

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

PART 1 GENERAL SERVICE RULES Page No.

| | | |
|-----|---|---|
| 1.1 | Application for Service..... | 3 |
| 1.2 | Service Charges..... | 3 |
| 1.3 | Privacy of Member-Owner’s Records | 3 |
| 1.4 | Facilities Installed by the Company on Owner-Member Premises..... | 3 |
| 1.5 | Facilities Installed by the Owner-Member | 5 |
| 1.6 | Deposits and Guarantees | 5 |
| 1.7 | Idle Services..... | 6 |

PART 2 RATE APPLICATION

| | | |
|-----|---|---|
| 2.1 | Classification of Service | 7 |
| 2.2 | Load Management Programs..... | 7 |
| 2.3 | Standby, Supplementary, Emergency, and Incidental Services..... | 7 |

PART 3 METERING AND BILLING

| | | |
|------|---|----|
| 3.1 | Metering | 8 |
| 3.2 | Method of Determining Demand for Billing Purposes | 8 |
| 3.3 | Location of Meters..... | 9 |
| 3.4 | Meter Reading..... | 9 |
| 3.5 | Meter Testing | 9 |
| 3.6 | Monthly Billing | 9 |
| 3.7 | Budget Bills | 9 |
| 3.8 | Late-Payment Charge | 9 |
| 3.9 | Bill Date Due | 10 |
| 3.10 | Estimated Bills..... | 10 |
| 3.11 | Billing Adjustments | 10 |
| 3.12 | Returned Check Charge | 10 |
| 3.13 | Billing Errors..... | 10 |

PART 4 LINE EXTENSION RULES

| | | |
|------|---|----|
| 4.1 | Member Requirements for Extension | 11 |
| 4.2 | Underground Service Extension..... | 11 |
| 4.3 | Overhead Service Extension..... | 12 |
| 4.4 | Extensions to and within Platted Developments | 12 |
| 4.5 | Extensions to Non-Standard Loads | 12 |
| 4.6 | Electric Motor Requirements..... | 12 |
| 4.7 | Available Voltages..... | 13 |
| 4.8 | Line Design | 13 |
| 4.9 | Ownership of Facilities | 13 |
| 4.10 | Midline Taps..... | 13 |
| 4.11 | Service Changes | 13 |
| 4.12 | Line Relocation..... | 14 |
| 4.13 | Right-of-Way Easements | 15 |
| 4.14 | Right-of-Maintenance..... | 15 |
| 4.15 | Right-of-Way Clearing (New Services) | 16 |

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

5.1 General..... 17
5.2 Generation Interconnection General Requirements 17
5.3 Non-Compliance of Member-owned Generating Facilities..... 17
5.4 Rules Implementing the Distributed Generation Section of Minnesota Statute 216B.164..... 18
5.4.1 Definitions..... 18
5.4.2 Scope and Purpose..... 19
5.4.3 Filing Requirements 20
5.4.4 Availability of Filings 20
5.4.5 Reporting Requirements 20
5.4.6 Conditions of Service 21
5.4.7 Electrical Code Compliance 21
5.4.8 Responsibility for Apparatus..... 21
5.4.9 Types of Power to be offered; Standby Service 21
5.4.10 Discontinuing Sales during Emergency..... 21
5.4.11 Rates for Cooperative Sales to a Qualifying Facility 22
5.4.12 Standard Rates for Purchases from Qualifying Facilities 22
5.4.13 Average Retail Cooperative Energy Rate..... 22
5.4.14 Simultaneous Purchase and Sale Billing Rate 23
5.4.15 Time-Of-Day Purchase Rate..... 23
5.4.16 Roll-Over Credit Purchase Rate..... 23
5.4.17 Contracts Negotiated by Member..... 24
5.4.18 Wheeling 24
5.4.19 Notification to Members 24
5.4.20 Dispute Resolution 24
5.4.21 Interconnection Contracts 25
5.4.22 Uniform Agreement..... 25

PART 6 CURTAILMENT OR INTERRUPTION AND QUALITY OF SERVICE

6.1 Continuity of Service 26
6.2 Refusal or Discontinuance of Service 26
6.3 Curtailment or Interruption of Supply..... 27
6.4 System Disturbance 27
6.5 Stray Voltage..... 27

PART 7 COMPANY’S RIGHTS

7.1 Waiver of Rights or Defaults 28
7.2 Modification of Rates, Rules, and Regulations 28

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

PART 1- GENERAL SERVICE RULES

1.1 APPLICATION FOR SERVICE. A party desiring electric service must make application to the Company before commencing the use of the Company's service. The Company reserves the right to require a signed application or written contract for service to be furnished. All applications and contracts for service must be made in the legal name of the party desiring the service. The Company may refuse or terminate service to any applicant for or user of service who fails or refuses to furnish information requested by the Company for the establishment of a service account. Receipt and use of electric service in the absence of application or contract shall constitute the user a member of the Company subject to its rates, rules and regulations, and said user shall be responsible for payment of all service used.

Subject to its rates, rules, and regulations, the Company will continue to supply electric service until notified by member to discontinue such service. The member will be responsible for payment of all service furnished to the date of such discontinuance.

1.2 SERVICE CHARGES.

See Section IV - Schedule of Charges

1.3 PRIVACY OF MEMBER-OWNER'S RECORDS. The Company employees, directors, auditors, and others having authorized access to the Company records pertaining to members and their accounts shall not give out or discuss such information except as is necessary in the conduct of Company business. Members shall have access to their own files whenever requested.

Employees are authorized by these rules and regulations to give information as follows:

- A. To financial assistance agencies on individual member accounts when accounts are under consideration for financial assistance.
- B. Name and address information to authorized law enforcement, fire protection, public safety, mail, and electrical wiring services.
- C. Credit history on individual members may be exchanged with other companies when requested on their official letterhead.
- D. Any information requested by court subpoena.

1.4 FACILITIES INSTALLED BY THE COMPANY ON OWNER-MEMBER PREMISES. The Company will normally install, own, operate, and maintain the meter and all distribution facilities on the supply side of the meter. If building modifications hinder access to metering facilities, create a hazardous condition, or cause a violation of any applicable codes, the member will be responsible for all costs incurred by the Company to correct these conditions.

A. Access to Premises. The member shall provide at no expense to the Company suitable space with provisions for installation and maintenance of the Company's facilities on the member's premises. Authorized agents of the Company shall have access to the premises at all reasonable times for the construction, operation, and maintenance of its utility facilities, tree clearing and vegetation control, and the removal or measurement of the member's load. Access shall also be provided to the premises at all reasonable times to enable the Company to maintain its utility facilities located on adjacent property which is accessible from the premises. Authorized employees and agents shall carry identification furnished by the Company and shall display it upon request. Failure to provide access for any of the above reasons may result in termination of service.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

B Use of the Company Facilities. The Company will not permit the use of its poles or other facilities by others for installations or attachments of any kind without written authorization or agreement from the Company. This includes, but is not limited to electrical or communication equipment, lights, signs and fences. The Company assumes no liability for property owned by others attached to its facilities. Unauthorized attachments to the Company facilities may be removed without notice by the Company.

C. Protection. The member shall use reasonable diligence to protect the Company's facilities located on the member's premises, and to prevent tampering or interference's with such facilities. The Company may discontinue service in cases where the meter and/or wiring on the member's premises has been tampered with or energy is unmetered. In cases of such unauthorized use of service, the Company will continue service only after the member has agreed to pay for the unmetered energy used, pay all costs of discovery and investigation, and make provisions and pay charges for metering changes as may be required by the Company. Failure to enter into and comply with such an agreement shall be cause to discontinue service.

