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RECEIVED

APR 08 2009

PUBLIC SERVICE
COMMISSION

April 8, 2009

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

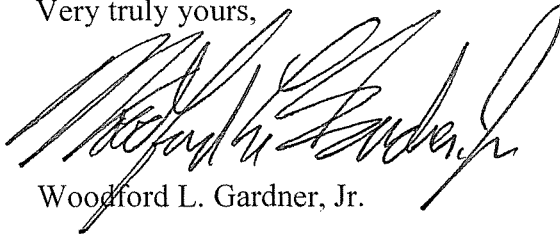
HAND DELIVERED

Dear Mr. Derouen:

Pursuant to Commission Order in Case No. 2008-00169, dated January 8, 2009, attached for filing is an original and six copies of Farmers Rural Electric Cooperative's Net Metering Tariff and Application Forms.

Should you have any questions, please contact Mr. William T. Prather, President and CEO of Farmers Rural Electric Cooperative, at 270-651-2193. Thank you.

Very truly yours,



Woodford L. Gardner, Jr.

Enclosures

FOR ALL TERRITORY SERVED
Community, Town or City
P.S.C. KY. NO. 9

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

1st Revision SHEET NO. 15
CANCELLING P.S.C. KY. NO. 9
Original SHEET NO. 15

CLASSIFICATION OF SERVICE

RATES SCHEDULE NM—NET METERING

AVAILABILITY OF NET METERING SERVICE

Net Metering is available to eligible member-generators in Farmers RECC's service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity of one percent (1%) of the Farmers RECC's single hour peak load during the previous year. If the cumulative generating capacity of net metering systems reaches 1% of a supplier's single hour peak load during the previous year, upon Commission approval, Farmers RECC's obligation to offer net metering to a new member-generator may be limited. An eligible member-generator shall mean a retail electric member of Farmers RECC with a generating facility that:

- 1) Generates electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
- 2) Has a rated capacity of not greater than thirty (30) kilowatts;
- 3) Is located on the member's premises;
- 4) Is owned and operated by the member;
- 5) Is connected in parallel with Farmers RECC's electric distribution system; and
- 6) Has the primary purpose of supplying all or part of the member's own electricity requirements.

At its sole discretion, Farmers RECC may provide Net Metering to other member-generators not meeting all the conditions listed above on a case-by-case basis.

METERING

Farmers RECC shall provide net metering services, without any cost to the Member for metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. This provision does not relieve Member of his or her responsibility to pay metering costs embedded in the Farmers RECC's Commission-

DATE OF ISSUE April 8, 2009

DATE EFFECTIVE April 8, 2009

ISSUED BY William J. Patton

TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in

Case No. 2008-00169 Dated January 8, 2009

FOR ALL TERRITORY SERVED
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P.S.C. KY. NO. 9

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

1st Revision SHEET NO 16
CANCELLING P.S.C. KY. NO 9
Original SHEET NO 16

CLASSIFICATION OF SERVICE

approved base rates. Net metered electricity shall be measured in accordance with standard metering practices established by Farmers RECC using metering equipment capable of measuring and recording energy flows, on a kWh basis, from Farmers RECC to the member-generator and from the member-generator to Farmers RECC, with each directional energy flow recorded independently. If time-of-day or time-of-use metering is used, the electricity fed back to the electric grid by the member-generator shall be metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-day and time-of-use billing agreement currently in place.

Any additional meter, meters, or distribution upgrades needed to monitor the flow in each direction shall be installed at the Member's expense.

BILLING AND PAYMENT

For charges collected on the basis of metered registration, Farmers RECC shall, for each monthly billing period, determine the net meter registration of the member-generator by comparing the directional energy flow in each direction. If the net meter registration shows that the deliveries of energy in kWh from the member-generator to Farmers RECC exceed the deliveries of energy in kWh from Farmers RECC to the member-generator, the net meter registration in kWh will be carried forward to the next monthly billing period as a Net Metering Credit, expressed in kWh. If the member-generators carried over a Net Metering Credit from one of more prior months, the net meter registration from the current month shall be added to the Net Metering Credit that exists from prior months.

