

Applies to   All Certified Territory   (Location)

STANDARD RATE SCHEDULE – TERMS AND CONDITIONS FOR SMALL POWER PRODUCERS – RATE 35

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1 INTRODUCTION

1.1 PURPOSE OF TERMS AND CONDITIONS OF PURCHASE

These Terms and Conditions of Purchase shall govern the supplying and delivering of power to the Cooperative’s electric system by a Small Power Producer or Cogenerator (Producer) of 300 kW or less who:

- a) Is qualified under an approved rate schedule,
- b) Has executed a Distributed Generation interconnection agreement with the Cooperative, and
- c) Has applied for and executed a purchase agreement with the Cooperative’s Power Supplier.
- d) Is a Qualifying Facility as defined by the Public Utility Regulatory Policies Act of 1978 (PURPA).

1.2 APPLICATION OF TERMS AND CONDITIONS OF PURCHASE

These Terms and Conditions of Purchase, and any modifications thereof and additions thereto lawfully made, are applicable to all Purchase Applications, Agreements and Rate Schedules of Producers defined above.

All Producers will be connected under on of the Cooperative’s existing rate tariffs and must become members of the Cooperative.

The Cooperative will interconnect with the Producer and the Cooperative’s Power Supplier shall receive and purchase and Producer will furnish and sell either all energy produced or net energy in excess of producer’s needs, as the producer shall choose.

The Producer shall also be both a Member and a Consumer of the Cooperative. The applicable Rate Schedules for Service, Service Agreement, and Terms and Conditions of Service will continue to apply to such service, except as modified herein.

The Cooperative and/or its Power Supplier may decline to serve a Producer or Prospective Producer until such Producer has complied with the rules and Regulations of any applicable

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federal, state and municipal or other local laws and rules and regulations. The Cooperative and/or its Power Supplier may refuse to purchase from any Producer for noncompliance with the Terms and Conditions or related Purchase Agreement, Interconnection Agreement and Rate Schedule.

1.3 MODIFICATION OF TERMS AND CONDITIONS

No agent, representative or employee of the Cooperative shall have authority to modify these Terms and Conditions; provided, however, the Cooperative and/or its Power Supplier shall have the right to request amendment of these Terms and Conditions as it may deem necessary from time to time.

1.4 ADMINISTRATION

Each Party shall designate one person as its representative for the agreement. The representative shall carry out the provisions of the Tariff and provide liaison between the parties.

1.5 DISPUTE RESOLUTION

Dispute on any matter shall first be discussed by the representatives. If either Party feels that the other Party is not using their best efforts to amicably and properly resolve the dispute, that Party shall have the right to submit to the Cooperative for mediations, hearing or other resolution.

1.6 NOTICES

Any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party to the other shall be so given, tendered or delivered:

- a) For the Cooperative, in the same manner as specified in the Terms and Conditions of service; and
- b) For Producers, by depositing the same in any United States Post Office with postage prepaid, for transmission by certified or registered mail, addressed to the

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VERDIGRIS VALLEY ELECTRIC COOPERATIVE, INC.  
Post Office Box 219  
Collinsville, OK 74021

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- c) Party, or personally delivered to the Party, at the address furnished for the representative. Changes in such designation may be made by notice similarly given. Oral notices between representatives will be sufficient if confirmed in writing.

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2. GENERAL INFORMATION

2.1 DEFINITONS

The words and phrases used in these Terms and Conditions of Purchase or the Cooperative’s Purchase Rate Schedules, Agreements and Applications shall have the same definition as the Terms and Conditions of Service except as modified or defined hereafter:

“Cogenerator” is a Producer qualified under Section 201 of the Public Utility Regulatory Policies Act of 1978 as a cogeneration facility. A facility’s power production capacity: (1) must be used to produce both electrical and useful thermal energy for industrial commercial, heating or cooling purposes, through the sequential use of energy; (2) must meet the applicable standards as to the fuel use and efficiencies; (3) may not be owned by a person primarily engaged in the generation or sale of electrical power; and (4) shall be qualified by FERC.

“Commission” means the Corporation Commission of Oklahoma.

