the participant must be located in the service territory of Big Sandy RECC, and have:

- 40-gallon (minimum) electric water heating units, and/or
- Central air conditioning or heat pump units, and/or
- Pool pumps.

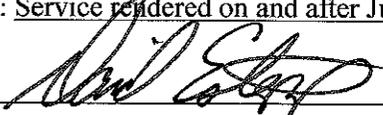
The above appliances may be electrically cycled or interrupted in accordance with the rules of this Tariff.

The participant may either own or rent the residence where the qualifying appliances are located. The residence may be either a single-family structure or a multi-family apartment facility.

The participant is responsible for obtaining the permission of the owner of the rented residence to participate in the load control program. Big Sandy RECC may require that a rental property agreement be executed between Big Sandy RECC, and the owner of the rented residence.

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TITLE President & General Manager

Section DSM - 3(a) *(continued)*

Direct Load Control Program – Residential

Program Incentives

Big Sandy RECC will provide an incentive to the participants in this program for the following appliances.

Water Heaters. Big Sandy RECC will credit the residential power bill of the participant \$10.00 per water heater per year. The participant will receive this credit regardless of whether the water heater is actually controlled.

Air Conditioners and Heat Pumps. Big Sandy RECC will provide an incentive to the participants in this program. The participant may select one of two alternatives. The participant will receive one of these incentives regardless of whether the air conditioner or heat pump is actually controlled during any program month.

Alternative One. Big Sandy RECC will credit the residential power bill of the participant \$20.00 per air conditioner (\$5 per summer months, June, July, August, and September).

Alternative Two. When technically feasible, Big Sandy RECC will provide and install at no cost one or more digital thermostats as needed for control purposes.

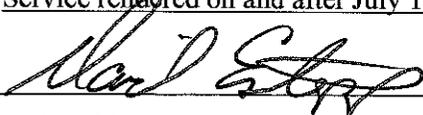
After the initial selection of one of the alternatives, the participant may change to the other alternative subject to the following conditions:

- From bill credits to digital thermostats – The change in alternative will be permitted in any month except for the summer months of June through September. In addition, the participant will pay 50 percent of the installed cost of each digital thermostat.
- From digital thermostats to bill credits – The change in alternative will be permitted in any month except for the summer months of June through September. In addition, the participant will either reimburse EKPC, through Big Sandy RECC, an amount equal to 50 percent of the original installed cost of each digital thermostat that was initially installed if the participant keeps the thermostat or pay 50 percent of the cost to remove each digital thermostat that was initially installed.
- Only one change in incentive alternatives will be permitted during a 12-month period.

Pool Pumps. Big Sandy RECC will credit the residential power bill of the participant \$20.00 per pool pump annually (\$5.00 per summer month, June, July, August and September). The participant will receive this credit regardless of whether the pool pump is actually controlled.

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Section DSM - 3(a) (continued)

Direct Load Control Program - Residential

When the qualifying appliances are located in rental residences, program incentives will be paid to the participant, regardless of whether the participant owns or rents the residence where the qualifying appliances are located. Nothing contained in this Tariff will prohibit a further disposition of the program incentive between the participant and the owner of a rented residence.

Program Special Incentives

Big Sandy RECC will provide a special incentive up to \$25 for new participants that install a load control switch on qualifying electric water heaters, air conditioners and heat pumps, and or pool pumps. The one-time per residence incentive will be in the form of a bill credit on the electric bill following the switch installation.

Time Periods for Direct Load Control Program

Water Heaters. A load control switch will be placed on the water heater and may be electrically interrupted for a maximum time period of six hours during the May through September months indicated below and for a maximum time period of four hours during the October through April months indicated below.

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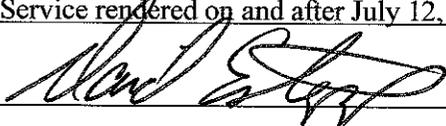
EKPC will cycle the water heaters only during the hours listed below:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EPT</u>	(T)
October through April	6:00 a.m. to 12:00 noon 4:00 p.m. to 10:00 p.m.	
May through September	10:00 a.m. to 10:00 p.m.	

Air Conditioners and Heat Pumps. A load control device (switch or thermostat) will be placed on each central air conditioning unit or heat pump that will allow the operating characteristics of the unit to be modified to reduce demand on the system. Communication to the load control device will be accomplished via AMR or AMI equipment.

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Section DSM - 3(a) (continued)

Direct Load Control Program – Residential

EKPC will control the air conditioning units and heat pumps only during its summer on-peak billing hours listed below:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EPT</u>	(T)
May through September	10:00 a.m. to 10:00 p.m.	

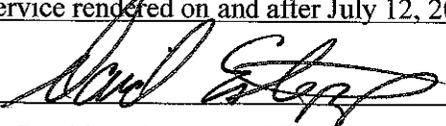
Pool Pumps. A load control switch will be placed on the pool pump and may be controlled for a six-hour curtailment during on peak days May through September. In addition, there may be a 50 percent cycling for the ensuing two-hour recovery period to prevent creating a new peak. (T)