If the net metering registration shows that deliveries of energy in kWh from the Cooperative to the member-generator exceed the deliveries of energy in kWh from the member-generator to the Cooperative, the member-generator shall pay the Cooperative for the net amount of energy delivered by the Cooperative after application of any Net Metering Credit carried forward from previous months at the current rate applicable to its type or class of electric service.

The member shall be responsible for payment of any applicable member charge or other applicable charges.

At no time shall Farmers RECC be required to convert the Net Billing Credit to cash. If a member-generator closes his account, no cash refund for residual Net Metering Credits shall be paid.

Net Metering Credits are not transferable between members or locations.

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**FARMERS RURAL ELECTRIC
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CANCELLING P.S.C. KY. NO 9
Original SHEET NO. 17

CLASSIFICATION OF SERVICE

APPLICATION AND APPROVAL PROCESS

The Member shall submit an Application for Interconnection and Net Metering ("Application") and receive approval from Farmers RECC prior to connecting the generator facility to Farmers RECC's system.

Applications will be submitted by the Member and reviewed and processed by Farmers RECC according to either Level 1 or Level 2 processes defined in this tariff.

Farmers RECC may reject an Application for violations of any code, standard, or regulation related to reliability or safety; however, Farmers RECC will work with the Member to resolve those issues to the extent practicable.

Members may contact Farmers RECC to check on status of an Application or with questions prior to submitting an Application. Contact information is provided on the Application form and is listed on Farmers RECC's website.

LEVEL 1 AND LEVEL 2 DEFINITIONS

LEVEL 1

A Level 1 Application shall be used if the generating facility is inverter-based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 "Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources" (UL 1741).

Farmers RECC will approve the Level 1 Application if the generating facility also meets all of the following conditions:

- 1) For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section's most recent annual one hour peak load. A line section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.
- 2) If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.

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**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

1st Revision SHEET NO. 18
CANCELLING P.S.C. KY. NO. 9
Original SHEET NO. 18

CLASSIFICATION OF SERVICE

- 3) If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.
- 4) If the generating facility is to be connected to three-phase, three wire primary Farmers RECC distribution lines, the generator shall appear as a phase-to-phase connection at the primary Farmers RECC distribution line.
- 5) If the generating facility is to be connected to three-phase, four wire primary Farmers RECC distribution lines, the generator shall appear to the primary Farmers RECC distribution line as an effectively grounded source.
- 6) The interconnection will not be on an area or spot network.
- 7) Farmers RECC does not identify any violations of any applicable provisions of IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems."
- 8) No construction of facilities by Farmers RECC on its own system will be required to accommodate the generating facility.

If the generating facility does not meet all of the above listed criteria, Farmers RECC, in its sole discretion, may either: 1) approve the generating facility under the Level 1 Application if Farmers RECC determines that the generating facility can be safely and reliably connected to Farmers RECC's system; or 2) deny the Application as submitted under the Level 1 Application.

Farmers RECC shall notify the member within 20 business days whether the Application is approved or denied, based on the criteria provided in this section.

If the Application lacks complete information, Farmers RECC shall notify the Member that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the time to process the Application.

When approved, Farmers RECC will indicate by signing the approval line on the Level 1 Application Form and returning it to the Member. The approval will be subject to successful completion of an initial installation inspection and witness test if required by Farmers

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**FARMERS RURAL ELECTRIC
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Original SHEET NO. 19

CLASSIFICATION OF SERVICE

RECC. Farmers RECC's approval section of the Application will indicate if an inspection and witness test are required. If so, the Member shall notify Farmers RECC within 3 business days of completion of the generating facility installation and schedule an inspection and witness test with Farmers RECC to occur within 10 business days of completion of the generator facility installation or as otherwise agreed to by Farmers RECC and the Member. The Member may not operate the generating facility until successful completion of such inspection and witness test, unless Farmers RECC expressly permits operational testing not to exceed two hours. If the installation fails the inspection or witness test due to non-compliance with any provision in the Application and Farmers RECC approval, the Member shall not operate the generating facility until any and all non-compliance issues are corrected and re-inspected by Farmers RECC.