“Consumer” means any person, firm, corporation, municipality or agency, or any political subdivision of the United States or the State of Oklahoma receiving electric service of any nature from the Cooperative. (Where or when it becomes necessary to designate the particular Party who is the Consumer-Producer for any reason, the person who contracts for electric service or in whose name it is received shall be the Consumer-Producer.)

“Cooperative” means Verdigris Valley Electric Cooperative, Inc.

“Cooperative’s Power Supplier” means KAMO Power.

“electricity” means electric power and energy produced, transmitted, distributed or furnished by or delivered to the Cooperative.

“Force Majeure” means a cause reasonably beyond the control of the Party affected such as, but without limitation to, injunction, strike of the Party’s employees, war, invasion, fire, accident, foods, backwater caused by floods, acts of God, or inability to obtain or ship

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essential services, materials, or equipment because of the effect of similar causes on the Party's suppliers or carriers.

“Fraudulent Use or Sale of Electricity” means any unauthorized use of the Cooperative electric service by the Producer, or unauthorized use of Producer-generated electricity.

“Meter” means any device or devices used to measure or register electric power and energy.

“Premises” means any piece of land or real estate, or any building or other structure or portion thereof or any facility where electric energy is furnished to or delivered by a Producer.

“Producer” means a Small Power Producer or Cogenerator.

“Prudent Utility Practice” means the practices, methods and acts, which in the exercise of reasonable judgment in the light of the facts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry prior thereto) known at the time the decision was made, would have been expended to accomplish the desired result at the lowest possible cost consistent with the good business practices, reliability, safety, and expedition, taking into account the fact that the term Prudent Utility Practice is not intended to be limited to the optimum practice methods or acts to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Utility Practices includes due regard for manufacturer's warranties and requirements of governmental agencies of competent jurisdiction.

“Small Power Producer” means a facility qualified under Section 201 of the Public Utility Regulatory Policies Act of 1978 as a small power production facility. A facilities power production capacity; (1) must be owned by the same person, at the same location and be less than 300 Kilowatts; (2) must derive more than 50 percent of its total energy output from biomass, wastes, renewable resources or any combination and may not derive more than 25 percent of its total energy from oil, natural gas and/or coal: and (3) the facility may not be owned by a person primarily engaged in the generation or sale of electrical power.

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“Tariff” shall include every rate schedule or provision thereof, service agreement, purchase agreement and all terms, conditions, rules and regulations for furnishing electric service or purchasing electric energy.

2.2 APPLICATION OF PURCHASE AGREEMENT AND INTERCONNECTION AGREEMENT

Each Producer, before interconnecting and before selling electric energy, shall make written application to the Cooperative’s Power Supplier to purchase the Producer’s electricity. The Cooperative will provide the Producer with a contact at the Power Supplier.

Each Producer, before interconnecting and before selling electric energy, shall make written application for interconnection to the Cooperative using the Cooperative’s Agreement for Interconnection of Distributed Generation.

Along with the application, the Producer will submit a plan detailing the electrical design, interconnection requirements, size and operational plans. Either at the time of submission or at any time during the review process, the Cooperative or its Power Supplier may require additional information and may require the plans to be prepared by a registered Professional Engineer.

Prior to review of the application and plan by the Cooperative and its Power Supplier, the Producer shall pay an application fee as determined to reimburse the Cooperative and its Power Supplier for any required analysis and engineering studies. A separate fee will be required for each facility and each location.

A written agreement, when signed by the Producer and accepted and approved by the Cooperative and/or its Power Supplier, constitutes a contract. Each application for electric service shall be made in the true name of the Producer.

A single application for service cannot be made to apply to different locations, nor cover more than one point of service at the same location to be used by the same Producer, unless the Cooperative determines that the physical or electrical characteristics of the facility require more than one point of service according to good engineering and operating practice.

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The contract is not transferable by the producer. A Producer no longer desiring a Purchase Agreement on the premises must notify the Cooperative of his/her intent to discontinue.

When there is a new occupant of the premises or a change in responsibility for operations, a new application process must be made before service is begun.