Any inspection of a member's wiring and equipment by the Company is for the purpose of avoiding unnecessary interruptions of service to its members or damage to its property and for no other purpose, and will not be construed to impose any liability upon the Company to a member or any other person by reason thereof.

The Company may, however, at any time require a member to make such changes in his/her electrical or non-electrical property to use thereof as may be necessary to eliminate any hazardous condition or any adverse effect which the operation of the member's property or equipment may have on said member, other members of the Company, the public or Company employees, equipment or service. In lieu of changes by the member, the Company may require reimbursement from the member for the cost incurred by the Company in alleviating an adverse effect on Company facilities caused by the member's property.

The transformers, service conductors, meters and appurtenances used in furnishing electric service to a member have a definite capacity. Therefore, no material increase in load or equipment will be made without first making arrangements with the Company for the additional electric supply.

D. Energy Diversion. When company personnel are on the member premises, electrical meters, sockets, seals and services shall be checked for evidence of damage or tampering. Color coded and numbered meter seals shall be used. If current theft is deliberate and the evidence of theft is strong and irrefutable that a conviction under Minnesota statues dealing with such matters is thought possible, then the Company may press for civil and/or criminal action as well as the recovery of lost revenue.

E. Ownership Rights. No ownership rights in any facilities provided by the Company shall pass to any person as a result of any contribution or deposit made under these rules. No deposits or contributions made by members shall be refundable unless expressly so provided in these rules. Restoration of service will be made upon receipts of reasonable assurance of the member's compliance with the Company's approved rules and regulations.

F. Buried Private Facilities. Before work is scheduled to begin, member is responsible for providing the Company with a survey, map, or overhead photo clearly depicting the location of buried private facilities (such as well, septic, drain tiles, irrigation systems, underground fencing, tanks, consumer-owned electric or gas lines, etc.) located on the member's property. Additionally, it is the responsibility of the member to place legible stakes, flags, or other durable markers that clearly define the location of the privately owned underground facilities. The Company shall not be held liable for damages to such facilities.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

1.5 FACILITIES INSTALLED BY THE OWNER-MEMBER. The Company shall encourage members to follow safe and adequate wiring practices. The Company will make every effort to carry out its responsibilities pertaining to the inspection and connection of member wiring as established by Minnesota Law, local ordinances and applicable codes.

Applicants for service shall be furnished information on wiring inspection requirements, wiring regulations, meter sockets, meter location, and temporary service installation. The member shall be responsible for the adequate performance of their own facilities. It is the member's responsibility to contact the Company to determine the characteristics of the service available before purchasing equipment or installing wiring. The Company disclaims any responsibility to inspect the member's wiring, equipment or any subsequent wiring changes or modifications, and shall not be held liable for any injury or damage resulting from the condition thereof. The Company reserves the right to make reasonable service charges for work performed by Company personnel resulting from malfunction of the member's facilities.

Point of Attachment. The Company will install service connections from its distribution lines to a suitable point of attachment provided by the member. The electrical service meter socket must be placed on the outside of the structure and installed at the closest corner of the structure to the Company's source of power for that land parcel. There may be extra charges to the member if the service attachment is beyond closest corner.

1.6 DEPOSIT AND GUARANTEES.

A. **General:** The Company will require a deposit as a condition of service for Commercial or Business members. A deposit will not be required for residential members who have established good credit.

B. **New Service:** The Company will require a deposit for any commercial or business applicant requesting service. A deposit may be required for residential new services if the applicant has an unsatisfactory credit or service standing due to (a) an outstanding prior account with the Company at the time of request that is not disputed; or (b) a previous disconnection for any permissible reason which is not in dispute; (c) the credit history for the applicant demonstrated that payment cannot be assured. In determining credit history, the provisions of Minnesota Rules 7820.4700 will apply and the Company will only use credit reports reflecting the purchase of utility services unless the applicant consents in writing to the use of additional credit reports. Any credit history used shall be mailed to the applicant. A refusal to permit use of a credit rating or credit services other than that of a utility will not affect the determination of the Company as to the applicant's credit history.

C. **Existing Service:** The Company will require a deposit for an existing commercial or business member and may require a deposit from an existing residential member with an unsatisfactory credit or service standing due to: (a) a previous disconnection or liability for disconnect for nonpayment of a bill which is not in dispute; or (b) a previous disconnection for any permissible reason that is not in dispute.

D. **Deposit Amount:** If a deposit is required on residential accounts, the amount of the deposit shall not exceed an average two months' gross bill or existing two months' bill, as determined by the Company. Commercial or business accounts will be assessed a two month average bill as calculated by the Company.

E. **Notice:** Whenever a residential deposit is required, the Company will provide the member an explanation in writing why a deposit is required and under what conditions, if any, the deposit will be diminished.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

F. Interest on Deposits and Refunds: On such member deposits, the Company will pay interest. The rate of interest will be set annually and will be equal to the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the last full week in November. The Interest rate will be rounded to the nearest tenth of one percent. By December 15 of each year, the Commissioner of Commerce will announce the rate of interest that must be paid on deposits held during all or part of the subsequent year. The Company will refund by direct payment, or as a credit on the member's bill, a member's deposit after 12 consecutive months of no late payments. Upon notice by a member to discontinue service, the member's deposit less any amounts due by the member to the Company for electric service, will be returned to that member within 45 days of the date of discontinuance of service.

G. Additional Requirements: If a member's credit standing becomes unsatisfactory after a deposit has been refunded or if the deposit is inadequate to cover two months' bill, a new or additional deposit may be required upon reasonable written notice by the Company. Deposits will not be considered as advance payments on account. Service to a member who fails to comply with these requirements may be discontinued upon reasonable written notice.

H. Disconnection: The service of any member who fails to comply with these requirements may be disconnected upon notice as prescribed in Minnesota Rule part 7820.2400 and in this section. In case of discontinuance of service for nonpayment, the Company will not restore service until all arrears are paid in full and a cash deposit as required above is made, or until other satisfactory arrangement is made.

1.7 IDLE SERVICES. When a building is vacated and the owner or occupant requests that service be disconnected, the service will be de-energized but left in place in anticipation that a new occupant will want service restored. However, if the service remains idle for a period of 12 months, the Company will make reasonable attempts to contact the owner to notify them of the following options:

A. If there are plans to use the building in the future, and it is desired that the electric service facilities continue to remain in place, it will be necessary for the owner to pay a monthly minimum bill.

B. If the owner elects to not pay the minimum bill, the Company reserves the right to remove all or a portion of the facilities serving that location. In this event, should that owner desire service to be restored to that location at some future date, all non-recoverable costs related to such construction and restoration of service shall be paid by that owner.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

PART 2 - RATE APPLICATION

2.1 CLASSIFICATION OF SERVICE. The availability of a rate classification to a member is based on the member meeting the qualifications of the availability clause and other terms of the rate schedule. In some cases the member may be eligible to take service under more than one classification. Upon request, the Company will assist the member in the selection of the rate which will result in the lowest cost of service based on information provided to the Company, however, the responsibility for the selection of the rate lies with the member. If a change is made in the rate classification, no refund will be made of the difference between charges under the two different rates. The Company may not be required to change a rate schedule for any member after a change more often than once in twelve (12) months. The Company will not be required to make any change in a fixed term contract except as provided therein.