If the Application is denied, Farmers RECC will supply the Member with reasons for denial. The Member may resubmit under Level 2 if appropriate.

LEVEL 2

A Level 2 Application is required under any of the following:

- 1) The generating facility is not inverter based;
- 2) The generating facility uses equipment that is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741; or
- 3) The generating facility does not meet one or more of the additional conditions under Level 1.

Farmers RECC will approve the Level 2 Application if the generating facility meets Farmers RECC's technical interconnection requirements, which are based on IEEE 1547.

Farmers RECC will process the Level 2 Application within 30 business days of receipt of a complete Application. Within that time Farmers RECC will respond in one of the following ways:

- 1) The Application is approved and Farmers RECC will provide the Member with an Interconnection Agreement to sign.
- 2) If construction or other changes to Farmers RECC's distribution system are required, the cost will be the responsibility of the Member. Farmers RECC will

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give notice to the Member and offer to meet to discuss estimated costs and construction timeframe. Should the Member agree to pay for costs and proceed, Farmers RECC will provide the Member with an Interconnection Agreement to sign within a reasonable time.

- 3) The Application is denied. Farmers RECC will supply the Member with reasons for denial and offer to meet to discuss possible changes that would result in Farmers RECC approval. Member may resubmit Application with changes.

If the Application lacks complete information, Farmers RECC shall notify the Member that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the 30-business-day target to process the Application.

The Interconnection Agreement will contain all the terms and conditions for interconnection consistent with those specified in this tariff, inspection and witness test requirements, description of and cost of construction or other changes to Farmers RECC's distribution system required to accommodate the generating facility, and detailed documentation of the generating facilities which may include single line diagrams, relay settings, and a description of operation.

The Member may not operate the generating facility until an Interconnection Agreement is signed by the Member and Farmers RECC and all necessary conditions stipulated in the agreement are met.

APPLICATION, INSPECTION AND PROCESSING FEES

No application fees or other review, study, or inspection or witness test fees may be charged by Farmers RECC for Level 1 Applications.

Farmers RECC requires each Member to submit with each Level 2 Application a non-refundable application, inspection and processing fee of \$100 for Level 2 Applications. In the event Farmers RECC determines an impact study is necessary with respect to a Level 2 Application, the Member shall be responsible for any reasonable costs up to \$1,000 for the initial impact study. Farmers RECC shall provide documentation of the actual cost of the impact study. Any other studies requested by the Member shall be at the Member's sole expense.

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1st Revision SHEET NO. 21
CANCELLING P.S.C. KY. NO. 9
Original SHEET NO. 21

CLASSIFICATION OF SERVICE

TERMS AND CONDITIONS FOR INTERCONNECTION

To interconnect to Farmers RECC's distribution system, the Member's generating facility shall comply with the following terms and conditions:

- 1) Farmers RECC shall provide the Member net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Member requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Member's expense.
- 2) The Member shall install, operate, and maintain, at Member's sole cost and expense, any control, protective, or other equipment on the Member's system required by Farmers RECC's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Farmers RECC's electric system. Member shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from Farmers RECC, the Member shall demonstrate generating facility compliance.
- 3) The generating facility shall comply with, and the Member shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Farmers RECC's rules, regulations, and Service Regulations as contained in Farmers RECC's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, Member shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.