Any person who delivers electric energy into the Cooperative system without having made the application to sell energy shall not be entitled to compensation and shall be liable to the Cooperative for payment of all applicable charges, and for any damages caused thereby.

### 2.3 SELECTION OF RATES OR OPTIONS

Each Producer must become a member of the Cooperative and will be provided service under one of the Cooperative's existing rate schedules. Sales to a producer will be consistent with the applicable retail rate tariff established by the Cooperative and in use by the Producer as if there were no Distributed Generation and/or small power production facility involved. The Cooperative rate schedules state the conditions under which the schedules are available.

The Cooperative, at any time upon request, will determine for any Producer the rates or other options best adapted to existing and anticipated service requirements as defined by the Producer, but the Producer shall always have the final responsibility for the choice between such applicable rates or options.

The Cooperative's purchase rate schedules (See Item 4.0 in this section) state the term or period of time for which each is established. A producer having selected a rate or option may not apply for another rate or option during the application term.

The Cooperative's Purchase rates are shown under Item 4.0 in this section.

### 2.4 EXCLUSIVE USE OF COOPERATIVE/UTILITY'S ELECTRIC SERVICE

Purchase under these Terms and Conditions and rate schedules is not a violation of the Cooperative's standard rate schedule

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2.5 RESALE OF THE COOPERATIVE’S ELECTRIC SERVICE

The Producer will not resell the electricity purchased from the Cooperative or sell its own electricity to any Party other than the Cooperative’s Power Supplier.

2.6 EXTENSION OF PRODUCER’S SYSTEM THROUGH PUBLIC SPACE

For the purpose of obtaining a lower rate by receiving electric service or a higher rate by supply of electricity through one meter, the Producer will not be permitted to extend or connect his electric wiring installation across or under a street, alley, or public space in order to obtain connection with adjacent property, unless such extension is made pursuant to a special contract or filed rate schedule.

2.7 CONTINUITY AND QUALITY OF ELECTRIC CONNECTION

The Cooperative will use reasonable diligence to receive continuous electric delivery at the point of interconnection with the Producer within the voltage limits specified by applicable Rules and Regulations of the Commission.

It shall be the responsibility of the Producer to install and maintain protective devices which will protect the Producer’s equipment or process during abnormal service conditions or the failure of part or all of the electric service.

In order to make repairs to or changes in the Cooperative’s facilities for supplying electric service, or taking electric service, the Cooperative reserves the right, without incurring any liability thereof, to suspend service without notice to a Producer for such periods as may be reasonably necessary. Insofar as is practicable, the interruption shall be made at a time which will cause the least reasonable inconvenience to Producers.

The Cooperative also reserves the right to discontinue service without notice, when a defective condition of wiring or equipment upon the premises of the Producer results, or is likely to result, in danger to life or property, or interference with the proper service to others. Upon becoming aware of any condition resulting in discontinuance of service, the Cooperative shall immediately take action to notify the affected Producer. Electric service to

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the Producer will not be resumed until the dangerous condition has been remedied to the satisfaction of the Cooperative and at the Producer’s expense.

If such dangerous condition is the result of tampering with Cooperative equipment, the provisions of the paragraph entitles “Fraudulent Use or Sale of Electricity” shall also apply.

2.8 EFFECT OF FORCE MAJEURE

Neither Party shall be deemed to be in default if failure of performance is due to Force Majeure, except for the duty to make timely payments when due. The Party unable to perform due to Force Majeure has the duty to notify the other Party in writing as soon as practical of the nature and period of delay and shall exercise due diligence to remove the inability to perform, except with respect to settling labor disputes.

If Party’s failure of performance is due to removable or remediable causes, which it fails to remove or remedy with reasonable dispatch, Party is not relieved of liability as a result of the Force Majeure event.

2.9 LIABILITY

Each Party hereto shall indemnify and save the other Party harmless from any loss or damage to the facilities of the other Party due to the sole negligence of other Party; provided, however, that the Producer shall provide, install and maintain at his own expense all electrical wiring and apparatus, including any protective equipment, required by either the National Electrical Code and/or the applicable municipal code and with all requirements prescribed by any governmental authority, having jurisdiction thereof, and compliance with such duty shall be a condition to liability of the Cooperative under this indemnity.

