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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED
MAY 13 2016
DOCKETED BY

COMMISSIONERS

DOUG LITTLE – Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

IN THE MATTER OF THE APPLICATION OF GARKANE ENERGY COOPERATIVE, INC. FOR A DETERMINATION OF THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RETURN THEREON, AND TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN AND REQUEST A WAIVER.	DOCKET NO. E-01891A-15-0176 DECISION NO. 75556 **OPINION AND ORDER**

DATE OF HEARING: March 30, 2016

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Sarah N. Harpring

APPEARANCES: Mr. William Sullivan, LAW OFFICES OF WILLIAM P. SULLIVAN, P.L.L.C. on behalf of Garkane Energy Cooperative, Inc.;

Mr. Court Rich, ROSE LAW GROUP, PC, on behalf of The Alliance for Solar Choice; and

Ms. Robin Mitchell and Mr. Matthew Laudone, Staff Attorneys, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

This matter concerns Garkane Energy Cooperative, Inc.'s ("Garkane's") application for Arizona Corporation Commission ("Commission") approval of permanent rates and charges; new and revised tariffs; revised electric service regulations; and waivers of certain Commission rules and Garkane Electric Service Regulations that are inconsistent with specific tariffs. Garkane has requested that the record in this matter remain open for a period of 12 months to allow Garkane the opportunity to file a Time of Use Tariff and/or a Net Metering Tariff consistent with its Net Metering Tariff approved in Utah.

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Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

Procedural History

1. On June 1, 2015, Garkane filed with the Commission an Application and Request for Waivers requesting that the Commission determine the fair value of Garkane's property for ratemaking purposes; fix a just and reasonable return thereon; approve rates, charges, and tariffs designed to result in such return; approve a Prepaid Service Tariff, a Net Metering Service Tariff, and a Line Extension Policy consistent with terms and conditions applicable to Garkane's Utah member/customers; approve updated and corrected Garkane Electric Service Regulations; approve a new Time of Use ("TOU") Tariff; grant Garkane a waiver of Commission rules inconsistent with the rates, tariffs, and regulations for which approval was requested, including Arizona Administrative Code ("A.A.C.") R14-2-207, R14-2-2301 *et seq.*, R14-2-203(B), R14-2-209(A), R14-2-210, and R14-2-211; and for purposes of Prepaid Service, grant Garkane a waiver of Garkane's Electric Service Regulations 19, 20, 21, 22, 47, 51, and 53. In its application, Garkane included the direct testimony of David Hedrick, Senior Vice-President and Analytical Services Group Manager, and Rebecca Payne, Senior Consultant, both of Guernsey & Company Engineers, Architects, and Consultants.

2. On June 18 and 30, 2015, Garkane filed Notices of Errata with replacement Schedules H-3 and H-2.1.1.

3. On June 30, 2015, the Commission's Utilities Division ("Staff") issued a Letter of Sufficiency informing Garkane that Garkane's application, as amended by the replacement schedules, had met the sufficiency requirements outlined in A.A.C. R14-2-103. Staff further stated that Garkane had been classified as a Class B utility.

4. On July 2, 2015, a Rate Case Procedural Order was issued scheduling a hearing in this matter to commence on March 7, 2016; scheduling a pre-hearing conference to be held on March 1, 2016; establishing other procedural requirements and deadlines; and ordering Garkane to file copies of the updated and corrected Electric Service Regulations referenced in its application.

5. On July 29, 2015, Garkane filed a Supplement to its Application and Request for Waivers, which included the updated and corrected Electric Service Regulations, a Curtailment Plan, and a Proposed Line Extension Policy.

6. On August 14, 2015, Staff filed a Request for Modification of the Procedural Order, stating that Staff needed additional time to formulate its rate design recommendations and including a proposed schedule.

7. Also on August 14, 2015, Garkane filed Comments on Staff's Request to Modify Procedural Order.

8. On August 26, 2015, The Alliance for Solar Choice ("TASC") filed an Application for Leave to Intervene.

9. On September 2, 2015, Garkane filed Opposition to Intervention.

10. On September 3, 2015, a Procedural Order was issued adopting a revised procedural schedule, to include a hearing beginning on March 30, 2016; a pre-hearing conference on March 23, 2016; and a public comment proceeding on the original hearing date of March 7, 2016. The Procedural Order also granted TASC's intervention and extended the timeclock in this matter by 25 days.

11. On September 17, 2015, Garkane filed Certification of Compliance with Public Notice Requirements, stating that notice had been mailed beginning on August 6, 2015; published in the *Southern Utah News* on August 13, 2015; and posted on Garkane's website as of August 10, 2015.[1] The notice mailed and published included the original hearing date of March 7, 2016.