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**FARMERS RURAL ELECTRIC
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CANCELLING P.S.C. KY. NO 9
Original SHEET NO 22

CLASSIFICATION OF SERVICE

- 4) Any changes or additions to Farmers RECC's system required to accommodate the generating facility shall be considered excess facilities. Member shall agree to pay Farmers RECC for actual costs incurred for all such excess facilities prior to construction.
- 5) Member shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Farmers RECC's electric system. At all times when the generating facility is being operated in parallel with Farmers RECC's electric system, Member shall operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Farmers RECC to any of its other members or to any electric system interconnected with Farmers RECC's electric system. Member shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Farmers RECC's ability to meet its primary responsibility of furnishing reasonably adequate service to its members.
- 6) The Member shall be responsible for protecting, at Member's sole cost and expense, the generating facility from any condition or disturbance on Farmers RECC's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that Farmers RECC shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of Farmers RECC.
- 7) After initial installation, Farmers RECC shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to the Member, Farmers RECC shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance, and operation of the generating facility comply with the requirements of this tariff.
- 8) For Level 1 and 2 generating facilities, an eligible Member shall furnish and install on the Member's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Member's energy generating equipment from Farmers RECC's electric service under the full rated conditions of the Member's generating facility. The external

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CLASSIFICATION OF SERVICE

disconnect switch (EDS) shall be located adjacent to Farmers RECC's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the Member shall be responsible for ensuring that the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Farmers RECC personnel at all times. Farmers RECC may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under Farmers RECC's safety and operating protocols.

- 9) Farmers RECC shall have the right and authority at Farmers RECC's sole discretion to isolate the generating facility or require the Member to discontinue operation of the generating facility if Farmers RECC believes that:
- a) continued interconnection and parallel operation of the generating facility with Farmers RECC's electric system may create or contribute to a system emergency on either Farmers RECC's or the Member's electric system;
 - b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability, or power quality of Farmers RECC's electric system;
 - or (c) the generating facility interferes with the operation of Farmers RECC's electric system.
- In non-emergency situations, Farmers RECC shall give the Member notice of noncompliance including a description of the specific noncompliance condition and allow the Member a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when Farmers RECC is unable to immediately isolate or cause the Member to isolate only the generating facility, Farmers RECC may isolate the Member's entire facility.
- 10) The Member shall agree that, without the prior written permission from Farmers RECC, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.

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**FARMERS RURAL ELECTRIC
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(Name of Utility)

1st Revision SHEET NO. 24
CANCELLING P.S.C. KY. NO. 9
Original SHEET NO. 24

CLASSIFICATION OF SERVICE

- 11) To the extent permitted by law, the Member shall protect, indemnify, and hold harmless the Farmers RECC and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the Member or the Member's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the Member's generating facility or any related equipment or any facilities owned by Farmers RECC except where such injury, death or damage was caused or contributed to by the fault or negligence of Farmers RECC or its employees, agents, representatives, or contractors. The liability of Farmers RECC to the Member for injury to person and property shall be governed by the tariff(s) for the class of service under which the Member is taking service.
- 12) The Member shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy) for both Level 1 and Level 2 generating facilities. The Member shall, upon request, provide Farmers RECC with proof of such insurance at the time that application is made for net metering.
- 13) By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Farmers RECC does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.
- 14) A Member's generating facility is transferable to other persons or service locations only after notification to Farmers RECC has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, member, or location, Farmers RECC will verify that the installation is in compliance with this tariff and provide written notification to the member(s) within 20 business days. If the installation is no longer in compliance with this tariff, Farmers RECC will notify the Member in writing and list what must be done to place the facility in compliance.
- 15) The Member shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

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**FARMERS RURAL ELECTRIC
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(Name of Utility)

1st Revision SHEET NO. 25
CANCELLING P.S.C. KY. NO. 9
Original SHEET NO. 25

CLASSIFICATION OF SERVICE

EFFECTIVE TERM AND TERMINATION RIGHTS

This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) Member may terminate this Agreement at any time by giving Farmers RECC at least sixty (60) days' written notice; (b) Farmers RECC may terminate upon failure by the Member to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of Farmers RECC, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) Farmers RECC may terminate by giving the Member at least thirty (30) days notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the new law or statute.