Terms and Conditions

1. Prior to the installation of load control devices, Big Sandy RECC may inspect the participant's electrical equipment to insure good repair and working condition, but Big Sandy RECC shall not be responsible for the repair or maintenance of the electrical equipment.
2. EKPC, on behalf of Big Sandy RECC, will install, own, and maintain the load management devices controlling the participant's air conditioner, heat pump, or water heater. The participant must allow Big Sandy RECC, or their representative, reasonable access to install, maintain, inspect, test and remove load control devices. Inability of Big Sandy RECC to gain access to the load management device to perform any of the above activities for a period exceeding 30 days may, at Big Sandy RECC's option, result in discontinuance of credits under this tariff until such time as Big Sandy RECC is able to gain the required access.
3. Participants may join the program at any time during the year. Participants with water heaters and/or pool pumps will receive the first annual incentive within 12 months after the installation of the load control device. Participants with air conditioning or heat pump units who join during the months of June through September can select an incentive alternative as described in this Tariff. If the bill credit incentive is selected, bill credits will not begin until after the installation of the load control device and continue for the months remaining in the June to September time period for that year.
4. If a participant decides to withdraw from the program or change incentive alternatives, Big Sandy RECC will endeavor to implement the change as soon as possible.
5. If a participant decides to withdraw from the program, the participant may not apply to rejoin the program for a period of 6 months. Returning participants for air conditioning and heat pump units will be required to initially select the bill credit alternative, but may change alternatives later as described in this Tariff.

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Section DSM – 3(b)

Direct Load Control Program – Commercial

Purpose

The Direct Load Control Program will encourage the reduction in growth of peak demand, enabling East Kentucky Power Cooperative (“EKPC”) to utilize its system more efficiently, manage market purchases, and defer the construction of new generation.

Availability

The Direct Load Control Program is available to commercial customers in the service territory of Big Sandy RECC and will include the control of air conditioners and water heaters.

Availability may be denied where, in the judgment of Big Sandy RECC, installation of the load control equipment is impractical.

Eligibility

To qualify for this Program, the participant must be located in the service territory of Big Sandy RECC and have a central air conditioning unit and/or a 40-gallon (minimum) electric water heating unit. The appliance may be electrically cycled or interrupted in accordance with the rules of this Tariff.

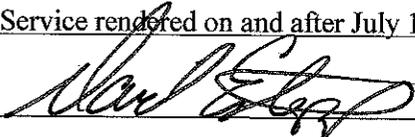
The participant is responsible for obtaining the permission of the commercial property owner to participate in the load control program. Big Sandy RECC may require that a rental property agreement be executed between Big Sandy RECC, and the owner of the rented commercial property.

Program Incentives

Big Sandy RECC will provide an incentive to the participants in this program for the following appliances.

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Section DSM - 3(b) (continued)

Direct Load Control Program - Commercial

Air Conditioners. The incentive will be based on the tonnage of the air conditioning unit. Units up to and including five tons will receive an additional monthly credit of \$5.00 per unit. Units over five tons will receive an additional monthly credit of \$1.00 per ton per unit. Big Sandy RECC will credit the commercial power bill of the participant the applicable incentive credit during the months of June through September. The participant will receive the incentive regardless of whether the air conditioner is actually controlled during any program month.

Water Heaters. Big Sandy RECC will credit the commercial power bill of the participant \$10.00 per water heater per year. The participant will receive this credit regardless of whether the water heater is actually controlled.

Time Periods for Direct Load Control Program

Air Conditioners. A load control device will be placed on each central air conditioning unit that will allow the operating characteristics of the unit to be modified to reduce demand on the system. Communication to the load control device will be accomplished via AMR, AMI, or paging equipment.

EKPC will control the air conditioning units only during its summer on-peak billing hours listed below:

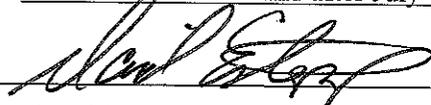
<u>Months</u>	<u>Hours Applicable for Demand Billing - EPT</u>	(T)
May through September	10:00 a.m. to 10:00 p.m.	

Water Heaters. A load control switch will be placed on the water heater and may be electrically interrupted for a maximum time period of six hours during the May through September months indicated below and for a maximum time period of four hours during the October through April months indicated below.

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Section DSM - 3(b) (continued)

Direct Load Control Program - Commercial

EKPC will cycle the water heaters only during the hours listed below:

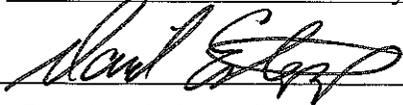
<u>Months</u>	<u>Hours Applicable for Demand Billing - EPT</u>	(T)
October through April	6:00 a.m. to 12:00 noon 4:00 p.m. to 10:00 p.m.	
May through September	10:00 a.m. to 10:00 p.m.	

Terms and Conditions

1. Prior to the installation of load control devices, Big Sandy RECC may inspect the participant's electrical equipment to insure good repair and working condition, but Big Sandy RECC shall not be responsible for the repair or maintenance of the electrical equipment.
2. EKPC, on behalf of Big Sandy RECC, will install, own, and maintain the load management devices controlling the participant's air conditioner unit or water heater. The participant must allow Big Sandy RECC, or their representative, reasonable access to install, maintain, inspect, test and remove load control devices. Inability of Big Sandy RECC to gain access to the load management device to perform any of the above activities for a period exceeding 30 days may, at Big Sandy RECC's option, result in discontinuance of credits under this tariff until such time as Big Sandy RECC is able to gain the required access.
3. Participants may join the program at any time during the year. Participants with air conditioning who join during the months of June through September will receive bill credits beginning after the installation of the load control device and continuing for the months remaining in the June to September time period for that year. Participants with water heaters will receive the first annual incentive within 12 months after the installation of the load control device.
4. If a participant decides to withdraw from the program, Big Sandy RECC will endeavor to implement the withdrawal as soon as possible. If a participant decides to withdraw from the program, the participant may not apply to rejoin the program for a period of six months.

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