12. On November 19, 2015, Garkane contacted the Hearing Division to request that a procedural conference be held the next day.

13. On November 20, 2015, a telephonic procedural conference was held, with Garkane, Staff, and TASC appearing through counsel. Garkane explained that the parties, in recognition of other matters in which the Commission is considering net metering policy, had agreed for the net metering issues in this matter to be segregated into another phase so that the rest of the ratemaking proceeding could move forward, with two provisos: (1) Garkane was required to file a standard Arizona Net

[1] *See* Exhibit A-7.

Metering Tariff in a separate docket, for expedited review by Staff; and (2) the record in this matter must remain open for up to 12 months after issuance of the ratemaking decision, to allow for litigation of the net metering issues following the Commission's decisions in the pending matters involving net metering policy. The parties explained that they desired this segregation so that the net metering issues would not need to be addressed in pre-filed testimony.

14. On November 24, 2015, a Procedural Order was issued ordering that Garkane's proposed Net Metering Service Tariff and the rule waiver requests associated therewith not be litigated during the initial ratemaking phase of this matter but instead in a separate phase; that the evidentiary record in this matter remain open for up to 12 months after issuance of a ratemaking decision in this matter, to allow the parties to litigate the issues related to Garkane's proposed Net Metering Service Tariff and the associated rule waiver requests; that the parties' rights to litigate the issues related to the proposed Net Metering Service Tariff and associated rule waivers had not been waived; that Garkane file, by December 7, 2015, a standard Arizona Net Metering Tariff for the Commission's review and approval in a separate docket; and that Staff process Garkane's standard Arizona Net Metering Tariff in an expedited fashion.

15. On December 21, 2015, Staff filed the Direct Testimony of Phan Tsan, Staff Public Utilities Analyst; Margaret "Toby" Little, Staff Consultant and Electric Utilities Engineer; Darron Carlson, Staff Public Utilities Analyst Manager; and Eric Hill, Staff Executive Consultant.

16. On January 20, 2016, Staff filed the Direct Testimony Regarding Rate Design and Cost of Service of Mr. Hill; Eric Van Epps, Staff Public Utilities Analyst; and Ms. Little.

17. On February 12, 2016, Garkane filed Mr. Hedrick's Rebuttal Testimony.

18. On March 7, 2016, Staff filed Mr. Hill's Surrebuttal Testimony.

19. Also on March 7, 2016, a public comment session was held at the Commission's offices in Phoenix, with Garkane and Staff appearing and no members of the public attending to provide comment. At the proceeding, Garkane requested that its witnesses be permitted to appear telephonically at the hearing, as the witnesses would otherwise need to fly to Arizona from Oklahoma. Staff expressed no objection to this request. Because Garkane had not yet spoken to TASC concerning the request, Garkane was instructed to do so and to make a filing including TASC's response.

20. On March 8, 2016, Garkane filed a Motion to Permit Telephonic Appearance and Adoption of Testimony, requesting that Mr. Hedrick and/or Ms. Payne be permitted to appear telephonically at the hearing commencing on March 30, 2016, and that Mr. Hedrick be permitted to adopt Ms. Payne's testimony so that both witnesses would not need to appear. Garkane asserted that the witnesses, both consultants, would otherwise be required to fly to Phoenix from their offices in Oklahoma and to spend at least one night in Phoenix; that each witness had a basic understanding of the other's testimony and would be able to respond to most questions related thereto; that Garkane and Staff were both recommending the same base rates and charges for Garkane's Arizona member/customers, so extensive cross-examination was not expected; and that neither Staff nor TASC had an objection to the Motion. Garkane's counsel also filed a Notice of Change of Firm Affiliation.

21. On March 11, 2016, a Procedural Order was issued allowing Mr. Hedrick to appear and testify at the hearing for this matter by telephone rather than in person; addressing the logistics of Mr. Hedrick's telephonic attendance; provisionally allowing Mr. Hedrick to sponsor the testimony of Ms. Payne; and requiring Garkane to have Ms. Payne available to appear and testify telephonically on the day of hearing should it be determined that her live testimony was needed.

22. On March 18, 2016, Garkane filed Mr. Hedrick's Rejoinder Testimony.

23. On March 23, 2016, the pre-hearing conference was convened as scheduled, with Garkane and Staff appearing through counsel. TASC did not appear. It was determined that Staff would, prior to hearing, file two revised schedules to reflect Staff's surrebuttal position and correct a mathematical error; that Staff and Garkane would continue their efforts to agree upon a Bill Estimation Tariff, a Prepaid Service Tariff, and a Plan of Administration for Garkane's purchased power adjustment mechanism, known as the Wholesale Power Cost Adjustment ("WPCA") mechanism; that Staff and Garkane would address any continuing disputes regarding the Plan of Administration and Tariffs at hearing; and that Garkane would, by the end of the week, file a proposed TOU Tariff to be reviewed by Staff and addressed at hearing, as Garkane had inadvertently omitted the TOU Tariff from its filings.