Neither Party is liable for revenue loss resulting from interruption or partial interruption of service.

Should the Producer dispute the interpretation by the Cooperative of the requirements of the National Electrical Code and/or any applicable municipal code, such Producer may request the dispute be resolved by the Commission.

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The Cooperative reserves the right to refuse to connect to any wiring or apparatus which does not meet these requirements and the Cooperative may, without any advance notice, discontinue its connection with any Producer’s wiring or apparatus when a dangerous condition of wiring or equipment upon the premises of the Producer is discovered.

2.10 DEPOSITS AS SECURITY FOR PAYMENT OF BILLS

Any deposits required as security for payment of bills and any deposit procedures specified in the Terms and Conditions of Service shall not be modified as a result of a Purchase Agreement or Interconnection Agreement.

2.11 BILLING FOR ELECTRIC PURCHASE

PURCHASES FROM A PRODUCER – FACILITY 25 kW OF CONNECTED GENERATION AND SMALLER

For power produced in excess of on-site requirements, the member will be compensated by the retail purchase meter running in reverse (Net metering). The cooperative shall bill the member for the excess of energy supplied by the Cooperative over and above the energy supplied by the member during each billing period according to the Cooperative’s applicable retail rate schedule. Net metering is defined as measuring the difference between the electricity supplied by the Cooperative and the electricity generated by the member’s facility and fed back to the electric grid over the operable time period.

When the energy supplied by the member exceeds the energy supplied by the Cooperative during a billing period, the monthly charge and/or minimum bill of the retail rate schedule shall be billed by the Cooperative in addition to the monthly metering charge, and the excess energy shall be purchased at the Cooperative’s Power Supplier’s avoided cost as determined by the Cooperative’s Power Supplier.

PURCHASES FROM A PRODUCER – FACILITY GREATER THAN 25 kW AND LESS THAN 300 kW OF CONNECTED GENERATION

Purchases from a Distributed Generation member will be at the Cooperative’s Power Supplier’s avoided cost as determined by the Cooperative’s Power Supplier. The avoided cost will be calculated periodically, as provided by the Cooperative’s Power Supplier. Where purchases from the member exist in a billing period, the Cooperative’s Power Supplier will compensate the

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member either by direct payment from the Cooperative’s Power Supplier to the member within 20 days of receipt of the meter registration information, or by an equal amount provided as a credit to the Cooperative, in which case the Cooperative shall show such credit on the member’s monthly electric service bill. The method used for compensation shall be determined by Cooperative’s Power Supplier. There shall be no “net metering” for Distributed Generation facilities larger than 25 kW of connected generation. Net metering is defined as measuring the difference between the electricity supplied by the Cooperative and the electricity generated by the member’s facility and fed back to the electric grid over the operable time period. Member must be a Qualifying Facility (QF) as defined by the Public Utility Regulatory Policies Act of 1978 (PURPA). If member is not a QF, the Cooperative and/or its Power Supplier may, at its sole discretion, elect to purchase power from the member under the terms of this section.

2.12 TESTING OF PURCHASE METERS UPON REQUEST OF PRODUCERS

The Cooperative will test the accuracy of any purchase meter in the same manner as for service meters under the Terms and Conditions of Service.

2.13 ADJUSTING OF INVOICES FOR METER ACCURACY AND INCORRECT BILLING

Adjustments of invoices will be done in the same manner as under the Terms and Conditions of Service.

2.14 CHANGE OF OCCUPANCY

When a Producer elects to terminate service, the Cooperative is to be notified, either by telephone, if subsequently confirmed in writing, as to the proposed effective date of such termination.

The Cooperative will read the meter(s) as required by the Terms and Conditions of Service.