2.2 LOAD MANAGEMENT PROGRAMS. The typical application for load management programs is to have one meter for each applicable load management program or rate. There may be some instances where the service location has multiple load management programs on one meter. In this situation, the service location will be placed on the higher applicable load management rate.

2.3 STANDBY, SUPPLEMENTARY, EMERGENCY, AND INCIDENTAL SERVICES. Unless otherwise specifically provided, the Company's rate schedules require that the member will take his/her entire electrical requirements from the Company. The Company's service is not available for standby, supplementary, emergency or incidental service with respect to any other source of power except when contracted for under a rate schedule providing for these services.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

PART 3 - METERING AND BILLING

3.1 METERING. All electric energy used by members shall be metered to determine the kilowatt hour usage for each billing period. Under certain circumstances, a fixed average usage may be billed without metering, to certain installations such as streetlights, security lights and cable TV boosters, where the usage can be calculated with a reasonable amount of accuracy.

The metering of electrical demand shall be limited to those installations where it is necessary to bill the demand separate from the energy in accordance with current rate schedules.

The Company is in the business of providing retail electricity to the ultimate member. Each separate family unit, business establishment, tenant, and institution shall be metered separately by the Company, however, master metering will be allowed at:

- Individual commercial buildings if requested by the building owner when the electric service is initially installed.
- Buildings intended for occupancy primarily by persons who are 62 years of age or older or disabled, supportive housing, or buildings that contain a majority of units not equipped with complete kitchen facilities if requested by the building owner when the electric service is initially installed.

Master metering of apartment buildings will not be permitted.

Meters will be furnished without charge to members, but they shall remain the property of the Company. Cost options or additions to the meter system may be passed on to the member. The Company will maintain one set of metering equipment for each account and rate schedule under which service is supplied. The location, number of meters and appurtenances, and specifics of installation will depend on the service arrangements and requirements of the rate schedules.

Broken meter seals: All meters and load management equipment owned and installed by the Company shall be sealed with Company meter seals and such meter seals shall not be broken without first obtaining permission from the Company. Only employees of the Company or licensed contractors with the express consent of the Company shall cut a Company meter seal.

Permission to remove a meter seal will only be granted by contacting and gaining approval from the Company. Unauthorized meter seals cut or tampering by any party, including a licensed contractor, will result in the member being charged an unauthorized meter entry fee as listed on the Schedule of Charges.

3.2 METHOD OF DETERMINING DEMAND FOR BILLING PURPOSES. The maximum demand in kW is defined as the greatest 15 minute average. The maximum demand in a billing period is determined by comparing the demand values for the most recently completed interval to the respective readings presently stored in Peak Demand Register in the meter's memory. These demand values are calculated arithmetically by a Rolling Demand Method and shall be used for billing and its respective rate. The rolling demand is always 15 minutes with 3 sub-intervals that are each 5 minutes. The peak value for that peak sub-interval is added to the other two previous sub-intervals and is averaged by dividing this sum by 3 sub-intervals.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

3.3 LOCATION OF METERS. All meters must be located outside unless it is mutually agreed in writing by the member and the Company to have it inside.

3.4 METER READING.

A. Residential and Single-Phase. The Company will bill based on the meter reading obtained by the Company. If the member elects to have a meter that is inaccessible, the member will incur an additional, recurring inaccessible meter charge. (See Section IV, Schedule of Charges)

B. Commercial. The Company will read all three-phase and/or single-phase demand meters.

3.5 METER TESTING.

A. Routine Tests. The Company will endeavor to maintain the accuracy of its meter equipment through periodic testing and adjustment. Residential meters may be tested on a 15-year cycle, or at any time there is reason to believe that a meter is not accurately registering the energy used. Commercial meters may be tested on a three-year cycle or at any time there is reason to believe that a meter is not accurately registering the energy used.

B. Complaint Tests. Tests of individual meters will be made upon request by the member and upon payment of the applicable meter test fee. See Section IV - Schedule of Charges. However, such tests should be discouraged if based on a single month's reading. When a complaint test is conducted and the meter is found to be within plus or minus 2% accuracy, the meter test fee will be kept and no adjustment will be made in the member's bills. If the meter is found to be in error by more than 2%, either high or low, the bills for the preceding six months shall be adjusted by the percentage of error and the meter test fee shall be refunded to the member.

3.6 MONTHLY BILLING. Bills will normally be rendered monthly. Payments may be paid by mail, electronically, or at the office of the Company during regular business hours. A "month" as used for billing purposes, does not mean a calendar month, but means the interval between two consecutive periodic meter-reading dates which are, as nearly as practicable, at thirty-day intervals. The monthly basic charge will be prorated when either new members or departing members receive service for less than one month. If a member receives and uses service for a period of less than one month, for billing purposes, all metered consumption shall be deemed to have occurred in a one-month period.

3.7 BUDGET BILLS. The Company shall provide a "Budget Billing" plan for members served under the General Service Rate who desire to use this plan.

Such plan shall provide for eleven equal monthly payments based on the member's previous use. The billing for the twelfth month will reflect the actual billing for that month adjusted for the credit or debit balance carried forward from the previous month and shall also include the fixed charge and tax. Non-metered charges such as security lights, security monitoring, loans, etc. are added separately.

Should any monthly payment become delinquent, the agreement for Budget Billing shall become void and regular billing procedures shall be resumed.

3.8 LATE-PAYMENT CHARGE. A late payment charge of 1.50% or \$1.00 per monthly billing period, whichever is greater, on that portion of the member's account past due, if the unpaid utility balance exceeds \$10.00.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

3.9 BILL DATE DUE. Residential and Small General Service members have the option of selecting a modified due date for paying their bill. The due date can be extended to one day prior their scheduled billing date. Members selecting a modified due date will remain on that due date until they request to be changed back to the normal due date.

3.10 ESTIMATED BILLS. In the event current and actual meter readings are not available when the monthly bill is to be printed, an estimate will be made of the energy used, and an “estimated” bill shall be prepared. When an estimated bill is necessary, the estimate will be based on the billing history at that location. An adjustment, if any, will be made in the bill based on the next meter reading.

3.11 BILLING ADJUSTMENTS. In the event of a meter or billing error the Company shall recalculate the bills for service during the period of the error and show the adjustment on the following month’s bill.

3.12 RETURNED CHECK CHARGE. There shall be a charge for any check or draft submitted to the Company for payment that is dishonored or returned by the financial institution on which it is drawn. See Section IV. - Schedule of Charges.

3.13 BILLING ERRORS. When a member has been overcharged or undercharged as a result of incorrect reading of the meter, incorrect application of rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the overcharge shall be refunded to the member or the amount of the undercharge shall be billed to the member as detailed below.

A. Billing overcharge. If it has been determined that a member was overcharged for electric services rendered, the amount to be refunded will be calculated by taking the difference between the amount collected for service rendered and the amount the member should have been charged for service rendered, for the period beginning three years before the date of discovery unless the date the error occurred can be identified with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date.

B. Billing undercharge. If it has been determined that a member was undercharged for electric services rendered, the amount to be charged to the member will be calculated by taking the difference between the amount collected for service rendered and the amount the utility should have collected for service rendered, for the period beginning up to one year before the date of discovery. Repayments may be made on a mutually agreed upon payment schedule not to exceed one year.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

PART 4 - LINE EXTENSION RULES

4.1 MEMBER REQUIREMENTS FOR EXTENSION. Before the Company extends facilities, the member will be required to:

- Make application for electric service.
- Make a prepayment or suitable arrangements in the form of a contribution of aid to construction. See Section IV - Schedule of Charges.
- Submit proof that his/her facilities have passed wiring inspection (approved Inspection Card signed by either the Minnesota State Electrical Inspector or a licensed Master Electrician).
- Where electrical facilities are proposed to be underground, earth must be within four inches of final grade.
- Completed install of service mast or meter socket and/or other required metering equipment.
- Complete a right-of-way easement form as required.
- Complete tree trimming and right-of-way clearing as determined by the Company.
- Pay any permit fees.
- Pay all past due bills.
- Have property corners identified as required.
- Locate and clearly mark any member-owned underground facilities, reference section 1.4.E.