24. On March 29, 2016, Garkane filed a Motion to Leave Docket Open for Up to 12 Months Related to Time of Use Rates. Garkane stated that it had just begun installing meters compatible with

TOU rates in Arizona and that it desired additional experience with the residential TOU rate implemented in Utah before deciding whether TOU rates would be appropriate for its Arizona operations. Garkane requested that this matter remain open for 12 months to allow Garkane, at its option, to submit one or more TOU rates for the Commission's consideration and possible approval. Garkane noted that Staff supported the Motion.

25. On March 30, 2016, the evidentiary hearing for this matter was held before a duly authorized Administrative Law Judge of the Commission, at the Commission's offices in Phoenix, Arizona. Garkane and Staff appeared through counsel. TASC did not appear. Garkane presented documentary evidence and the telephonic testimony of Mr. Hedrick. Staff presented documentary evidence and the testimony of Ms. Little, Mr. Carlson, Ms. Tsan, Mr. Van Epps, and Mr. Hill. During the hearing, it was determined that Garkane would file, as late-filed exhibits ("LFEs"), a corrected Plan of Administration for the WPCA and either a copy of Schedule G-8.0, which had been referenced in testimony but not included in the application, or a statement that Schedule G-8.0 was nonexistent.

26. Also on March 30, 2016, Staff filed Staff's Notice of Filing Late-Filed Exhibit, which included a January 20, 2016, Staff Report on Cost of Service Study that had been inadvertently omitted from Ms. Little's direct testimony.

27. On March 31, 2016, Garkane filed its LFE, providing a corrected copy of the WPCA Plan of Administration ("LFE A-15"), as a complete replacement for Exhibit A-15, and stating that no Schedule G-8.0 existed and that the reference thereto in Mr. Hedrick's testimony should be deleted.

Background

a. Garkane Generally

28. Garkane is a member-owned non-profit rural electric cooperative that provides electric service in a 16,000-square mile service territory spanning portions of six counties in Utah and portions of Mohave and Coconino Counties in Arizona. (Ex. A-1 at Hedrick Dir. at 5.) Most of Garkane's service territory is comprised of federal and state lands, including four national parks, two national monuments, and a national recreational area. (*Id.*)

29. During the 2013 test year ("TY"), Garkane served a total of approximately 12,758 member/customers, approximately 1,440 of them in Arizona. (Ex. A-1 at Sched. G-6.0.1.) Most of

the Arizona member/customers served (1,132) had residential accounts, and approximately half of those Arizona residential accounts were for service in Colorado City. (*See id.*; Ex. A-1 at Sched. H-2.1.1.) Garkane's CC&N was extended to include Colorado City in Decision No. 70979 (May 5, 2009), which also approved Special Power Adjustments Charges ("SPACs") for each Colorado City customer class.[2]

30. Garkane is governed by an 11-member Board of Directors ("Board") elected by its member/customers. (Ex. A-1 at Hedrick Dir. at 5.) Garkane's Board has authority to approve rates for its member/customers in Utah, after providing notice and a hearing, and most recently did so effective May 1, 2015. (Ex. A-1 at Hedrick Dir. at 6.)

31. Garkane's Net Metering Tariff, filed in Docket No. E-01891A-15-0402, was approved in Decision No. 75408 (January 19, 2016) and became effective the same date. [3]

b. Garkane's System

32. Garkane's system is operated as a single system, without regard to the border between Utah and Arizona. (Ex. S-3 at ex. 1 at 2.) Garkane serves approximately 10 percent of its load requirement through its own small hydroelectric facility, approximately another 20 percent with power from a Western Area Power Administration ("WAPA") Allocation, and the remainder with power purchased from Deseret Power Electric Cooperative ("Deseret"), of which Garkane is a member. (Ex. S-3 at ex. 1 at 2.) Garkane receives power at three delivery points, two of them in Utah. (*Id.*) In Arizona, Garkane's system includes 144.22 miles of overhead distribution line, 20.93 miles of underground distribution line, and one substation. (Ex. S-3 at ex. 1 at 2.) The substation also serves Utah load. (*Id.*)

33. Ms. Little performed a site visit of Garkane's system on September 16, 2015, inspecting all of the major substations as well as portions of the transmission, sub-transmission, and distribution

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[2] Official notice is taken of this decision. The Commission found in Decision No. 70979 that the SPACs, which Garkane and Staff characterized as an implementation of Garkane's Commission-approved purchased power adjustment mechanism, were an appropriate means of offsetting the additional costs Garkane would incur to provide service to the Colorado City area. (Decision No. 70979 at 12.)