Leaving an interconnection to vacate premises does not constitute consent by the Cooperative for the new occupant of such premises to interconnect or deliver energy without making a proper application for interconnection of said service

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2.15 DISCONTINUANCE OF ELECTRIC SERVICE

The Cooperative may discontinue electric service from a Producer for the reasons set forth below, after written notice stating the reason for such discontinuance has been given to the Producer:

- a) At any time, service is disconnected under the Terms and Conditions of Service;
- b) If the Producer refuses to provide Cooperative reasonable access to its equipment upon Producer’s premises;
- c) Violation of any rule, regulation or order of the Commission or noncompliance with any federal, state, municipal or other local laws, rules or regulations;
- d) Violation or noncompliance with any approved tariff or these Terms and Conditions of Service;
- e) Failure of the Producer to make the application for purchase to the Cooperative’s Power Supplier, and
- f) Failure of the Producer to make application for the interconnection to the Cooperative
- g) Failure of the Producer to make application in the true name of the Producer for the purposes of avoiding payment of an unpaid obligation for electric service provided.

The Cooperative may discontinue electric service from a Producer without advance notice for any of the reasons set forth below:

- a) Existence of a dangerous or defective condition of wiring or equipment on the Producer’s premises;
- b) Fraudulent use or sale of electricity; and

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c) Tampering with the Cooperative’s regulating and measuring equipment or other property.

The Cooperative may discontinue service for nonpayment of a utility bill in the same manner as for retail electric service.

The fact that the Cooperative holds a deposit authorized by the Terms and Conditions of Service will not prevent discontinuance of service pursuant to this section.

As soon as practicable, after the condition has been remedied for which the Producer’s service was discontinued, the Cooperative shall restore service; provided, however, where service has been discontinued for fraudulent use or sale of electricity or for tampering with the Cooperative’s regulating and measuring equipment or other property, the Cooperative may refuse to restore service until ordered to do so by the Commission.

Whenever service has been discontinued for fraud or tampering as defined above, the Cooperative may charge a reconnection fee of \$50.00 during normal working hours and \$100.00 during other hours, in addition to any charges under the retail Terms and Conditions of Service. The Producer must pay, or make arrangements for paying same, before service will be reconnected.

Non-cancellation of service does not waive the right to cancel for any future breach.

2.16 RESPONSIBILITY FOR COOPERATIVE/UTILITY PROPERTY

Notwithstanding any provisions of these Terms and Conditions to the contrary, the Producer shall be responsible for all damage to, or loss of, the Cooperative’s property and/or the Cooperative’s Power Supplier’s property located upon the Producer’s premises, unless occasioned by causes beyond the Producer’s control. The Producer shall not authorize anyone to change, remove, or tamper with the Cooperative’s property.

No regulating or measuring equipment, or other property or equipment owned by the Cooperative and/or its Power Supplier, where situated, whether upon the Producer’s premises or elsewhere, shall be tampered with or interfered with, either for the purpose of adjustment or otherwise.

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2.17 FRAUDULENT USE OR SALE OF ELECTRICITY

In the event fraudulent use or sale of electricity or evidence of attempting fraudulent use or sale of electricity is discovered, or where the Cooperative’s regulating or measuring equipment or other property has been tampered with, electric service may be discontinued by the Cooperative without advance notice to the Producer.

Unless otherwise ordered by the Commission, service to the Producer will not be resumed until such Producer shall have paid all bills including:

- a) The charge for the estimated amount of electricity fraudulently consumed or sold;
- b) The cost of replacement or repair of any damaged meter or associated equipment;
- c) The cost of installation of system protection facilities, or relocation of the meter, if determined necessary by the Cooperative; and
- d) All reconnection charges.

If it has been shown to the satisfaction of the Cooperative that the Producer or applicant had no connection with, or knowledge of, such fraudulent use or sale of electricity or such tampering, electric service may be resumed after the condition causing or permitting the fraudulent usage or sale has been corrected and such Producer or applicant has paid for any unmetered service received

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3. INSTALLATION AND PARALLEL OPERATION

3.1 PRODUCER’S WIRING: NATIONAL ELECTRICAL CODE

All electrical wiring and apparatus connected or to be connected to the Cooperative’s distribution system shall be at the Producer’s expense and shall be installed and maintained in accordance with the requirements of the National Electrical Code, as adopted by the Commission in its Rules and Regulations, and with all requirements prescribed by governmental authority having jurisdiction thereof. In the event of a conflict between the National Electrical Code and an applicable municipal code, the latter shall govern.