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1st Revision SHEET NO. 26
CANCELLING P.S.C. KY. NO. 9
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CLASSIFICATION OF SERVICE

LEVEL 1

Application for Interconnection and Net Metering

*Use this application form only for a generating facility that **IS** inverter based and certified by a nationally recognized testing laboratory to meet the requirements of **UL 1741***

Submit this Application to: Farmers RECC
ATTN: Member and Corporate Services
504 S. Broadway
Glasgow, KY 42141

If you have questions regarding this Application or its status, contact Farmers RECC at:

800-253-2191
or
www.farmersrecc.com

Member Name: _____ Account Number: _____

Member Address: _____

Member Phone No: _____ Member E-Mail: _____

Project Contact Person: _____

Phone No: _____ Email Address (Optional)

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of generating facilities:

Energy Source: Solar Wind Hydro Biogas Biomass

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Original SHEET NO. 27

CLASSIFICATION OF SERVICE

Inverter Manufacturer and Model #:

Inverter Power Rating: _____ Inverter Voltage Rating:

Power Rating of Energy Source (i.e., solar panels, wind turbine):

Is Battery Storage Used: No Yes If Yes, Battery Power Rating:

Attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741. Attach site drawing or sketch showing location of Cooperative's meter, energy source, Cooperative accessible disconnect switch and inverter.

Attach site drawing or sketch showing location of cooperatives meter, energy source, cooperative accessible disconnect switch and inverter.

Attach single line drawing showing all electrical equipment from the Cooperative's metering location to the energy source including switches, fuses, breakers, panels, transformers, inverters, energy source, wire size, equipment ratings, and transformer connections.

Expected Start-up Date: _____

Member Signature: _____

Date: _____

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1st Revision SHEET NO. 28
CANCELLING P.S.C. KY. NO. 9
Original SHEET NO. 28

CLASSIFICATION OF SERVICE

TERMS AND CONDITIONS:

- 1) Farmers RECC shall provide the Member net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Member requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Member's expense.
- 2) The Member shall install, operate, and maintain, at Member's sole cost and expense, any control, protective, or other equipment on the Member's system required by Farmers RECC's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Farmers RECC's electric system. The Member shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from Farmers RECC, the Member shall demonstrate generating facility compliance.
- 3) The generating facility shall comply with, and the Member shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Farmers RECC's rules, regulations, and Service Regulations as contained in Farmers RECC's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, Member shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.
- 4) Any changes or additions to Farmers RECC's system required to accommodate the generating facility shall be considered excess facilities. Member shall agree to pay Farmers RECC for actual costs incurred for all such excess facilities prior to construction.
- 5) The Member shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Farmers RECC's electric system. At all times when the generating facility is being operated in parallel with Farmers RECC's electric system, the Member shall

DATE OF ISSUE April 8, 2009

DATE EFFECTIVE April 8, 2009

ISSUED BY William J. Prater

TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in

Case No. 2008-00169 Dated January 8, 2009

FOR ALL TERRITORY SERVED
Community, Town or City
P.S.C. KY. NO. 9

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

1st Revision SHEET NO. 29
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Original SHEET NO. 29

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operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Farmers RECC to any of its other members or to any electric system interconnected with Farmers RECC's electric system. The Member shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Farmers RECC's ability to meet its primary responsibility of furnishing reasonably adequate service to its members.