[3] Official notice is taken of Decision No. 75408 and of the Notice of Compliance filed in Docket No. E-01891A-15-0402 on March 31, 2016.

systems, including the locations of system improvements and upgrades made in the past few years.[4] (Ex. S-3 at ex. 1 at 5.) Ms. Little observed no deficiencies or obvious problems during the site visit and determined that Garkane follows U.S. Department of Agriculture Rural Utilities Service ("RUS") design standards in constructing its facilities, has a well-planned and well-maintained electrical system, maintains its substations extremely well, and has installed safety-related equipment at its substations. (*Id.*) Ms. Little concluded that Garkane operates its electrical system properly and makes reasonable and appropriate improvements, upgrades, and additions to meet current and projected load in an efficient and reliable manner. (Ex. S-3 at ex. 1 at 6; Tr. at 51-52.) Staff determined that Garkane's plant in service for its Arizona service territory is used and useful. (Ex. S-3 at ex. 1 at 6; Tr. at 52.)

34. Ms. Little reviewed Garkane's routine maintenance program and found it to be robust, as it includes routine inspection and, if necessary, replacement of poles; monthly substation inspections; annual infra-red inspection and oil sampling for large equipment; and use and regular pre-installation testing of low-loss transformers. (Ex. S-3 at ex. 1 at 5.) Garkane's system uses automated meter reading; Supervisory Control and Data Acquisition ("SCADA") control for all but two substations, for which installation of SCADA was in progress; and a database of asset information including Geographical Information System ("GIS") location information. (*Id.*)

35. Garkane has experienced little growth in Arizona since 2010, increasing from serving 1414 member/customers at the end of 2010 to serving 1434 member/customers at the end of 2014. (Ex. S-3 at ex. 1 at 3.) During the same period, its annual load has increased from 38,091 MWh to 44,407 MWh and its actual peak demand from 8.50 MW to 11.11 MW. (*Id.*) According to Garkane, load growth increased more than member/customer growth because of changes made after Garkane acquired the Colorado City system (correcting metering errors, correcting instrument transformer installations, and metering all services) and because several large accounts were added or reactivated in Colorado City after the Garkane acquisition. (*Id.*) Garkane projects peak demand growth of 5 percent per year through 2019. (Ex. S-3 at ex. 1 at 6.) Staff determined that this projected load growth was reasonable.

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[4] The system improvements and upgrades included a new 69-34.5 kV 10 MVA transformer at Twin Cities Substation to feed Colorado City, Arizona, and Hildale, Utah ("the Twin Cities"); a three-phase line extension in the Cane Beds School Boundry; an upgrade to a 15 MVA transformer at the Twin Cities Substation; and a new 138 kV transmission line in Utah that serves the Twin Cities Substation. (Ex. S-3 at ex. 1 at 5.)

(*Id.*)

36. Because Garkane's system is largely rural, its distribution lines are longer than those for a system with higher customer density, and its system losses are expected to be higher than would be found for a system with higher customer density. (Ex. S-3 at ex. 1 at 6; *see* Tr. at 51.) According to the American Public Power Association's Distribution System Loss Evaluation Manual, system losses of 10 percent are reasonable for a system that is mostly rural. (*Id.*) For the years 2009 through 2013, Garkane's annual historic system losses (for the entire system) averaged 8.89 percent. (Ex. S-3 at ex. 1 at 4.) Because separate system loss data is not available for the Arizona portion of the system, the Arizona and Utah service areas are both rural, and the Arizona and Utah portions of the system are operated together as a single system, Staff assumed that the Arizona portion's annual system loss would be the same as that for the whole system. (*Id.*) Staff concluded that Garkane's level of system losses in Arizona are acceptable. (Ex. S-3 at ex. 1 at 6; Tr. at 52.)

