

MISSOULA ELECTRIC COOPERATIVE, INC

QUALIFYING FACILITIES TARIFF

Naming

Rules, Regulations and Charges

and providing

Monthly Energy Purchase Rate Calculations

for

Cogeneration and Small Power Production

Energy Purchases for Facilities of 100KW or Less

Effective Date: September 18, 2007

**COGENERATION AND SMALL POWER PRODUCTION ENERGY
PURCHASES FOR FACILITIES OF 100 KW OR LESS**

(1) AVAILABILITY

Service under this schedule is available in accordance with 18 CFR § 292.203 at any point on the Cooperative's electric system where facilities of adequate capacity and suitable phase and voltage are adjacent to the Cogeneration or Small Power Production Facility. Larger QF facilities will be handled on a case-by-case basis.

(2) APPLICATION

This schedule is applicable to member-owned generating facilities which operate in parallel with the Cooperative's system, have a design capacity of 100 kW or less, and which meet the criteria of a Qualifying Facility (QF) as defined in 18 CFR § 292.204. This schedule is applicable only to energy supplied to the Cooperative's system by the QF. Service furnished to the Member under any other rate schedule shall be metered and billed separately.

Members operating QFs shall contract under the terms of an Interconnection Agreement.

(3) TYPE OF SERVICE

Single-phase or three-phase alternating current at 60 Hertz at any one standard primary voltage, or otherwise agreed to in the Interconnection Agreement.

(4) MONTHLY PURCHASE RATE

The Monthly Purchase Rate shall be equal to the Avoided Costs for energy delivered to the Cooperative's system by the QF in accordance with the following formula:

$$\begin{aligned} \text{Monthly Avoided Costs} = & \\ \text{Peak Avoided Costs} = & (\text{Peak QF Kwh} \times \text{BPA Monthly HLH Rate}) \times 0.93 && \text{Plus} \\ \text{Off-Peak Avoided Costs} = & (\text{Off-Peak QF Kwh} \times \text{BPA Monthly LLH Rate}) \times 0.93 && \text{Plus} \\ \text{Avoided Transmission Costs} = & (\text{Combined QF Kwh} \times 0.00794) \times 0.026 && \end{aligned}$$

Definitions:

Peak hours are all hours between 7:00 AM and 10:00 PM (Pacific prevailing Time) Monday through Saturday with the exception of designated holidays.

Off-Peak hours are all hours not classified as peak hours, as well as designated holidays.

The Avoided transmission costs reflects BPA's ACS06 rate.

(5) MONTHLY SERVICE CHARGE

A Service Charge of \$25.00 shall be billed to the Member by the Cooperative each month. This charge represents the monthly cost to the Cooperative for metering and billing.

(6) FACILITIES CHARGE

Facilities charges related to the interconnection of the QF to the Cooperative's system shall be agreed upon between the Cooperative and the Member based on the cost of the facilities and the anticipated annual charges required. Such agreement shall be in writing and made a part of the Interconnection Agreement. Any Facilities Charges shall be billed to the Member by the Cooperative on a monthly basis.

(7) MINIMUM MONTHLY CHARGE

The minimum monthly charge under this schedule shall be the monthly Service Charge plus any facilities charge. There is no minimum monthly payment to the Member.

(8) METERING

The metering configuration required to determine the amount of energy delivered to the Cooperative's system by the QF shall be designed by the Cooperative. The Cooperative may install, at Cooperative's option and expense, recording meters in order to obtain load research information. The Member shall supply, at its own expense, a suitable location for meters and associated equipment used for billing and for load research. This location must be accessible from a public right-of-way without any intervening wall, fence, or other obstruction. The Cooperative will install, own, and maintain all meters and metering equipment.

(9) INTERCONNECTION FACILITIES

The following provisions shall apply except where specifically excluded, or modified by the Interconnection Agreement between the Cooperative and the Member.

The Member will be required to pay all incremental costs of interconnection above the cost to provide standard service to the Member's class of service.

The Member shall furnish and install a disconnecting switch in a visible location outside any building for the purpose of isolating QF from the Cooperative's system. The switch current and voltage ratings shall be equal to the current and voltage ratings of the main service entrance equipment. The Member shall provide the Cooperative with a map showing the exact location of the switch. The switch shall be of the securable type and be secured with a Cooperative-owned padlock. Ingress and egress to this switch by Cooperative personnel shall be provided at all times by the Member.