Extra charges may be assessed if any of the above requirements are not met which results in additional cost to the Company.

4.2 UNDERGROUND SERVICE EXTENSION.

A. Underground Construction. All trenching or plowing for Company-owned cable on the utility side of the electric meter will be the Company's responsibility.

B. Underground Secondary. The general practice* is for the Company to provide the secondary cable from the transformer to the member-owned meter socket for:

1. Individual single-phase services with a 320 ampere or smaller, self-contained meter socket for residential or commercial applications.
2. Two-unit residential townhomes served with twin single-phase, 200 ampere ganged meter socket.
3. Three-phase services having a 200 ampere or smaller, self-contained meter socket.

**There may be situations that due to safety, reliability, or other factors, the Company may request that the member install the secondary conductor. These situations will be assessed on a case-by-case basis.*

For all other cases, the member shall provide and install the secondary conductor.

Extra charges may be assessed if the member's service entrance is not on the closest corner of the building to the Company feed point. All meter sockets and metering equipment shall be installed in accordance to Company requirements.

C. Temporary Service for Construction of Permanent Facilities. The member's temporary service must meet the National Electrical Code requirements and pass inspection by either the Local State Electrical Inspector or a licensed master electrician. The temporary service shall be placed no farther than 10 feet from the permanent meter location or at the location of the pad mount transformer. A temporary service connection charge will be assessed as described in Section IV. - Schedule of Charges.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

D. Winter Construction. An additional winter construction charge will be assessed to all individual underground services and platted developments except for short service extensions to residences and businesses. Installations made between November 1 and April 1 are subject to winter construction charges. Refer to Section IV. - Schedule of Charges.

E. Transformer Pad. A member requesting three-phase service shall furnish a concrete pad and guard posts as required for the pad-mounted transformer in accordance with specifications provided by the Company.

4.3 OVERHEAD SERVICE EXTENSION.

A. Meter mounted on building. The Company will provide the electric meter and service conductor to a member-owned service mast. Extra charges may be assessed if the member's service entrance is not on the closest corner of the building to the Company feed point.

B. Meter mounted on pole. The Company will provide the electric meter and service conductor to a member-owned service mast on the Company-owned pole.

4.4 EXTENSIONS TO AND WITHIN PLATTED DEVELOPMENTS. Before the Company will extend facilities into a platted development, the developer will be required to:

- Submit a finalized plat drawing.
- Have road and ditches to final grade.
- Have utility easements defined on the plat drawing.
- Have all lot corners identified.
- Complete a developer's Electric Distribution System Agreement form.
- Submit payment as defined in Section IV - Schedule of Charges.

4.5 EXTENSIONS TO NON-STANDARD LOADS. When service is requested for a non-standard load, the member will be required to pay for the new service prior to construction. A non-standard load is defined as either:

- A service that has revenue too low to amortize the construction costs.
- A service that is or may be temporary in nature.

The payment is the larger of:

- Basic non-standard line extension fees as determined by Engineering.
- **OR** Engineering estimate of the installed cost of the project.

4.6 ELECTRIC MOTOR REQUIREMENTS. Single-phase motors over 7.5 horsepower and three-phase motors over 75 horsepower shall have starting equipment that is acceptable to and approved by the Company.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

4.7 AVAILABLE VOLTAGES.

Nominal alternating current, 60 hertz voltages available:

Single-phase:

240/120 Volt, 3 wire

Multi-phase grounded "wye":

208/120 Volt, 4 wire

480/277 Volt, 4 wire

Contact the Company for other available voltages.

4.8 LINE DESIGN. The routing, design, and construction of the Company's line shall be accomplished in the most economical and practical manner with consideration given to future expansion. If a member or unit of government desires construction which involves unnecessary expense on the part of the Company, the incremental expense shall be paid by the applicant in the form of a contribution of aid-to-construction or assessment to members of that unit of government.

4.9 OWNERSHIP OF FACILITIES. The electric service line installed by the Company shall remain the property of the Company. Any contribution of aid to construction made by the member shall not entitle the member to ownership interest therein.

4.10 MIDLINE TAPS. There may be instances where the Company will service additional members from a line extension serving an existing member who paid an aid-to-construction fee for the entire extension. The Company reserves the right to refund a portion of the existing members' aid-to-construction fee in such instances. Such refund will be limited to the original member and must occur within three years of the date of construction.

The right-of-way clearing must be completed prior to the scheduling of construction.

4.11 SERVICE CHANGES. The Company will normally not charge the member for a service change or upgrade except as follows:

A. Member requested overhead to underground conversion. See Section IV. - Schedule of Charges.

B. Where new electric service location changes from the existing service entrance location, which causes Company to construct additional service equipment. See Section IV. - Schedule of Charges.

C. When the member requests an upgrade from single-phase to three-phase and/or the member's load is determined to be a non-standard electrical load. See Section IV. - Schedule of Charges.

D. When the member requests an additional service of the same voltage to a building currently fed by that voltage and meets the NEC requirements for two separate loads, and the existing transformer feeding the building could be reasonably upgraded by Company. See Section IV. - Schedule of Charges.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

4.12 LINE RELOCATION

A. Road Construction. Governing bodies shall be charged the actual cost (less upgrade) of relocation when the electric plant to be moved is located on private property. No charge will be made for relocation because of road construction by counties, townships, or cities when Company facilities are located on public road right-of-way. If, as part of the line relocation, a county, township, city or state imposes unusual or special design requirements resulting in excessive cost to the Company, the Company reserves the right to charge or recover expenses created by that special requirement from the requesting party.

B. Public Projects. The Company will work reasonably with the local government unit during the design of non-critical public projects, such as bike paths, sidewalks, and rain gardens, so that the public project can be reasonably designed without the need to relocate the Company's facilities. If the design of the public project is such that the Company's electric facilities require relocation, then the expense of relocation will be the sole responsibility of the local government unit initiating the public project.

C. Other Utility Requirements. The cost of temporary or permanent relocation required by other public utility construction, including gas, cable TV, telephone, and other electric, will be charged to the owner of the utility. When a municipal requests the Company to relocate its facilities located in public right-of-way to accommodate the municipal's sewer, or water construction, there will be no charge to the municipal unless otherwise agreed to in a franchise agreement. If, as part of the line relocation, a county, township, city or state imposes unusual or special design requirements resulting in excessive cost to the Company, the Company reserves the right to charge or recover expenses created by that special requirement from the requesting party.

D. Private Owner Requirements. The owner will be charged the actual cost of relocation of overhead or underground service lines that have been installed to furnish service at a location requested by that owner or a previous owner, and later a relocation is necessary because of a revision in the owner's plans or use of the property. If a member requests an overhead system to be converted to underground, the costs will be determined by a Company representative based on standard unit costs. See Section IV. - Section of Charges.

E. Point of Attachment. If building additions or modifications are constructed such as to require a larger service entrance or create a violation of the National Electrical Safety Code, the property owner shall provide, at their own expense, the necessary new or larger-capacity point of attachment for the Company that meets Code requirements. No charge will be made for shifting service conductors from one point of attachment to another in such cases providing the location of the members service entrance does not significantly change in location.