37. Staff analyzed Garkane's quality of service by looking to the System Average Interruption Duration Index ("SAIDI"), which measures average outage minutes per customer per year. (Ex. S-3 at ex. 1 at 4.) RUS Bulletins provide that a SAIDI greater than 200 minutes under the "All Other"[5] category is cause for concern. (*See* Ex. S-3 at ex. 1 at 4-5.) From 2010 through 2014, the Garkane system's average SAIDI for All Other outages was 83.5, which is significantly below the level of concern. (*See id.*) Ms. Little determined that the SAIDI results reflect a well-maintained and well-operated distribution system and that Garkane's system had satisfactory quality of service from 2010 through 2014. (Ex. S-3 at ex. 1 at 5-6; Tr. at 52.)

c. Rate Application Objectives

38. The majority of Garkane's current Arizona rates and charges were established in Decision No. 61105 (August 28, 1998), using an adjusted 1996 test year.[6] Garkane is also authorized to charge SPACs in Colorado City, as noted above, and to charge hook-up fees in Arizona, pursuant to Decision No. 69915 (September 27, 2007).[7] In Decision No. 69915, the Commission also directed

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[5] Outages are divided into four categories: Power Supplier outages, Planned outages, Major Events, and All Other. (Ex. S-3 at ex. 1 at 5 n.2.)

[6] Official notice is taken of this decision.

[7] Official notice is taken of this decision.

Garkane to update its Arizona line extension policy in its next rate case to eliminate free line extensions. (Decision No. 69915 at 10.)

39. Garkane began preparations for this rate case (and its Utah rate revision process) in October 2014 after learning that Deseret would be increasing power cost charges effective January 1, 2015. (Ex. A-1 at Hedrick Dir. at 9.) Garkane prepared the schedules for both this and the Utah rate revision using a 2013 TY both because it was the most recent audited data available at the time the schedules were prepared and because Garkane believes that rates should be set system wide using the same underlying data. (Ex. A-1 at Hedrick Dir. at 9-10.)

40. Through this matter, Garkane intends, *inter alia*, to revise its Arizona rate schedules to move toward system-wide rates and to better reflect the cost of service for each customer class, to eliminate the SPACs and move Colorado City's rates closer to Garkane's other rates, to re-base the WPCA to reflect the current cost of purchased power, and to update and revise its tariffs and service conditions to correspond to those in effect in Utah. (Ex. A-1 at Hedrick Dir. at 6-7.) For the TY, Garkane reported 46 percent equity and estimated general funds of $1,889,420, equivalent to 35.76 days of cash and 1.84 percent of plant. (Ex. A-1 at Hedrick Dir. at 12-13.) Garkane also desires, through this matter, to maintain 40 to 50 percent equity with total system plant additions averaging $6 million per year, maintain Garkane's cash position at its end-of-TY level, maintain capital credit retirements in the range of $500,000 per year, and maintain an adequate times interest earned ratio ("TIER") and debt service coverage ratio ("DSC"). (Ex. A-1 at Hedrick Dir. at 11-12.)

Rate Base

41. For the TY, Garkane proposed an adjusted total system original cost rate base ("OCRB") of $60,782,310 and an adjusted Arizona OCRB of $9,651,805 and, further, that its OCRB be used as its fair value rate base ("FVRB"). (Ex. A-1 at Sched. A-2.0, Sched. G-1.1, Hedrick Dir. at 4.) Garkane did not provide data to support a Reconstruction Cost New Rate Base. (*See* Ex. A-1 at Sched. B-2.0.)

42. Staff made no adjustments to Garkane's proposed total system or Arizona OCRB/FVRB and recommended that Garkane's proposed OCRB/FVRB figures be adopted. (Ex. S-5 at 4; Tr. at 66.)

43. We find that Garkane's Arizona FVRB is equal to its OCRB and is $9,651,805.

Revenue Requirement

44. Garkane proposed the following system wide and Arizona specific adjusted TY total operating revenues, total operating expenses, and operating margins:[8]

	Total System	Arizona
Base Revenue	$22,288,143	$4,127,427
WPCA Revenue	$335,951	$274,946
Other Revenue	$979,194	$159,521
Total Revenue	$23,603,288	$4,561,894
Total Operating Expenses	$20,969,561	$3,732,560
Operating Margin Before Interest	$2,633,727	$829,334

45. Staff recommended that Garkane's WPCA revenue be reclassified to base revenue, causing no change in total revenues, and made no other adjustments to Garkane's proposed adjusted TY revenues. (Ex. S-5 at 5, Sched. PNT-4.)

46. Staff recommended several adjustments to Garkane's total system operating expenses for the TY, including reclassification of $65,545 from purchased power expense to transmission operations and maintenance ("O&M") expense and disallowance of a total of $526,600 from administrative and general ("A&G") expense (to remove post-retirement benefit expenses discontinued after 2015, bonuses, and a number of miscellaneous expenses such as gifts, sports sponsorships, and meal purchases). (*See* Ex. S-5 at Sched. PNT-8.) Staff also recommended several adjustments to Garkane's Arizona operating expenses for the TY, including reduction of Garkane's Arizona purchased power expense by $354,040 (determined by applying Staff's calculated base cost of power ("BCOP") to Garkane's total kWh sold in Arizona during the TY (44,348,385 kWh)) and flow-through adjustments from the recommended total system adjustments.[9] (Ex. S-5 at 6-7, Sched. PNT-4.)