The Cooperative reserves the right to refuse to connect any wiring or apparatus which does not meet these requirements and the Cooperative may, without advance notice, discontinue service from any Producer when a defective condition of wiring or equipment upon the premises of the Producer is discovered.

In the event a Producer desires to change the size of their electrical equipment and maintain their status, the producer shall notify the Cooperative in writing sufficiently in advance so that its meter and other equipment may be enlarged to properly handle the increased load or generation.

3.2 AVAILABILITY OF ELECTRIC INTERCONNECTION

The type of electric interconnection which will be required of the Producer will depend on and must be compatible with the location, size, and type of load to be served as well as the generating equipment and capacity. It is necessary that the Producer obtain from the Cooperative the phase and voltage of the interconnection that will be furnished before proceeding with the purchase of generators or other equipment. Also, the point of service on the premises must be determined before the Producer’s wiring installation is made.

The Producer will make application to the Cooperative for Interconnection using the Cooperative’s Distribution Cooperative Agreement for Interconnection and Parallel Operation of Distributed Generation Agreement/Contract.

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3.3 SINGLE-PHASE AND THREE-PHASE CONNECTION

Producers shall normally be furnished single-phase or three-phase service under the corresponding provisions of electric service.

Generation itself may represent a load, such as for inductive wind generators. The class of service may be different than it would be without the generator load.

3.4 POINT OF DELIVERY OF ELECTRIC SERVICE

The point of delivery for service shall be the same as the point of delivery for service for Consumer-Producers.

3.5 METERS

All meters and detents (if needed) shall be furnished, installed and maintained by the Cooperative, and remain its property. All meter bases, enclosures and other associated equipment shall be furnished and owned by the Cooperative and maintained at the Producer's expense. Producer shall reimburse the Cooperative for all furnished meters, bases and associated equipment.

No metering equipment shall be bypassed for any reason, without prior approval of the Cooperative.

3.6 RELOCATION OF METERS

The Cooperative may, at its option and expense, relocate any meter.

In case of a relocation which is made necessary by the Producer's conditions or action, the Producer shall, at their expense, pay for the relocation of metering equipment and service entrance facilities to a location agreeable to the Cooperative and the Producer.

Under no circumstances shall any meter be moved or relocated except as authorized by the Cooperative.

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3.7 OWNERSHIP, DESIGN, OPERATIONS AND MAINTENANCE

Producer will, except as otherwise noted, design, construct, install, own, operate and maintain all equipment required to generate and deliver energy and/or capacity specified herein.

Producer will further provide all necessary easements, licenses, and other rights to enable the Cooperative and its Power Supplier to deliver, purchase and sell.

The Cooperative may set reasonable requirements for the Producer’s facilities and equipment.

3.8 SYSTEM EXTENSION, REINFORCEMENT AND PROTECTION FACILITIES

Without regard to the Cooperative’s line extension policy, the Producer shall pay in advance the full cost of the construction of any transmission, substation, distribution, transformation, metering, protective, or other facilities or equipment which is installed at the direction of the Cooperative and/or its Power Supplier to serve the Producer.

In the event it becomes necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify electric delivery systems in order to serve the Producer and/or purchase or continue to purchase the Producer’s output, or because the quality of the power provided by the Producer adversely affects the Cooperative and/or its Power Supplier’s system, the Producer will reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection to the Producer.

3.9 PLANS AND SPECIFICATIONS

Producer will submit all equipment specifications to the Cooperative for review prior to interconnection and as part of the application.

The Producer shall comply with all applicable laws, ordinances, rules and regulations of any federal, county, state and/or local authority, including, but not limited to: the most recent IEEE Standard 1547 Guide for Distributed Generation Interconnection, applicable ANSI standards, including ANSI C84.1 Range A relating to installation, safety, easements, code restrictions, operation and other matters.

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The Producer shall be the sole responsible for compliance with all applicable environmental law requirements and regulations, including but not limited to reporting and permits.

Producer will allow Cooperative to make facility description available to public to aid in evaluating performance.