F. Damage to Member-Owned Underground Facilities. The Company is not responsible for repairing damage to any underground facility owned by the member, that are not clearly and accurately located by the member prior to the Company's construction activities.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

4.13 RIGHT-OF-WAY EASEMENTS. Written easements, authorizations via the Application for Electric Service, or acceptances shall be obtained for all construction and maintenance, when necessary, from landowners. As a condition of service, a member requesting service must grant access to his/her property and also has the responsibility for obtaining necessary easements on any neighboring property that might be encroached upon by the construction of his/her service.

The developer of a new subdivision shall record with the plat of the subdivision a public utility easement. Such easements shall include a legal description of areas within the plat which are dedicated for utility purposes.

Where public utility easements exist and can be utilized, permits for the placement of distribution lines on such public right-of-way shall be obtained as required.

4.14 RIGHT-OF-WAY MAINTENANCE.

Systematic Line Maintenance. The Company may, from time to time, conduct a systematic program of right-of-way maintenance. The Company will trim, cut, or remove trees that in its judgment may cause an interruption in service, endanger the Company's electric lines, or present a safety hazard. The Company may also utilize approved herbicides in its line maintenance program. The Company will make a reasonable effort to inform members of its line maintenance program prior to starting the work.

Where possible, offending trees shall be removed entirely. Tree trimming must provide at least 10 feet of clearance from the Company's conductors, provided, however, that the Company reserves the right to trim, cut, or remove trees farther than 10 feet from the Company's conductors, if the Company determines that this additional clearance is clearly necessary to accomplish the purposes of its line maintenance program. Any tree trimming, cutting, or removal shall conform to any recorded easements. By receiving electric service from the Company, the member is deemed to consent to the Company's entrance on the member's property to trim, cut, or remove trees and other vegetation, including the application of approved herbicides, as the Company determines to be necessary for its line maintenance program.

Special Trimming. The Company will trim or cut trees that, in its opinion, endanger the Company's electric lines. In such cases where a property owner wants a tree removed, and the Company's electric wires present an obstacle, the Company will, during regular working hours, (1) remove the lines temporarily while the work is being done by the owner, or (2) fall the tree and leave the clean up work to be done by the owner; in both cases no charge will be assessed the owner.

Storm Damaged Trees. If trees have been damaged by a storm, cutting and trimming will be done to remove the danger and repair the lines. Clean up work in such cases shall be the responsibility of the property owner/member.

Member-Owned. The Company is not responsible for the following:

- Trimming or removal of trees that endanger the owner's own lines located beyond the point of service.
- Trimming and/or removing shrubs to gain access to pad-mount equipment located on a utility easement. Damages to shrubs caused when accessing the equipment shall be repaired by the member. Authorized agents of the Company will take the necessary precautions to try to minimize the damages when practical.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

4.15 RIGHT-OF-WAY CLEARING (NEW SERVICES). The member submitting for new service is responsible for necessary tree clearing and/or trimming along the line extension route. The Company will provide clearing specifications which will aid the applicant in meeting proper clearance.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

PART 5 - MEMBER-OWNED GENERATING FACILITIES

5.1 GENERAL. This section covers general requirements for member-owned generation, including three-phase commercial and industrial, and single-phase small commercial and residential. Cogeneration and small power producers that qualify under the Public Utilities Regulatory Policies Act (PURPA) should also refer to the Cogeneration and Small Power Production section of this rate book.

5.2 GENERATION INTERCONNECTION GENERAL REQUIREMENTS. Generation owned by residential, commercial or industrial members or small power producers, including open transition, closed transition, and extended parallel systems, must be installed and operated in accordance with the Company's Technical Requirements and Interconnection Agreements, herein after called the Interconnection Requirements. Any member who operates their facility in non-compliance with these provisions will be subject to discontinuance of service. The member must maintain public liability insurance as a condition of service at a minimum amount as specified in the Company's Interconnection Requirements.

A. No member may connect an independent source of power in parallel with the Company's system without prior written consent of the Company. Any member desiring to generate in extended parallel operation with the intent to export power to or wheel power across the Company's distribution system shall execute a contract with the Company containing terms and provisions regarding metering and billing, technical, and operating parameters for the member's independent source of power and shall set up and operate the independent source in accordance with the Company's Interconnection Requirements for Dispersed Generation.

B. The interconnection of member's facilities with the Company's system shall not interfere with the quality of the Company's service to any of its other members.

C. The Company reserves the right to discontinue service if continued parallel operation by the member results in trouble on the Company's system, such as interruptions, ground faults, radio or telephone interference, surges or objectionable voltage fluctuations or induced harmonics, where such trouble is caused by a member and the member fails to remedy the causes thereof within a reasonable time.

D. Single-phase generation to be used for emergency back-up only shall be operated open transition and is not allowed to be connected in parallel with the Company's distribution system. All such power sources shall be installed in accordance with the Company's Interconnection Requirements.

5.3 NON-COMPLIANCE OF MEMBER-OWNED GENERATING FACILITIES. If a member of the Company interconnects a generating facility to the Company's distribution system without meeting all the requirements set forth by the Company's Interconnection Requirements, Connexus Energy may refuse to connect or may disconnect a generation system from the distribution system.

The Company is not liable for damage to the member's equipment when said equipment does not meet all safety and operating requirements.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

5.4 Rules for Implementing the Distributed Generation Section of Minnesota Statute 216B.164

5.4.1 DEFINITIONS

Subpart 1. Applicability. For purposes of these rules, the following terms have the meanings given them in this part.

Subpart 2. Average retail cooperative energy rate. "Average retail cooperative energy rate" means, for any class of Cooperative member, the quotient of the total annual class revenue from sales of electricity minus the annual revenue resulting from fixed charges, divided by the annual class kilowatt-hour sales. For purposes of determining the "average retail cooperative energy rate" the Cooperative may consider a retail demand rate as a fixed charge and may exclude such annual revenue from the calculation. Data from the most recent 12-month period available must be used in the computation.

Subpart 3. Backup power. "Backup power" means electric energy or capacity supplied by the Cooperative to replace energy ordinarily generated by a qualifying facility's own generation equipment during an unscheduled outage of the facility.

Subpart 4. Capacity. "Capacity" means the capability to produce, transmit, or deliver electric energy, and is measured by the number of kilowatts alternating current at the point of common coupling between a qualifying facility and a Cooperative's electric system during a 15-minute interval period.

Subpart 5. Capacity costs. "Capacity costs" means the costs associated with providing the capability to deliver energy. The Cooperative capital costs consist of the costs of facilities from the Cooperative and the Cooperative's wholesale provider used to generate, transmit, and distribute electricity and the fixed operating and maintenance costs of these facilities.

Subpart 6. Cooperative. "Cooperative" means Connexus Energy.

Subpart 6a. Member. "Member" as defined by the bylaws of the Cooperative, means any person, firm, association, or corporation, or any agency of the federal, state, or local government being supplied with service by the Cooperative.

Subpart 7. Energy. "Energy" means electric energy, measured in kilowatt-hours.

Subpart 8. Energy costs. "Energy costs" means the variable costs associated with the production of electric energy. They consist of fuel costs and variable operating and maintenance expenses.

Subpart 9. Firm power. "Firm power" means energy delivered by the qualifying facility to the Cooperative with at least a 65 percent on-peak capacity factor in the month. The capacity factor is based upon the qualifying facility's maximum metered capacity delivered to the Cooperative during the on-peak hours for the month.