- 6) The Member shall be responsible for protecting, at Member's sole cost and expense, the generating facility from any condition or disturbance on Farmers RECC's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that Farmers RECC shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of Farmers RECC.
- 7) After initial installation, Farmers RECC shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to the Member, Farmers RECC shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance, and operation of the generating facility comply with the requirements of this tariff.
- 8) For Level 1 and 2 generating facilities, an eligible Member shall furnish and install on the Member's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Member's energy generating equipment from Farmers RECC's electric service under the full rated conditions of the Member's generating facility. The external disconnect switch (EDS) shall be located adjacent to Farmers RECC's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the Member shall be responsible for ensuring that the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Farmers RECC personnel at all times. Farmers RECC may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under Farmers RECC's safety and operating protocols.
- 9) Farmers RECC shall have the right and authority at Farmers RECC's sole discretion to isolate the generating facility or require the Member to discontinue operation of the

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**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

1st Revision SHEET NO. 30
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generating facility if Farmers RECC believes that: (a) continued interconnection and parallel operation of the generating facility with Farmers RECC's electric system may create or contribute to a system emergency on either Farmers RECC's or the Member's electric system; (b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability, or power quality of Farmers RECC's electric system; or (c) the generating facility interferes with the operation of Farmers RECC's electric system. In non-emergency situations, Farmers RECC shall give the Member notice of noncompliance including a description of the specific noncompliance condition and allow the Member a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when the Farmers RECC is unable to immediately isolate or cause the Member to isolate only the generating facility, Farmers RECC may isolate the Member's entire facility.

- 10) The Member shall agree that, without the prior written permission from Farmers RECC, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.
- 11) To the extent permitted by law, the Member shall protect, indemnify, and hold harmless Farmers RECC and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the Member or the Member's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the Member's generating facility or any related equipment or any facilities owned by Farmers RECC except where such injury, death or damage was caused or contributed to by the fault or negligence of Farmers RECC or its employees, agents, representatives, or contractors.

The liability of Farmers RECC to the Member for injury to person and property shall be governed by the tariff(s) for the class of service under which the Member is taking service.

- 12) The Member shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy) for both Level 1 and Level 2 generating facilities. The Member shall, upon request, provide Farmers RECC with proof of such insurance at the time that application is made for net metering.

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**FARMERS RURAL ELECTRIC
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- 13) By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Farmers RECC does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.
- 14) A Member's generating facility is transferable to other persons or service locations only after notification to Farmers RECC has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, member, or location, Farmers RECC will verify that the installation is in compliance with this tariff and provide written notification to the member(s) within 20 business days. If the installation is no longer in compliance with this tariff, Farmers RECC will notify the Member in writing and list what must be done to place the facility in compliance.
- 15) The Member shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

EFFECTIVE TERM AND TERMINATION RIGHTS

This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) The Member may terminate this Agreement at any time by giving Farmers RECC at least sixty (60) days' written notice; (b) Farmers RECC may terminate upon failure by the Member to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of Farmers RECC, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) Farmers RECC may terminate by giving the Member at least thirty (30) days notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the new law or statute.

I hereby certify that, to the best of my knowledge, all of the information provided in this Application is true, and I agree to abide by all the Terms and Conditions included in this Application for Interconnection and Net Metering and Farmers RECC's Net Metering Tariff.

Member Signature _____

Date _____ Title _____

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TITLE President & Chief Executive Officer

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**FARMERS RURAL ELECTRIC
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COOPERATIVE APPROVAL SECTION

When signed below by a Farmers RECC representative, Application for Interconnection and Net Metering is approved subject to the provisions contained in this Application and as indicated below.

Cooperative inspection and witness test:

Inspection and witness test is required. The Member shall notify the Cooperative within 3 business days of completion of the generating facility installation and schedule an inspection and witness test with the Cooperative to occur within 10 business days of completion of the generating facility installation or as otherwise agreed to by the Cooperative and the Member. Unless indicated below, the Member may not operate the generating facility until such inspection and witness test is successfully completed. Additionally, the Member may not operate the generating facility until all other terms and conditions in the Application have been met.

Call **270-651-2191** to schedule an inspection and witness test.

Pre-Inspection operational testing not to exceed two hours: Allowed Not Allowed

If inspection and witness test is waived, operation of the generating facility may begin when installation is complete, and all other terms and conditions in the Application have been met.