3.10 INSPECTIONS AND TESTING

The Cooperative shall have the right to inspect the Producer’s electric generating facilities; to be present at initial tests; to measure power factor at any time; to conduct such operating tests as necessary to ascertain that the protective devices function properly; to review any data collected from such facilities at all reasonable times, and to independently monitor the aforesaid system and related energy regime.

Producer shall have the right to review and copy, at Producer’s expense, any data collected by the Cooperative.

3.11 ACCESS BY COOPERATIVE AUTHORIZED AGENTS

The Producer shall give authorized agents of the Cooperative and/or its Power Supplier permission to enter the Producer’s premises at all reasonable times for any purpose incidental to the purchasing of electricity, including tree trimming and tree removal. Refusal on the part of the Producer to provide reasonable access for the above purposes shall be deemed to be sufficient cause for discontinuance of service and/or purchase.

3.12 CHANGE OF FACILITY REQUIREMENTS

The Cooperative shall have the right to change transformers and interconnection voltage when necessary.

The Producer shall be responsible for the cost of changes in interconnection, protection and reinforcement facilities necessary to meet changing system conditions and requirements.

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3.13 SELF-PROTECTION OF FACILITIES

The Producer shall furnish, install, operate and maintain in good order and repair all equipment necessary for the safe operation of the power generating installation in parallel with the Cooperatives electric distribution system.

Equipment will have capability to both establish and maintain synchronism with the Cooperative system and to automatically disconnect and isolate the Producer’s installation from the Cooperative’s system.

The Producers installation will be designed, installed and maintained to be self-protected from normal and abnormal conditions on the Cooperative system including, but not limited to: over-voltage, over-current, frequency deviation and faults. Self-protection will be compatible with all applicable Cooperative protection arrangements and operating policies.

Additional protective devices and/or functions may be required by the Cooperative when, in the sole judgement of the Cooperative, the particular Producer installation and/or the Cooperative system characteristics so warrant.

3.14 QUALITY OF SERVICE

Producer’s installation will generate power at the nominal voltage of the Cooperative electrical distribution system at the Producer’s delivery point as defined by ANSI C84.1 Range A.

Producer’s installation will generate at a frequency within tolerances as defined by IEEE 1547.

Producer’s installation shall produce power at a minimum power factor of at least 95% or shall use power factor correction capacitors to ensure at least 95% power factor.

The overall quality of the power provided by the Producer’s installation including, but not limited to, the effects of harmonic distortion, voltage regulation, voltage flicker, switching surges and power factor, will be such that the Cooperative system is not adversely affected in any manner.

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In the event that adverse effects are caused by the Producer’s installation, the Producer will correct the cause of such effects, reimburse the Cooperative for the required correction, or be disconnected from the Cooperative system.

3.15 SAFETY DISCONNECT

The Producer shall install a visible load break disconnect switch at the Producer’s expense and to the Cooperative’s specifications.

The switch will be located so as to be readily accessible to Cooperative personnel in a location acceptable to both Producer and Cooperative.

The switch shall be a type that can be secured in an open position by a Cooperative lock. If the Cooperative has locked the disconnect switch open, the Producer shall not operate and/or close the disconnect switch.

The Cooperative shall have the right to lock the switch open when, in the judgement of the Cooperative:

- a) It is necessary to maintain safe electrical operating and/or maintenance conditions;
- b) The Producer’s facilities adversely affect the Cooperative system, or;
- c) There is a system emergency or other abnormal operating condition warranting disconnection.

The Cooperative reserves the right to operate the disconnect switch for the protection of the Cooperative system even if it affects the Producer’s installation. In the event the Cooperative opens and/or closes the disconnect switch:

- a) The Cooperative shall not be responsible for the energization or restoration of parallel operation of the Producer’s installation.
- b) The Cooperative will make reasonable efforts to notify the Producer.

The Producer will not bypass the disconnect switch at any time for any reason.

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VERDIGRIS VALLEY ELECTRIC COOPERATIVE, INC.  
Post Office Box 219  
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Signage shall be placed by the Cooperative at the location of the disconnect indicating the purpose of the switch along with contact names and numbers of both Producer and the Cooperative.

