

TERMS AND CONDITIONS OF SERVICE - PART VI

STANDARD RATE SCHEDULE

601 General:

601.1 Terms of Payment:

The monthly bill will be rendered at the stated rate(s). Prepaid accounts shall be required to make payment prior to delivery of service and will be required to maintain a credit balance throughout the month. Non-Prepaid accounts will incur a late payment charge on past-due bills, not to exceed ten percent (10%) of the amount due for the current billing period, may be charged; in such event, the due date stated on the bill shall not be earlier than twenty (20) days after the bill is mailed.

601.2 Billing Adjustments:

(A) Cost of Purchased Power Adjustment:

FORMULA FOR COST OF PURCHASED POWER:

$$P.A. = A \times (1 / (1 - B))$$

Where:

- P.A. = Power cost adjustment that may be made per kWh billed.
- A = The amount in cents or fraction thereof by which the average cost per kWh paid to suppliers of power by the utility during the previous period preceding the end of the billing period for which kWh usage is billed exceeds or is less than 42.00 mills per kWh plus the reconciliation for prior over- or under-recovery. The power cost and kWh sales pertaining to Schedules "Large Power Over 1,000 KW" and "Optional Large Power Over 500 KW" will first be removed before calculating the value for A. If A is not known at the time of the first billing associated with the appropriate suppliers of power average cost, then A may be estimated for all billing periods associated with that unknown average cost. The difference between the actual amount and the estimated amount may be recovered anytime during the succeeding 12 billing periods.
- B = The actual percentage of power losses expressed decimally using the total purchases in the 12-month period ending one month prior to the sales period, and the total sales for the preceding 12-month period.

TERMS AND CONDITIONS OF SERVICE - PART VI

(B) TIER Adjustment:

FORMULA FOR TIER ADJUSTMENT RIDER:

$$T.A. = ((A \times B) - A) - C - D / E$$

Where:

- T.A = The TIER Adjustment amount, calculated monthly, that may be charged per kWh billed in the succeeding month.
- A = Total interest expense on long term debt from the previous 12 months.
- B = Target Operating TIER. Set annually, target shall be the median TIER (2 of 3 High Year Average) for CFC borrowing utilities of comparable size.
- C = Total operating margins from the previous 12 months.
- D = Total capital credit cash received from the previous 12 months.
- E = Total kWh sales from the previous 12 months.

The TIER adjustment (E.A.) may be applied at different levels for each rate class based on a Cost of Service Study, as approved by the Board of Directors.

(C) Distributed Generation Rider:

Application:

Applicable to Distributed Generation smaller than 3 MW of connected generation connected in parallel operation to the Cooperative's lines in accordance with the Cooperative's service rules and regulations and the Cooperative's Distributed Generation Procedures and Guidelines Manual for Members (available on request).

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

Sales to Customer:

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

TERMS AND CONDITIONS OF SERVICE - PART VI

Purchases from a Customer – Facility classified as 25 kW of connected generation and smaller:

For power produced in excess of on-site requirements, the Customer shall be compensated by the retail purchase meter running in reverse (Net metering). The Cooperative shall bill the Customer for the excess of energy supplied by the Cooperative over and above the energy supplied by the Customer 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 Customer's facility and fed back to the electric grid over the operable time period.

When the energy supplied by the Customer 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. The Member can elect to have a monthly reconcile where the monthly excess energy is provided back to the Cooperative at no charge or a yearly reconcile where yearly excess energy is provided back to the Cooperative at no charge.

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

Purchases from a Customer – Facility classified as greater than 25 kW and less than 3 MW of connected generation:

Purchases from a Distributed Generation Customer shall be at the Cooperative's Power Supplier's avoided cost as determined by the Cooperative's Power Supplier. The avoided cost shall be calculated periodically, as provided by the Cooperative's Power Supplier.

Where both sales to the Customer and purchases from the Customer exist in a billing period, the Customer shall be compensated by a bill credit at the avoided cost as provided by the 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 Customer's facility and fed back to the electric grid over the operable time period.