47. Staff's recommended adjustments resulted in the following adjusted TY total operating revenues, total operating expenses, and operating margins:[10]

	Total System	Arizona
Base Revenue	$22,624,094	$4,402,374
WPCA Revenue	$0	$0
Other Revenue	$979,194	$159,521

[8] Ex. A-1 at Sched. A-2.0, Sched. C-1.0, Sched. E-7.6.1, Sched. G-1.1.

[9] Specifically, Staff recommended increasing Arizona's transmission O&M expense by $11,781, equivalent to 17.974 percent of the $65,554 reclassified from the total system purchased power account, and decreasing Arizona's A&G expenses by $75,860, reflecting 14.41 percent of the $526,600 deducted for the total system. (Ex. S-5 at 6-7, Sched. PNT-4.)

[10] Ex. S-5 at Sched. PNT-4.

Total Revenue	$23,603,288	$4,561,895
Total Operating Expenses	$20,442,961	$3,313,514
Operating Margin Before Interest	$3,160,327	$1,248,381

48. Although Garkane did not agree with all of Staff's adjustments, and Staff's rationale therefor, Garkane accepted the results for purposes of this matter, while reserving the right to contest Staff's rationale for the adjustments in future matters. (*See* Ex. A-5 at 5.)

49. Staff's adjustments made to Garkane's TY revenue and operating expenses are just and reasonable and should be adopted. We find that Garkane's adjusted TY revenues and operating expenses are those set forth in Findings of Fact No. 47.

50. In its application, Garkane proposed a total system revenue increase of $799,289, or 3.39 percent—approximately equal to the projected change in its total system wholesale power cost[11]—to bring Garkane's total system operating revenues to $24,402,577 and its total system operating margin before interest to $3,433,016. (*See* Ex. A-1 at Sched. A-1.0, Sched. A-2.0, Hedrick Dir. at 11.) For Arizona, Garkane proposed a revenue decrease of $152,128, or 3.33 percent, to bring Garkane's Arizona operating revenues to $4,409,765 and its Arizona operating margin before interest to $679,484. (Ex. A-1 at Sched. A-1.0, Sched. A-2.0, Sched. G-2.1, Hedrick Dir. at 11.)

51. Staff initially recommended a total system revenue requirement of $22,671,026, representing a decrease of $932,262, or approximately 3.95 percent, from Garkane's adjusted TY total system revenue of $23,603,288, and an Arizona revenue requirement of $4,386,319, representing a decrease of $175,576, or approximately 3.39 percent, from Garkane's adjusted TY Arizona revenue of $4,561,895. (Ex. S-4 at 2-3, Sched. DWC-1.) Staff asserted that the reductions in Garkane's proposed total system and Arizona revenue requirements were made to disallow Garkane's direct recovery through revenues of the funding for 50 percent of its projected 2014 through 2018 capital expenditures. (Ex. S-4 at 3-4.) Staff reasoned that because customers will also be required to pay depreciation expense on capital improvements made, allowing Garkane to fund the capital improvements directly through the revenue requirement would cause customers to overpay for those capital improvements. (*Id.* at 3-4.) Staff additionally asserted that because Garkane is a cooperative, and thus is not operated

[11] The annual cost of purchased power increased by $791,002 as a result of the Deseret wholesale power rate increase. (Ex. A-1 at Payne Dir. at 5.)

for profit, its revenue requirement should be derived using its DSC ratio, specifically a DSC ratio of 2.0, which Staff indicated would provide the funding necessary for operations, contingencies, and reasonable plant investments and would allow Garkane to maintain its current equity level. (*Id.* at 3-4.)

52. In his rebuttal testimony, Mr. Hedrick testified that although Garkane did not agree with Staff's methodology for determining the total system revenue requirement, Garkane would accept Staff's adjustments and methodology because of the small difference between Garkane's proposed rates and Staff's recommended rates and Garkane's understanding that Staff would support Garkane's request to implement Garkane's proposed rates. (Ex. A-5 at 5.) Garkane reserved its right to contest Staff's rate setting methodology in future matters. (*Id.*)

53. In its surrebuttal testimony, Staff recommended that the Commission adopt Garkane's requested revenue requirement for Arizona, to support Garkane's objective of bringing its Arizona rates, including those for Colorado City, in line with its Utah rates.[12] (*See* Ex. S-9 at 1; Tr. at 59-60.) Staff determined that the difference between the revenue requirements ($23,448) was "so minimal that it makes sense to meet that objective by adopting Garkane's proposal." (*See* Ex. S-9 at 1.)