Additions, Changes, or Clarifications to Application Information:

None As specified here: _____

Approved by: _____ Date: _____

Printed Name: _____ Title: _____

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CLASSIFICATION OF SERVICE

LEVEL 2

Application For Interconnection And Net Metering

Use this Application form when generating facility is not inverter-based or is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741 or does not meet any of the additional conditions under Level 1.

Submit this Application along with an application fee of \$100 to:

Farmers RECC
ATTN: Member and Corporate Services
504 S. Broadway
Glasgow, KY 42141

If you have questions regarding this Application or its status, contact Farmers RECC at:

800-253-2191

or

www.farmersrecc.com

Member Name: _____ Account Number: _____

Member Address: _____

Member Phone No: _____ Member E-Mail Address: _____

Project Contact Person: _____

Phone No: _____ Email Address (Optional)

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of generating facilities:

Total Generating Capacity of Generating Facility: _____

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Type of Generator: Inverter-Based Synchronous Induction

Power Source: Solar Wind Hydro Biogas Biomass

Adequate documentation and information must be submitted with this application to be considered complete. Typically this should include the following:

1. Single-line diagram of the member's system showing all electrical equipment from the generator to the point of interconnection with the Cooperative's distribution system, including generators, transformers, switchgear, switches, breakers, fuses, voltage transformers, current transformers, wire sizes, equipment ratings, and transformer connections.
2. Control drawings for relays and breakers.
3. Site Plans showing the physical location of major equipment.
4. Relevant ratings of equipment. Transformer information should include capacity ratings, voltage ratings, winding arrangements, and impedance.
5. If protective relays are used, settings applicable to the interconnection protection. If programmable relays are used, a description of how the relay is programmed to operate as applicable to interconnection protection.
6. A description of how the generator system will be operated including all modes of operation.
7. For inverters, the manufacturer name, model number, and AC power rating. For certified inverters, attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL1741.
8. For synchronous generators, manufacturer and model number, nameplate ratings, and impedance data (X_d , $X'd$, & $X''d$).
9. For induction generators, manufacturer and model number, nameplate ratings, and locked rotor current.

Member Signature: _____ Date: _____

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**FARMERS RURAL ELECTRIC
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INTERCONNECTION AGREEMENT

THIS INTERCONNECTION AGREEMENT (Agreement) is made and entered into this _____ day of _____, 20____, by and between _____ (Cooperative), and _____ (Member). Cooperative and Member are hereinafter sometimes referred to individually as "Party" or collectively as "Parties".

WITNESSETH:

WHEREAS, Member is installing, or has installed, generating equipment, controls, and protective relays and equipment (Generating Facility) used to interconnect and operate in parallel with Cooperative's electric system, which Generating Facility is more fully described in Exhibit A, attached hereto and incorporated herein by this Agreement, and as follows:

Location: _____

Generator Size and Type: _____

NOW, THEREFORE, in consideration thereof, Member and Cooperative agree as follows:

Cooperative agrees to allow the Member to interconnect and operate the Generating Facility in parallel with the Cooperative's electric system and the Member agrees to abide by Cooperative's Net Metering Tariff and all the Terms and Conditions listed in this Agreement including any additional conditions listed in Exhibit A.

TERMS AND CONDITIONS:

- 1) Farmers RECC shall provide the Member net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Member requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Member's expense.

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- 2) The Member shall install, operate, and maintain, at the Member's sole cost and expense, any control, protective, or other equipment on the Member's system required by Farmers RECC's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Farmers RECC's electric system. The Member shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from Farmers RECC, the Member shall demonstrate generating facility compliance.
- 3) The generating facility shall comply with, and the Member shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Farmers RECC's rules, regulations, and Service Regulations as contained in Farmers RECC's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, the Member shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.
- 4) Any changes or additions to Farmers RECC's system required to accommodate the generating facility shall be considered excess facilities. The Member shall agree to pay Farmers RECC for actual costs incurred for all such excess facilities prior to construction.
- 5) The Member shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Farmers RECC's electric system. At all times when the generating facility is being operated in parallel with Farmers RECC's electric system, the Member shall operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Farmers RECC to any of its other members or to any electric system interconnected with Farmers RECC's electric system. The Member shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Farmers RECC's ability to meet its primary responsibility of furnishing reasonably adequate service to its members.