Subpart 10. Interconnection costs. "Interconnection costs" means the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs incurred by the Cooperative that are directly related to installing and maintaining the physical facilities necessary to permit interconnected operations with a qualifying facility. Costs are considered interconnection costs only to the extent that they exceed the costs the Cooperative would incur in selling electricity to the qualifying facility as a non-generating Member.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

Subpart 11. Interruptible power. "Interruptible power" means electric energy or capacity supplied by the Cooperative to a qualifying facility subject to interruption under the provisions of the Cooperative's tariff applicable to the retail class of members to which the qualifying facility would belong irrespective of its ability to generate electricity.

Subpart 12. Maintenance power. "Maintenance power" means electric energy or capacity supplied by the Cooperative during scheduled outages of the qualifying facility.

Subpart 13. On-peak hours. "On-peak hours" means either those hours formally designated by the Cooperative as on-peak for ratemaking purposes or those hours for which its typical loads are at least 85 percent of its average maximum monthly loads.

Subpart 14. Point of common coupling. "Point of common coupling" means the point where the qualifying facility's generation system, including the point of generator output, is connected to the Cooperative's electric power grid.

Subpart 15. Purchase. "Purchase" means the purchase of electric energy or capacity or both from a qualifying facility by the Cooperative.

Subpart 16. Qualifying facility. "Qualifying facility" means a cogeneration or small power production facility which satisfies the conditions established in Code of Federal Regulations, title 18, part 292. The initial operation date or initial installation date of a cogeneration or small power production facility must not prevent the facility from being considered a qualifying facility for the purposes of this chapter if it otherwise satisfies all stated conditions. The qualifying facilities must be owned by the Member.

Subpart 17. Sale. "Sale" means the sale of electric energy or capacity or both by the Cooperative to a qualifying facility.

Subpart 18a. Standby charge. "Standby charge" means the charge imposed by the Cooperative upon a qualifying facility for the recovery of costs for the provision of standby services necessary to make electricity service available to the qualifying facility.

Subpart 18b. Standby service. "Standby service" means the service to potentially provide electric energy or capacity supplied by the Cooperative to a qualifying facility greater than 40 kW.

Subpart 19. Supplementary power. "Supplementary power" means electric energy or capacity supplied by the Cooperative which is regularly used by a qualifying facility in addition to that which the facility generates itself.

Subpart 20. System emergency. "System emergency" means a condition on a Cooperative's system which is imminently likely to result in significant disruption of service to customers or to endanger life or property.

5.4.2 SCOPE AND PURPOSE

The purpose of these rules are to implement certain provisions of Minnesota Statutes, section 216B.164; the Public Utility Regulatory Policies Act of 1978, United States Code, title 16, section 824a-3; and the Federal Energy Regulatory Commission regulations, Code of Federal Regulations, title 18, part 292. These rules shall be applied in accordance with its intent to give the maximum possible encouragement to cogeneration and small power production consistent with protection of the ratepayers and the public.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

5.4.3 FILING REQUIREMENTS

Annually the Cooperative shall file for review and approval, a cogeneration and small power production tariff with its Board of Directors. The tariff must contain schedules 1 - 5

Subpart 1. Schedule 1. Schedule 1 shall contain the calculation of the average retail cooperative energy rates to be updated annually.

Subpart 2. Schedule 2. Schedule 2 shall contain all standard contracts to be used with qualifying facilities, containing applicable terms and conditions.

Subpart 3. Schedule 3. Schedule 3 shall contain the Cooperative's adopted interconnection process, safety standards and technical requirements for distributed energy resource systems.

Subpart 4. Schedule 4. Schedule 4 shall contain procedures for notifying affected qualifying facilities of any periods of time when the Cooperative will not purchase electric energy or capacity because of extraordinary operational circumstances which would make the costs of purchases during those periods greater than the costs of internal generation.

Subpart 5. Schedule 5. Schedule 5 shall contain the estimated average incremental energy costs by seasonal, peak and off-peak periods for the Cooperative's power supplier from which energy purchases are first avoided. Schedule 5 shall also contain the net annual avoided capacity costs, if any, stated per kilowatt-hour and averaged over the on-peak hours and over all hours for the Cooperative's power supplier from which capacity purchases are first avoided. Both the average incremental energy costs and net annual avoided capacity costs shall be increased by a factor equal to 50 percent of the Cooperative and the Cooperative's power supplier's overall line losses due to distribution, transmission and transformation of electric energy.

5.4.4 AVAILABILITY OF FILINGS

All filings shall be maintained at the Cooperative's general office and any other office of the Cooperative where rate tariffs are kept. The filings shall be made available for Member inspections during normal business hours. To the extent possible, Cooperative shall supply the current year's distributed generation rates, interconnection procedures and applications on the Cooperative website.

5.4.5 REPORTING REQUIREMENTS

Annually the Cooperative shall report to the Cooperative Board of Directors for their review and approval an annual report including information in Subparts. 1 – 3. The Cooperative shall still comply with other federal and state reporting of distributed generation to federal and state agencies expressly required by statute.

Subpart. 1. Summary of Average Retail Cooperative Energy Rate. A summary of the qualifying facilities that are currently served under average retail cooperative energy rate.

Subpart 2. Other Qualifying Facilities. A summary of the qualifying facilities that are not currently served under average retail cooperative energy rate.

Subpart 3. Wheeling. A summary of the wheeling undertaken with respect to qualifying facilities.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

5.4.6 CONDITIONS OF SERVICE

Subpart 1. Requirement to Purchase. The Cooperative shall purchase energy and capacity from any qualifying facility which offers to sell energy and capacity to the Cooperative and agrees to the conditions in these rules.

Subpart 2. Written Contract. A written contract shall be executed between the qualifying facility and the Cooperative.

5.4.7. ELECTRICAL CODE COMPLIANCE

Subpart 1. Compliance; standards. The interconnection between the qualifying facility and the Cooperative must comply with the requirements in the most recently published edition of the National Electrical Safety Code issued by the Institute of Electrical and Electronics Engineers. The interconnection is subject to subparts 2 and 3.

Subpart 2. Interconnection. The qualifying facility is responsible for complying with all applicable local, state, and federal codes, including building codes, the National Electrical Code (NEC), the National Electrical Safety Code (NESC), and noise and emissions standards. The Cooperative shall require proof that the qualifying facility is in compliance with the NEC before the interconnection is made. The qualifying facility must obtain installation approval from an electrical inspector recognized by the Minnesota State Board of Electricity.

Subpart 3. Generation system. The qualifying facility's generation system and installation must comply with the American National Standards Institute/Institute of Electrical and Electronics Engineers (ANSI/IEEE) standards applicable to the installation.

5.4.8 RESPONSIBILITY FOR APPARATUS

Subpart 1. Member owned facilities. The qualifying facility, without cost to the Cooperative, must furnish, install, operate, and maintain in good order and repair any apparatus the qualifying facility needs in order to operate in accordance with schedule 3.

Subpart 2. Cooperative owned facilities. The Cooperative shall furnish, install, operate, own and maintain in good working order distribution facilities required for the operation of the qualifying facility. The Cooperative retains ownership of any distribution facilities it furnishes including any additions or modifications to the Cooperative's distribution system to accommodate the qualifying facility regardless of any financial contribution to said facilities by member(s).

5.4.9 TYPES OF POWER TO BE OFFERED; STANDBY SERVICE

Subpart 1. Service to be offered. The Cooperative shall offer maintenance, interruptible, supplementary, and backup power to the qualifying facility upon request.

