

SCHEDULE "Q" MODIFIED
Purchases From Qualifying Facilities - 100KW Or Less

Availability of Service:

This schedule is available to customers with cogeneration and/or small power production facilities which qualify under the Commission's Rules, Chapter 74 of Title 6, Chapter 2, and which have a design capacity of 100 kW or less. Such Qualifying Facilities (QF) shall be designed to operate properly in parallel with the Company's system and in accordance with KIUC Tariff No. 2 (Distributed Generation Interconnection Policies and Procedures). A customer under and/or subject to this schedule (Schedule "Q" customer) must have a signed Interconnection Agreement with the Company prior to operation of its facilities in parallel with the Company's grid.

A Schedule "Q" customer has the following options under this schedule, which shall be expressed in a contract between the customer and the Company and which will affect the determination of the energy and applicable monthly metering charges:

- Option 1 - The customer does not sell any energy to the Company, and purchases from the Company its net load requirements, as determined by appropriate meter(s) located at one delivery point.

- Option 2 - The customer sells to the Company the energy produced by the QF in excess of the customer's total load, and purchases from the Company its net load requirements, as determined by appropriate meter(s) located at one delivery point.

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MEASUREMENT OF ENERGY AND DETERMINATION OF CAPACITY

Energy and capacity supplied by the Company to the Schedule "Q" customer and/or produced by the QF shall be determined by appropriate meter(s) located at one delivery point. Such meter(s) shall be capable of determining energy and billing demand, where and as applicable, from the Company to the customer to supply the customer's net or total load as required under the rate schedule appropriate for such deliveries. The excess or total energy produced by the QF shall be determined by means of meter(s) other than those used to determine the net or total energy requirements of the customer's load.

MONTHLY CHARGES FOR DELIVERY FROM THE COMPANY TO THE CUSTOMER

Charges for energy and demand, where and as applicable, for the Company to serve the Schedule "Q" customer's net or total load shall be determined according to the rate schedule appropriate or applicable for the customer.

CHARGES FOR SPECIAL FACILITIES

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

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Metering Charge

In the event a Schedule "Q" customer is not subject to and/or charged a customer charge by the Company, that customer shall be charged, in addition to any other amounts or charges due or owing, a metering charge under this schedule as follows:

Option 1 - Where the customer does not sell electricity to the Company, a detent shall be used on the energy meter to prevent reverse rotation. The cost of such meter alteration shall be paid by the customer as part of the Local Facilities Charge described below.

Option 2 - Where the type of power exported by the customer to the Company is single phase (unless customer requests polyphase interconnection): \$24.74 per month.

Where the type of power exported by the customer to the Company is polyphase and/or the customer requests a polyphase interconnection regardless of the type of power actually exported: \$37.13 per month.

Notwithstanding the above, where a Schedule "Q" customer is also subject to and/or charged a customer charge by the Company, that customer shall not be subject to the above metering charge.

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Local Facilities Charge

Additional charges to cover "Interconnection Costs" incurred by the Company shall be determined by the Company on a case-by-case basis and collected from the customer. "Interconnection Costs" for purposes of this schedule mean the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions and administrative costs incurred by the Company directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with a QF, to the extent such costs are in excess of the costs which the Company would have incurred if it had not engaged in interconnected operations. Except as otherwise specifically set forth above, the cost of metering facilities shall be covered by the Metering Charge discussed above and shall not be included in the Local Facilities Charge. The customer shall make a one-time payment for the Local Facilities Charges at the time of installation of the required additional facilities.

MONTHLY CREDITS OR PAYMENTS FOR EXCESS OR TOTAL ELECTRICAL ENERGY PRODUCED BY QF:

Energy Credit - An energy credit or payment from the Company to the Schedule "Q" customer shall be given for any electrical energy delivered to the Company by the QF. The Schedule "Q" Modified payment rate for the energy credit or payment is posted on the Company's website at <http://www.kiuc.coop/indexenergy.htm> and shown in the applicable Fuel and Purchased Power Rate Adjustment report filed with the Commission (under Derivation of Schedule "Q" Modified Avoided Energy Cost Payment Rates). This energy credit or payment shall be determined by establishing a base Schedule "Q" Modified payment rate for the applicable calendar year as further described below, and then making an adjustment for each applicable billing period as further described in Sheet 99 of this tariff:

The base Schedule "Q" Modified payment rate (also known as annual rate) for each calendar year shall be based on the cost of fuel for Company generation and the budget heat rate as shown in the applicable January filing of the Fuel and Purchased Power Rate Adjustment report filed with the Commission (under Derivation of Schedule "Q" Modified Avoided Energy Cost Payment Rates).

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Adjustments - On the first day of each month, an Adjustment shall be made to the base Schedule "Q" Modified payment rate described in Sheet 98 above to reflect the Company-generated composite fuel price on file with the Commission and shall be effective for that same billing month.

The Adjustment shall be the sum of the time-weighted on-peak adjustment (14 hours of 24 hours) and off-peak adjustment (10 hours of 24 hours). On-peak and off-peak adjustments shall be determined by the amount of the Company-generated composite fuel price increase or decrease (in terms of cents per million BTU) from the base rate described in Sheet 98 above (in terms of cents per million BTU) multiplied by an on-peak heat rate and an off-peak heat rate (in BTU per net Kilowatt-hour). The on-peak heat rate and off-peak heat rate for a given calendar year can be found in the January filing for that year of the Company's Fuel and Purchased Power Rate Adjustment report filed with the Commission (under Derivation of Schedule "Q" Modified Avoided Energy Cost Payment Rates).

The above is consistent with the terms of the Company's operations and may be revised to reflect any revisions or changes in operations, subject to approval by the Commission.