54. Garkane's proposed Arizona revenue requirement of $4,409,767, along with the Arizona total operating expenses of $3,313,514 adopted herein, would result in an operating margin before long-term debt of $1,096,253, equivalent to a rate of return of 11.35 percent on its FVRB. On a total system basis, adoption of Garkane's proposed Arizona revenue requirement would result in a total system revenue requirement of $22,694,474, an operating margin before interest of $2,251,513, a TIER of 1.03, and a DSC of 2.01. (*See* Ex. S-5 at Sched. PNT-4; Ex. A-9.) We find that these results are just and reasonable and that Garkane's revenue requirement for its Arizona operations is $4,409,767.

. . .

[12] While Staff initially recommended an energy rate for the Colorado City residential class of $0.098000 per kWh, on surrebuttal, Staff recommended that the energy rate for the Colorado City residential class be set at $0.099800 per kWh, the rate proposed by Garkane, because the difference was very slight, and allowing Garkane to implement this rate would support Garkane's objective of increasing the uniformity of Garkane's Arizona and Utah rates. (*See* Ex. S-8 at 2; Ex. S-9 at 1.) The different energy rates result in a difference of $23,448 in projected revenue.

Base Power Cost and WPCA

55. Garkane proposed a base power cost of $0.037493 per kWh, established on a total-system basis using total power cost and total kWh sold and representing an increase of $0.003133 from its current base power cost of $0.034360 and an increase of $0.011913 from its current WPCA base power cost of $0.025580. (Ex. A-1 at Hedrick Dir. at 29; Ex. A-1 at Sched. H-2.1.2, Sched. H-3.0.) Garkane also proposed to revise its WPCA to reflect recovery of its total purchased power cost, including charges and credits related to the acquired Colorado City and Hildale loads and the charges for the City of Kanab load. (Ex. A-1 at Hedrick Dir. at 29-30.) Garkane stated that its existing rates do not include these charges and credits in the WPCA. (*Id.*)

56. Staff recommended a base power cost of $0.035346 per kWh, which reflected Staff's exclusion of $533,418 in power generation expenses, described by Staff as primarily maintenance expenses related to Garkane's hydro unit. (Ex. S-7 at 2.) While Staff agreed that these power generation expenses are recoverable, Staff asserted that they should be recovered through base rates rather than through a variable adjustor mechanism like the WPCA. (*Id.*) Staff's recommended base power cost represents an increase of $0.0009 from Garkane's current base power cost of $0.034360 per kWh and of $0.0097 from Garkane's current WPCA base power cost of $0.025580 per kWh. (*See id.*; Ex. A-1 at Sched. H-3.0.)

57. In its rebuttal testimony, Garkane accepted Staff's recommended adjustment to Garkane's proposed base power cost. (Ex. A-5 at 5-6; Tr. at 20.) We find that Staff's recommended adjustment is reasonable and that Garkane's base power cost is $0.035346 per kWh.

58. Staff recommended that Garkane's WPCA authority be continued for Arizona,[13] as it allows Garkane to limit under-collections and over-collections by adjusting its level of recovery for purchased power costs between rate cases. (Ex. S-7 at 3.) Staff also recommended that Garkane file a Plan of Administration for the WPCA, to include a clear and detailed description of how the adjustor functions and of the allowable expenses included in calculating the WPCA. (Ex. S-7 at 3.)

59. In its rebuttal testimony, Garkane provided a proposed Plan of Administration for the

[13] Garkane does not have a similar adjustment charge for its Utah operations because Garkane is able to change its rates quickly in Utah. (Ex. S-7 at 3.)

WPCA. (Ex. A-5 at 5-6, ex. DWH-8.) Staff reviewed Garkane's WPCA Plan of Administration and recommended that it be approved. (Tr. at 77.)

Rate Design

60. Garkane's Cost of Service Study ("COSS") showed that while the overall rate of return ("ROR") for its total system was 4.333 percent, its Arizona customer classes had the following adjusted TY RORs and relative RORs:

Class	AZ-RESI	AZ-GS1	AZ-GS2	AZ-Irrig	AZ-Lights	AZ Total
ROR	7.091%	3.320%	18.206%	5.420%	1.270%	8.593%
Relative ROR[14]	1.637%	0.766%	4.202%	1.251%	0.293%	1.983%

61. Staff reviewed and analyzed Garkane's COSS and determined that the COSS was performed consistent with a methodology generally accepted in the industry and with appropriately developed allocation factors. (Ex. S-2 at 2; Tr. at 50.) Staff determined that the results of the COSS were satisfactory and recommended that the Commission accept Garkane's COSS for use in this matter. (Ex. S-2 at 2-3; Tr. at 50.) Staff further recommended that Garkane continue to use the same COSS model in future rate cases. (Ex. S-2 at 3; Tr. at 50.)