Subpart 2. Standby service. The Cooperative shall offer a qualifying facility standby service at the Cooperative applicable standby rate schedule.

5.4.10 DISCONTINUING SALES DURING EMERGENCY

The Cooperative may discontinue sales to the qualifying facility during a system emergency, if the discontinuance and recommencement of service is not discriminatory.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

5.4.11 RATES FOR COOPERATIVE SALES TO A QUALIFYING FACILITY

Rates for sales to a qualifying facility must be governed by the applicable tariff(s) for the class of electric cooperative member to which the qualifying facility belongs or would belong were it not a qualifying facility. Such rates are not guaranteed and may change from time to time at the discretion of the Cooperative.

5.4.12 STANDARD RATES FOR PURCHASES FROM QUALIFYING FACILITIES

Subpart 1. Qualifying facilities with 100 kilowatt capacity or less. For qualifying facilities with capacity of 100 kilowatts or less, standard purchase rates apply. The Cooperative shall make available four types of standard rates, described in parts M, N, O, and P. The qualifying facility with a capacity of 100 kilowatts or less must choose interconnection under one of these rates, and must specify its choice in the written contract required in part V. Any net credit to the qualifying facility must, at its option, be credited to its account with the Cooperative or returned by check or comparably electronic payment service within 15 days of the billing date. The option chosen must be specified in the written contract required in part V. Qualifying facilities remain responsible for any monthly service charges and demand charges specified in the tariff under which they consume electricity from the Cooperative.

Subpart 2. Qualifying facilities over 100 kilowatt capacity. A qualifying facility with more than 100 kilowatt capacity has the option to negotiate a contract with the Cooperative or any other Minnesota utility or, if it commits to provide firm power, be compensated under standard rates.

Subpart 3. Grid Access Charge. A qualifying facility shall be assessed a monthly Grid Access Charge to recover the fixed costs not already paid by the member through the member's existing billing arrangement. The additional charge shall be reasonable and appropriate for the class of member based on the most recent cost of service study defining the Grid Access Charge. The cost of service study for the Grid Access Charge shall be made available for review by the member of the Cooperative upon request.

Subpart 4. Renewable energy credits. The renewable energy credits for the qualifying facility are the property of the qualifying facility owner unless the qualifying facility owner chooses to assign ownership of the renewable energy credit to a different entity.

5.4.13 AVERAGE RETAIL COOPERATIVE ENERGY RATE

Subpart 1. Applicability. The average retail cooperative energy rate is available only to Member-owned qualifying facilities with capacity of less than 40 kilowatts which choose not to offer electric power for sale on either a time-of-day basis, a simultaneous purchase and sale basis or roll-over credit basis.

Subpart 2. Method of billing. The Cooperative shall bill the qualifying facility for the excess of energy supplied by the Cooperative above energy supplied by the qualifying facility during each billing period according to the Cooperative's applicable retail rate schedule.

Subpart 3. Additional calculations for billing. When the energy generated by the qualifying facility exceeds that supplied by the Cooperative to the Member at the same site during the same billing period, the Cooperative shall compensate the qualifying facility for the excess energy at the average retail cooperative energy rate.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

5.4.14 SIMULTANEOUS PURCHASE AND SALE BILLING RATE.

Subpart 1. Applicability. The simultaneous purchase and sale rate is available only to qualifying facilities with capacity of less than 40 kilowatts which choose not to offer electric power for sale on average retail cooperative energy rate basis, time-of-day basis or roll-over credit basis.

Subpart 2. Method of billing. The qualifying facility must be billed for all energy and capacity it consumes during a billing period according to the Cooperative's applicable retail rate schedule.

Subpart 3. Compensation to qualifying facility; energy purchase. The Cooperative shall purchase all energy which is made available to it by the qualifying facility. At the option of the qualifying facility, its entire generation must be deemed to be made available to the Cooperative. Compensation to the qualifying facility must be the energy rate shown on schedule 5.

Subpart 4. Compensation to qualifying facility; capacity purchase. If the qualifying facility provides firm power to the Cooperative, the capacity component must be the Cooperative's net annual avoided capacity cost per kilowatt-hour averaged over all hours shown schedule 5, divided by the number of hours in the billing period. If the qualifying facility does not provide firm power to the Cooperative, no capacity component may be included in the compensation paid to the qualifying facility.

5.4.15 TIME-OF-DAY PURCHASE RATES

Subpart 1. Applicability. Time-of-day rates are required for qualifying facilities with capacity of 40 kilowatts or more and less than or equal to 100 kilowatts, and they are optional for qualifying facilities with capacity less than 40 kilowatts. Time-of-day rates are also optional for qualifying facilities with capacity greater than 100 kilowatts if these qualifying facilities provide firm power.

Subpart 2. Method of billing. The qualifying facility must be billed for all energy and capacity it consumes during each billing period according to the Cooperative's applicable retail rate schedule.

Subpart 3. Compensation to qualifying facility; energy purchase. The Cooperative shall purchase all energy which is made available to it by the qualifying facility. Compensation to the qualifying facility must be the energy rate shown on schedule 5.

Subpart 4. Compensation to qualifying facility; capacity purchase. If the qualifying facility provides firm power to the Cooperative, the capacity component must be the capacity cost per kilowatt shown on schedule 5 divided by the number of on-peak hours in the billing period. The capacity component applies only to deliveries during on-peak hours. If the qualifying facility does not provide firm power to the Cooperative, no capacity component may be included in the compensation paid to the qualifying facility.

5.4.16 ROLL-OVER CREDIT PURCHASE RATES

Subpart 1. Applicability. The roll-over credit rate is available only to qualifying facilities with capacity of less than 40 kilowatts which choose not to offer electric power for sale on average retail cooperative energy rate basis, time-of-day basis or simultaneous purchase and sale basis.

Subpart 2. Method of billing. The Cooperative shall bill the qualifying facility for the excess of energy supplied by the Cooperative above energy supplied by the qualifying facility during each billing period according to the Cooperative's applicable retail rate schedule.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

Subpart 3. Additional calculations for billing. When the energy generated by the qualifying facility exceeds that supplied by the Cooperative during a billing period, the Cooperative shall apply the excess kilowatt hours as a credit to the next billing period kilowatt hour usage. Excess kilowatt hours that are not offset in the next billing period shall continue to be rolled over to the next consecutive billing period. Any excess kilowatt hours rolled over that are remaining at the end of each calendar year shall cancel with no additional compensation.

5.4.17 CONTRACTS NEGOTIATED BY MEMBER

A qualifying facility with capacity greater than 100 kilowatts must negotiate a contract with the Cooperative setting the applicable rates for payments to the Member of avoided capacity and energy costs.

Subpart 1. Amount of Capacity Payments. The qualifying facility which negotiates a contract under Part Q must be entitled to the full avoided capacity costs of the Cooperative. The amount of capacity payments will be determined by the Cooperative and the Cooperative's wholesale power provider.

Subpart 2. Full Avoided Energy Costs. The qualifying facility which negotiates a contract under Part Q must be entitled to the full avoided energy costs of the Cooperative. The costs must be adjusted as appropriate to reflect line losses.

5.4.18 WHEELING

Qualifying facilities with capacity of 30 kilowatts or greater, are interconnected to the Cooperative's distribution system and choose to sell the output of the qualifying facility to any other utility, must pay any appropriate wheeling charges to the Cooperative.