The switch may be opened and secured with a Cooperative-owned padlock by the Cooperative because of the following:

- a. Modification of the QF without Cooperative approval.
- b. Cooperative system emergency.
- c. The Member's equipment is hazardous to Cooperative employees, its members or its system.

- d. The Member's equipment is interfering with service to other Cooperative members or interfering with the operation of Cooperative equipment.
- e. A failure of the Member to adhere to the interconnection agreement.
- f. Any act or condition calling for suspension as may be allowed under any rule or regulation of the Montana Public Service Commission or any authority having jurisdiction.

The switch may be opened by the Cooperative without prior notice to the Member for any act included in (a.) through (f.).

The Member shall furnish and install equipment, which will automatically isolate the QF from the Cooperative's system in the event of loss of Cooperative service. The complexity and cost of such equipment will be dependent on the size of the Member's QF and its ability to self sustain operation.

The Member shall furnish and install equipment, which will properly match voltage and phase and synchronize power from the QF with Cooperative service. All QFs shall maintain a current distortion level of 5 percent or less. The current distortion level is equal to 100 times the ratio of the square root of the sum of the squares of the root-mean-square current of the fundamental. The Member will have to acknowledge its understanding that several small systems on one Cooperative line have the potential of significantly degrading the Cooperative's system integrity; therefore, the Member shall agree to accept the responsibility of any electric service problems that Member's QF may cause.

The Member will be required to install power factor correction equipment approved by the Cooperative if the reactive energy requirements associated with the operation of the Member's QF adversely affects the Cooperative's system or the quality of service supplied to other members.

The Member shall agree to locate QF so as not to cause a hazard to the Cooperative's distribution system.

The Cooperative shall not own, nor have any interest in, any facilities to be provided by the Member as described above. The Member shall not own, nor have any interest in, any facilities to be provided by or on behalf of the Cooperative as described above, and the Cooperative shall have the right, exercisable within a reasonable time after the expiration or other termination of this Agreement, to remove its facilities.

(10) OPERATION OF FACILITIES

Prior to interconnection the Member shall supply the Cooperative with detailed electrical diagrams and other necessary data on the proposed QF and its protection systems for the Cooperative's review and approval. The completed installation will be subject to a final inspection and test by the Cooperative before parallel operation is permitted. The Cooperative in its sole judgment will determine satisfactory performance.

The Member shall notify the Cooperative prior to any modification made to the QF or to the interconnection between QF and Cooperative. The Member must receive approval from the Cooperative prior to proceeding with modifications. The Member shall permit the Cooperative, at

any time, to install or modify any equipment facility or apparatus to protect the safety of its employees or ensure the accuracy of its metering equipment. The cost of the above shall be borne by the Member.

The Member shall ensure his QF and all equipment connected therewith comply with the National Electric Code, the National Electric Service Code, and/or any applicable local, state, and federal government requirements. Member agrees to hold Cooperative harmless for any damage to person or loss to property arising out of Member's failure to comply with such codes or legal requirements.

The Member shall permit Cooperative employees to enter upon his property at any time for the purpose of inspecting and/or testing his facilities to ensure their continued safe operation and the accuracy of the Cooperative's metering equipment, but such inspection shall not relieve the Member from his obligation to maintain the facilities in satisfactory operating condition.

The Cooperative shall have the right to disconnect a small power producer who has interconnected without Cooperative authorization.

(11) LIABILITY

The Member will indemnify and save the Cooperative and its employees harmless from all liability and loss on account of injury or damage to persons or property growing out of any accident or mishap caused by the operation of the Member's equipment or by any failure of the Member to maintain his equipment in satisfactory and/or safe operating condition.

(12) SERVICE PERIOD

Not less than one year.

(13) TERMS OF PAYMENT

The Cooperative shall prepare a monthly statement showing the monthly Service Charge, any Facilities Charges, and kilowatt hours delivered to the Cooperative for the monthly billing period and the total amount due to or from the Member. Any amounts due the Member or the Cooperative shall be paid within 20 days of the end of the monthly billing period.

(14) TERMS AND CONDITIONS

Members operating QFs will be required to contract under the terms of an Interconnection Agreement.

The Cooperative will require the Member to provide evidence indicating that Member is a certified qualified facility under 18 CFC § 292.