

TARIFF COGEN/SPP II
(Cogeneration and/or Small Power Production—Over 100 KW)

AVAILABILITY OF SERVICE.

This tariff is available to customers with cogeneration and/or small power production (COGEN/SPP) facilities which qualify under Section 210 of the Public Utility Regulatory Policies Act of 1978, and which have a total design capacity of over 100 KW. Such facilities shall be designed to operate properly in parallel with the Company's system without adversely affecting the operation of equipment and services of the Company and its customers, and without presenting safety hazards to the Company and customer personnel.

The customer has the following options under this tariff, which will affect the determination of energy and capacity and the monthly metering charges:

- Option 1 - The customer does not sell any energy or capacity to the Company, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.
- Option 2 - The customer sells to the Company the energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities in excess of the customer's total load, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.
- Option 3 - The customer sells to the Company the total energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities, while simultaneously purchasing from the Company its total load requirements, as determined by appropriate meters located at one delivery point.

MONTHLY CHARGES FOR DELIVERY FROM THE COMPANY TO THE CUSTOMER.

Such charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the tariff appropriate for the customer, except that Option 1 and Option 2 customers shall be served under demand-metered tariffs, and except that the monthly billing demand under such tariffs shall be the highest determined for the current and previous two billing periods. The above three-month billing demand provision shall not apply under Option 3.

ADDITIONAL CHARGES.

There shall be additional charges to cover the cost of special metering, safety equipment and other local facilities installed by the Company due to COGEN/SPP facilities, as follows:

Monthly Metering Charge

The additional monthly charge for special metering facilities shall be as follows:

- Option 1 - Where the customer does not sell electricity to the Company, a detent shall be used on the energy meter to prevent reverse rotation. The cost of such meter alteration shall be paid by the customer as part of the Local Facilities Charge.
- Options 2 & 3- Where meters are used to measure the excess or total energy and average on peak capacity purchased by the Company:

	Single Phase	Polyphase
Standard Measurement	\$ 6.75	\$ 8.85
T.O.D. Measurement	\$ 7.55	\$ 9.65

CANCELLED
JUN 29 2010
KENTUCKY PUBLIC SERVICE COMMISSION

(Cont'd. On Sheet No. 18-2)

PURSUANT TO 807 KAR 5:011

DATE OF ISSUE March 20, 2006

DATE EFFECTIVE Service rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICE
NAME TITLE

PUBLIC SERVICE COMMISSION OF KENTUCKY
EFFECTIVE 3/30/2006
SECTION 9 (1)
By [Signature] TUCKY
Executive Director

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March 14, 2006

TARIFF COGEN/SPP II (Cont'd.)

(Cogeneration and/or Small Power Production—Over 100 KW)

ADDITIONAL CHARGES. (Cont'd.)

Monthly Metering Charge (Cont'd)

Under Option 3, when metering voltage for COGEN/SPP facilities is the same as the Company's delivery voltage, the customer shall, at his option, either route the COGEN/SPP totalized output leads through the metering point, or make available at the metering point for the use of the Company and, as specified by the Company, metering current leads which will enable the Company to measure adequately the total electrical energy and average capacity produced by the qualifying COGEN/SPP facilities, as well as to measure the electrical energy consumption and capacity requirements of the customer's total load. When metering voltage for COGEN/SPP facilities is different from the Company's delivery voltage, metering requirements and charges shall be determined specifically for each case.

Local Facilities Charge

Additional charges to cover "interconnection costs" incurred by the Company shall be determined by the Company for each case and collected from the customer. For Options 2 and 3, the cost of metering facilities shall be covered by the Monthly Metering Charge and shall not be included in the Local Facilities Charge. The customer shall make a one-time payment for the Local Facilities Charge at the time of installation of the required additional facilities, or, at his option, up to 12 consecutive equal monthly payments reflecting an annual interest charge as determined by the Company, but not to exceed the cost of the Company's most recent issue of long-term debt. If the customer elects the installment payment option, the Company may require a reasonable security deposit.

MONTHLY CREDITS OR PAYMENTS FOR ENERGY AND CAPACITY DELIVERIES.

Energy Credit

The following credits or payments from the Company to the customer shall apply for the electrical energy delivered to the Company:

Standard Meter - All KWH	2.81 ¢/KWH
T.O.D. Meter	
On-Peak KWH	3.54 ¢/KWH
Off-Peak KWH	2.29 ¢/KWH

(Cont'd. On Sheet 18-3)

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**PUBLIC SERVICE COMMISSION
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ISSUED BY E.K. Wagner DIRECTOR OF REGULATORY SERVICE TUCKY
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TARIFF COGEN/SPP II (Cont'd.)
(Cogeneration and/or Small Power Production--Over 100 KW)

MONTHLY CREDITS OR PAYMENTS FOR ENERGY AND CAPACITY DELIVERIES. (Cont'd.)

Capacity Credit

If the customer contracts to deliver or produce a specified excess or total average capacity during the monthly billing period (monthly contract capacity), or a specified excess or total average capacity during the on-peak monthly billing period (on-peak contract capacity), then the following capacity credits or payment from the Company to the customer shall apply:

If standard energy meters are used,

A. \$0.72/KW/month, times the lowest of:

- (1) monthly contract capacity, or
- (2) current month metered average capacity, i.e., KWII delivered to the Company or produced by COGEN/SPP facilities divided by 730, or
- (3) lowest average capacity metered during the previous two months if less than monthly contract capacity.

If T.O.D. energy meters are used,

B. \$1.73/KW/month, times the lowest of:

- (1) on-peak contract capacity, or
- (2) current month on-peak metered average capacity, i.e., on-peak KWH delivered to the Company or produced by COGEN/SPP facilities divided by 327, or
- (3) lowest on-peak average capacity metered during the previous two months, if less than on-peak contract capacity.

The above energy and capacity credit rates are subject to revisions from time to time as approved by the Commission.

ON-PEAK AND OFF-PEAK PERIODS.

The on-peak period shall be defined as starting at 7:00 A.M. and ending at 9:00 P.M., local time, Monday through Friday.

The off-peak period shall be defined as starting at 9:00 P.M. and ending at 7:00 A.M., local time, Monday through Friday, and all hours of Saturday and Sunday.

CHARGES FOR CANCELLATION OR NON PERFORMANCE CONTRACT.

If the customer should, for a period in excess of six months, discontinue or substantially reduce for any reason the operation of cogeneration and/or small power production facilities which were the basis for the monthly contract capacity or the on-peak contract capacity, the customer shall be liable to the Company for an amount equal to the total difference between the actual payments for capacity paid to the customer and the payments for capacity that would have been paid to the customer pursuant to this Tariff COGEN/SPP II or any successor tariff. The Company shall be entitled to interest on such amount at the rate of the Company's most recent issue of long-term debt at the effective date of the contract.

TERM OF CONTRACT.

Contracts under this tariff shall be made for a period not less than one year.

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