3.16 TESTING AND RECORD KEEPING

The member will test all aspects of the protection systems up to and including tripping of the generator and interconnection point at start-up and thereafter as required. Testing will verify all protective set points and relay/breaker trip timing and shall include procedures to functionally test all protective elements of the system. The Cooperative may witness testing.

The member will maintain records of all maintenance activities, which the Cooperative may review at reasonable times.

For systems greater than 300 kW, a log of generator operations shall be kept. At a minimum, the log shall include the date, generator time off, and megawatt and megavar output. The Cooperative may review such logs at reasonable times.

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4.0 RATE SCHEDULE FOR POWER PRODUCERS OF 300 kW OR LESS

4.1 AVAILABILITY

Applicable to distributed Generation smaller than 300 kW of connected generation connected in parallel operation to the Cooperative’s lines in accordance with the Cooperative’s service rules and regulations.

This rate is not applicable to temporary, shared, or resale service. The rate is applicable to service supplied at one point of delivery and measured through one meter.

SALES TO MEMBER

Sales to a Distributed Generation Member shall be consistent with the applicable retail rate tariff established by the Cooperative and in use by the Member as if there were no Distributed Generation installation.

PURCHASES FROM A MEMBER

FACILITY CLASSIFIED AS 25 kW AND SMALLER OF CONNECTED GENERATION AND LESS THAN 125% OF MEMBERS PEAK LOAD

For power produced in excess of on-site requirements, the member will be compensated by the retail purchase meter running in reverse (Net metering). The cooperative shall bill the member for the excess of energy supplied by the Cooperative over and above the energy supplied by the member during each billing period according to the Cooperative’s applicable retail rate schedule.

Net metering is defined as measuring the difference between the electricity supplied by the Cooperative and the electricity generated by the member’s facility and fed back to the electric grid over the operable time period.

When the energy supplied by the member exceeds the energy supplied by the Cooperative during a billing period, the monthly charge and/or minimum bill of the retail rate schedule shall be billed by the Cooperative in addition to the monthly metering charge, and the excess energy shall be purchased at the Cooperative’s Power Supplier’s avoided cost as determined by the Cooperative’s Power Supplier as a credit on the members next bill.

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PURCHASES FROM A MEMBER

FACILITY GREATER THAN 25 kW AND LESS THAN 300 kW OF CONNECTED GENERATION OR GREATER THAN 125% OF THE MEMBERS PEAK LOAD

Purchases from a Distributed Generation member will be at the Cooperative’s Power Supplier’s avoided cost as determined by the Cooperative’s Power Supplier. The avoided cost will be calculated periodically, as provided by the Cooperative’s Power Supplier.

Where purchases from the member exist in a billing period, the Cooperative’s Power Supplier will compensate the member either by direct payment from the Cooperative’s Power Supplier to the member within 20 days of receipt of the meter registration information, or by an equal amount provided as a credit to the Cooperative, in which case the Cooperative shall show such credit on the member’s monthly electric service bill. The method used for compensation shall be determined by Cooperative’s Power Supplier.

There shall be no “net metering” for Distributed Generation facilities larger than 25 kW of connected generation or connected generation in excess of 125% of member s peak load. Net metering is defined as measuring the difference between the electricity supplied by the Cooperative and the electricity generated by the member’s facility and fed back to the electric grid over the operable time period.

Member must be a Qualifying Facility (QF) as defined by the Public Utility Regulatory Policies Act of 1978 (PURPA). If member is not a QF, the Cooperative and/or its Power Supplier may, at its sole discretion, elect to purchase power from the member under the terms of this section.

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4.2 MONTHLY RATE

Each billing period the member shall be obligated to pay the following charges in addition to all charges indicated in their base rate as set in the Cooperatives Standard Rate Schedule:

Additional Charge

For meter reading by Cooperative personnel where remote access is not feasible on Distributed Generation facilities <300 kW.

@ \$25 per meter/month

4.3 CONTRACTS

An Interconnection Contract between the Producer and the Cooperative shall be required in all cases. A Purchased Power Contract between the Producer and the Cooperative's Power Supplier shall be required for all installations 25 kW and larger.

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(Ken Howard) (Title)