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

Monthly Rate:

Each billing period the Customer shall be obligated to pay the following charges in addition to all charges indicated on his/her base rate:

TERMS AND CONDITIONS OF SERVICE - PART VI

Customer Charge:

25 kW and smaller (monthly reconcile) @ \$0 per meter/month
25 kW and smaller (yearly reconcile) @ \$5 per meter/month
Over 25 kW @ \$10 per meter/month

Additional Charge for meter reading by Cooperative Personnel where remote access to meter reading is not feasible.

@ \$10 per meter/month

Facilities Charge:

As determined at the sole discretion of the Cooperative on a non-discriminatory case-by-case basis to recover any additional operation and maintenance expense caused by the Customer's facility.

Data Access – Communications Link:

In addition to all other charges in the Customer's tariff and this rider, the Customer will provide the Cooperative at his/her own expense a communications link as approved at the sole discretion of the Cooperative for remotely obtaining meter readings at a time or times of the month as determined at the Cooperative's sole discretion.

Contracts:

An Interconnection Contract between the Customer and the Cooperative shall be required in all cases. For Customers greater than 25 kW, a Purchased Power Contract between the Customer and the Cooperative's Power Supplier shall be required.

(D) On-Peak Demand Reduction Rider:

This is a rider to the Non-Residential and Small Commercial (Rate Code 604) and Large Power (Rate Code 606) standard rate schedules. All provisions of those standard rate schedules continue in effect, except as amended by this rider.

Availability:

This rider is available to Cooperative Consumers served under rate codes 604 and 606, with established on-peak hours demand of at least 50 kW. The Consumer must notify the Cooperative on or before February 1 of their intent to participate in demand reduction during the following peak season.

On-Peak Demand Reduction Credit:

\$2.00 per kW of On-Peak Demand Reduction for Consumers engaging in manual load shedding or load shedding using energy management systems.

\$4.00 per kW of On-Peak Demand Reduction for Consumers utilizing stand-by generation not in parallel with the Cooperative's system.

TERMS AND CONDITIONS OF SERVICE - PART VI

Determination of On-peak Demand Reduction:

The demand reduction shall be determined by comparing the Consumer's electrical demand immediately prior to, during and immediately after Peak Load Hours on the three highest Peak Load Days as reported by Western Farmers Electric Cooperative's control center. The apparent demand reduction on the three peak load days will be averaged and used in calculating the demand reduction credit.

Application of On-Peak Demand Reduction Credit:

The demand reduction credit will be applied monthly beginning with the January billing and continue for twelve consecutive months. The credit will be applied as a line item reduction after the calculation of the Consumer's power bill but prior to the application of taxes.

Annual Peak Load Period:

The annual Peak Load Period shall be the hours between 4:00 p.m. and 8:00 p.m. every day (except Sundays, the 4th of July, and Labor Day) between June 20 and September 9. During the Peak Load Period, a daily determination will be made prior to noon about whether the current day will be used as a **Peak Load Day**. If it is determined that a particular day will be a Peak Load Day, Western Farmers Electric Cooperative will notify participating Consumers of such intent prior to noon on that day. Starting at 4:00 p.m. and ending with 8:00 p.m. on each Peak load day, the Consumer should be taking steps to reduce their electrical demand on the Cooperative's system.

Notification Method:

Peak Load Day notification is limited to the following methods: email, cell phone text messaging, and Western Farmers Electric Cooperative's hourly system load internet site. Oklahoma Electric Cooperative will not be responsible for the Consumer's inability to gain notification due to the failure of any or all of the above listed notification methods.

Equipment:

The Cooperative may install special metering equipment required to record on peak electrical demand. If the installation requires a large investment in cost the Cooperative may require reimbursement from the Consumer to cover such cost. If, through no fault of its own, the Cooperative is unable to acquire the metering equipment in time for a particular peak season, the Cooperative will not be responsible for losses associated with the Consumer's inability to participate in the On Peak Demand Reduction program.

(E) Taxes:

All energy rates shall be subject to an increase or decrease in direct proportion to the amount of any new or increased taxes which the Cooperative may hereafter be required to pay, which taxes are levied or imposed or increased or decreased by laws or tax rates which were not in effect on July 1, 1975.