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- 6) The Member shall be responsible for protecting, at the Member's sole cost and expense, the generating facility from any condition or disturbance on Farmers RECC's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that Farmers RECC shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of Farmers RECC.
- 7) After initial installation, Farmers RECC shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to the Member, Farmers RECC shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance, and operation of the generating facility comply with the requirements of this tariff.
- 8) For Level 1 and 2 generating facilities, an eligible Member shall furnish and install on the Member's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Member's energy generating equipment from Farmers RECC's electric service under the full rated conditions of the Member's generating facility. The external disconnect switch (EDS) shall be located adjacent to Farmers RECC's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the Member shall be responsible for ensuring that the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Farmers RECC personnel at all times. Farmers RECC may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under Farmers RECC's safety and operating protocols.
- 9) Farmers RECC shall have the right and authority at Farmers RECC's sole discretion to isolate the generating facility or require the Member to discontinue operation of the generating facility if Farmers RECC believes that: (a) continued interconnection and parallel operation of the generating facility with Farmers RECC's electric system may create or contribute to a system emergency on either Farmers RECC's or the Member's electric system; (b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability, or power quality of Farmers RECC's electric system; or (c) the generating facility interferes with the

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**FARMERS RURAL ELECTRIC
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operation of Farmers RECC's electric system. In non-emergency situations, Farmers RECC shall give the Member notice of noncompliance including a description of the specific noncompliance condition and allow the Member a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when Farmers RECC is unable to immediately isolate or cause the Member to isolate only the generating facility, Farmers RECC may isolate the Member's entire facility.

- 10) The Member shall agree that, without the prior written permission from Farmers RECC, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.
- 11) To the extent permitted by law, the Member shall protect, indemnify, and hold harmless Farmers RECC and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the Member or the Member's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the Member's generating facility or any related equipment or any facilities owned by Farmers Rural Electric except where such injury, death or damage was caused or contributed to by the fault or negligence of the Farmers RECC or its employees, agents, representatives, or contractors.

The liability of Farmers RECC to the Member for injury to person and property shall be governed by the tariff(s) for the class of service under which the Member is taking service.

- 12) The Member shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy) for both Level 1 and Level 2 generating facilities. The Member shall, upon request, provide Farmers RECC with proof of such insurance at the time that application is made for net metering.
- 13) By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Farmers RECC does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility

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**FARMERS RURAL ELECTRIC
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equipment, controls, and protective relays and equipment.

- 14) A Member's generating facility is transferable to other persons or service locations only after notification to the Farmers RECC has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, member, or location, Farmers RECC will verify that the installation is in compliance with this tariff and provide written notification to the member(s) within 20 business days. If the installation is no longer in compliance with this tariff, Farmers RECC will notify the Member in writing and list what must be done to place the facility in compliance.
- 15) The Member shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

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1st Revision SHEET NO. 40
CANCELLING P.S.C. KY. NO. 9
Original SHEET NO. 40

CLASSIFICATION OF SERVICE

EFFECTIVE TERM AND TERMINATION RIGHTS

This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) The Member may terminate this Agreement at any time by giving Farmers RECC at least sixty (60) days' written notice; (b) Farmers RECC may terminate upon failure by the Member to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of Farmers RECC, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) Farmers RECC may terminate by giving the Member at least thirty (30) days notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the new law or statute.

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective as of the date first above written.

FARMERS RECC

MEMBER

By: _____

By: _____

Printed Name

Printed Name

Title: _____

Title: _____

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ISSUED BY William J. Peatter

TITLE President & Chief Executive Officer

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