5.4.19 NOTIFICATION TO MEMBERS

Subpart 1. Contents of Written Notice. Following each annual review and approval by the Cooperative of the cogeneration rate tariffs the Cooperative shall furnish in the monthly newsletter or through similar notice to each of its members that the Cooperative is obligated to interconnect with and purchase electricity from cogenerators and small power producers.

Subpart 2. Availability of Information. The Cooperative shall make available to all members on the cooperative's website, the interconnection process and requirements adopted by the Cooperative, pertinent rate schedules and sample contractual agreements.

5.4.20 DISPUTE RESOLUTION

Subpart 1. Cooperative Dispute Resolution Process. Member(s) should make reasonable efforts to resolve a disputes with Cooperative staff including the Cooperative's General Manager before taking a dispute to the Cooperative's Board of Directors. The Board of Directors shall provide timely opportunity for any member(s) with a dispute to bring the issue(s) to the Board for resolution. The Cooperative Board of Directors shall weigh the issues and circumstances of the case and make a determination on any dispute brought to the Board which must be recorded in the minutes of the meeting. In the event the member(s) and the Cooperative cannot resolve the dispute, either the member(s) or the Cooperative may request mediation as outlined in Subparts 2 and 3.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

Subpart 2. Mediator. The Cooperative and the member(s) involved in the dispute must mutually agree upon the selection of a mediator, who must be listed on the roster of neutrals for civil matters established by the state court administrator under Rule 114.12 of the Minnesota's General Rules of Practice for the District Courts.

Subpart 3. Cost Sharing. The Cooperative and the member(s) involved in the dispute shall cost share the expense for a mediator for mediation. The Cooperative shall be responsible for 90% of the mediator's cost and the member(s) who initiated the dispute shall pay 10% of the cost of the mediator.

5.4.21 INTERCONNECTION CONTRACTS

Subpart 1. Interconnection Standards. The Cooperative shall provide the member with a copy of, or electronic link to, the Cooperative's adopted interconnection process and requirements.

Subpart 2 Existing Contracts. Any existing interconnection contract executed between the Cooperative and a qualifying facility with capacity of less than 40 kilowatts remains in force until terminated by mutual agreement of the parties or as otherwise specified in the contract. The Cooperative has assumed all dispute responsibilities as listed in existing interconnection contracts. Disputes are resolved through the process in Section T.

Subpart 3 Renewable Energy Credits; Ownership. Generators own all renewable energy credits unless other ownership is expressly provided for by a contract between a generator and the Cooperative.

5.4.22 UNIFORM AGREEMENT

The form for uniform agreement shall be used between the Cooperative and a qualifying facility having less than 40 kilowatts of capacity is as shown in Connexus Energy Rate Book Section III – Distributed Generation Rates.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

PART 6 - CURTAILMENT OR INTERRUPTION AND QUALITY OF SERVICE

6.1 CONTINUITY OF SERVICE. The Company will endeavor to, but does not guarantee to furnish a continuous supply of electric energy.

The Company shall not be liable for interruptions in service, loss of a phase or phase reversal, or variations in the service characteristics, or any loss or damage of any kind, due to causes or conditions beyond the Company's control. Such causes or conditions shall be deemed to specifically include, but not be limited to the following: act or omissions of members or third parties; operation of safety devices except when such operation is caused by negligence of the Company; absence or an alternative supply of service; excessive harmonics created by member-owned load or devices; failure, malfunction, necessary repairs or inspection of machinery, facilities, or equipment; act of God; war; action of the elements; storm or flood; fire; riot or civil disturbances; or the exercise of authority or regulation by governmental or military authorities.

The member shall be responsible for notifying the Company of interruptions or variations in electric service so that appropriate corrective action can be taken.

The Company reserves the right without previously notifying the member to temporarily interrupt service for construction, repairs, emergency operations, shortages in power supply, safety, and State or National emergencies and shall be under no liability with respect to any such interruption, curtailment, or suspension.

6.2 REFUSAL OR DISCONTINUANCE OF SERVICE. With notice, the Company may refuse, discontinue, or curtail electric service for any of the following reasons: failure to pay amounts payable when due; failure to meet the Company's deposit or credit requirements; breach of contract for service; failure to provide Company with reasonable access to its property or equipment; failure to make proper application for service; failure to comply with the other provision of the Company's rates, rules and regulations; when Company is unable to furnish electric service to member because it cannot obtain permits, wiring affidavits, or necessary rights-of-way when necessary to comply with any order or request of any governmental authority having jurisdiction.

Upon such notice as is reasonable under the circumstances, the Company may temporarily discontinue electric service when necessary to make repairs, replacements, or changes in Company's equipment.

Without notice the Company may disconnect service to any member in the event of an unauthorized use of or tampering with the Company's equipment or in the event of a condition determined to be hazardous to the member, to other members of the Company, to the public, or to the Company's employees, equipment, or service.

Any discontinuance of supply will not relieve the member from his/her obligations to the Company.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

6.3 CURTAILMENT OR INTERRUPTION OF SUPPLY. Without notice, Company may curtail or interrupt service to any or all of its members when in its judgment such curtailment or interruption will tend to prevent or alleviate a threat to the integrity of its power supply. In such event the judgment of the Company will be deemed conclusive on all parties involved. The selection by the Company of the members to be curtailed or interrupted will also be conclusive on all parties concerned, and the Company will be under no liability for any such curtailment or interruption.

Any curtailment or interruption of supply will not relieve the member from his/her obligations to the Company.

6.4 SYSTEM DISTURBANCE. The member shall not use the service in any way that causes a safety hazard, endangers the Company's facilities, or disturbs service to other members. Failure to comply with this provision may result in discontinuance of the member's service.

The member shall install only such motors and other apparatus or appliances as are suitable for operation with the character of the service supplied by the Company. If the member's load or devices result in improper voltage or operation of the member's or the Company's electric system, then the Company may require the member to take corrective action at their own expense.

The member shall be responsible for notifying the Company of any additions to or changes in their equipment which might exceed the capacity of the Company's facilities, or otherwise affect the quality of service.

The member shall install and maintain the necessary devices to protect his/her equipment against service interruptions and other disturbances on the Company's system, as well as the necessary devices to protect the Company's facilities against overload caused by the member's equipment. Characteristics and installation of all such equipment or devices shall meet the approval of the Company.

6.5 STRAY VOLTAGE. Neutral-to-earth voltage is an inherent characteristic of all multi-grounded electrical distribution systems. Some members may have special electrical requirements which do not tolerate normal neutral-to-earth voltages.

The Company shall work with its members to identify neutral-to-earth voltages that may exist at abnormally high levels. This investigation will be performed by the Company at no charge to the member.

If the Company determines that our system is contributing to the problem, then the neutral isolator will be installed for no charge. If the member specifically requests a neutral isolator even though the Company has determined that our system is not contributing to the problem, then the member will be charged for the device. See Section IV. - Schedule of Charges.

The Company will own and maintain the isolation device for the life-time of the service.

SECTION V - GENERAL RULES AND CONDITIONS OF SERVICE

PART 7 - COMPANY'S RIGHTS

7.1 WAIVER OF RIGHTS OR DEFAULTS. No delay by the Company in enforcing any of its rights may be deemed a waiver of such rights, nor may a waiver by the Company of any of a member's defaults be deemed a waiver of any other or subsequent defaults.

7.2 MODIFICATION OF RATES, RULES, AND REGULATIONS. The Company reserves the rights, in any manner permitted by law, to modify any of its rates, rules, and regulations or other provisions now or hereafter in effect.