62. Staff's recommendations regarding Garkane's COSS are just and reasonable and will be adopted. We accept Garkane's COSS for purposes of establishing rates and charges in this matter.

63. The following shows Garkane's existing rates and charges, the rates and charges proposed by Garkane and recommended by Staff, and the extent of change that would result from those proposed rates and charges:[15]

Charges by Customer Class	**Current Rates**	**Parties' Proposed Rates**	**Dollar Increase**	**Percentage Increase**
Residential:				
Base Charge (per month)	$12.50	$22.00	$9.50	76.0%
Energy Charge (per kWh per month)	$0.069070	$0.071800	$0.0027	3.9%

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[14] Relative ROR is determined by dividing the actual ROR for a class by the average ROR for the system. (*See* Ex. A-1 at Sched. G-1.1.) A relative ROR of 1.0 indicates that a class is producing the average ROR, while a relative ROR lower than or higher than 1.0 shows the extent to which a customer class is producing less or more than the average ROR. (Tr. at 37-38.)

[15] *See* Ex. A-11; Ex. A-2; Ex. A-16; Ex. A-1 at att. 2; Ex. A-10; Decision No. 61105; Ex. S-8 at Sched. EAH-1; Ex. S-9 at 1; Tr. at 71.

Residential – Colorado City:				
Base Charge (per month)	$12.50	$22.00	$9.50	76.0%
Energy Charge (per kWh per month)	$0.069070	$0.099800	$0.0307	44.4%
SPAC (per kWh per month)	$0.037317	$0.000000	($0.037317)	(100.0%)
Residential – Prepaid Service				
Base Charge (per day)	NT	$0.72281	New	New
Energy Charge (per kWh)	NT	$0.07180	New	New
Energy Charge – Colorado City (per kWh)	NT	$0.09980	New	New
General Service No. 1:				
Base Charge (per month)	$12.50	$25.00	$12.50	100.0%
Demand Charge (per billing kW per month)	$6.37	$7.50	$1.13	17.7%
Energy Charge (per kWh per month)	$0.058450	$0.057200	($0.0012)	(2.1%)
General Service No. 1 – Colorado City*:				
Base Charge (per month)	$12.50	$25.00	$12.50	100.0%
Demand Charge (per billing kW per month)	$6.37	$7.50	$1.13	17.7%
Energy Charge (per kWh per month)	$0.058450	$0.057200	($0.0012)	(2.1%)
SPAC (per kWh per month)	$0.006177	$0.000000	($0.006177)	(100.0%)
General Service No. 2:				
Base Charge (per month)	$20.00	$30.00	$10.00	50.0%
Demand Charge (per billing kW per month)	$6.37	$8.55	$2.18	34.2%
Energy Charge (per kWh per month)	$0.061150	$0.058100	($0.0030)	(4.9%)
General Service No. 2 – Colorado City*:				
Base Charge (per month)	$20.00	$30.00	$10.00	50.0%
Demand Charge (per billing kW per month)	$6.37	$8.55	$2.18	34.2%
Energy Charge (per kWh per month)	$0.061150	$0.058100	($0.0030)	(4.9%)
SPAC (per kWh per month)	$0.015035	$0.000000	($0.015035)	(100.0%)
Public Buildings & Authorities – General Service No. 1*:				
Base Charge (per month)	$12.50	$25.00	$12.50	100.0%
Demand Charge (per billing kW per month)	$6.37	$7.50	$1.13	17.7%
Energy Charge (per kWh per month)	$0.058450	$0.057200	($0.0012)	(2.1%)
Public Buildings & Authorities – General Service No. 1, Colorado City*:				
Base Charge (per month)	$12.50	$25.00	$12.50	100.0%
Demand Charge (per billing kW per month)	$6.37	$7.50	$1.13	17.7%
Energy Charge (per kWh per month)	$0.058450	$0.057200	($0.0012)	(2.1%)
SPAC (per kWh per month)	$0.003956	$0.000000	($0.003956)	(100.0%)
Public Buildings & Authorities – General Service No. 2, Colorado City*:				
Base Charge (per month)	$20.00	$30.00	$10.00	50.0%
Demand Charge (per billing kW per month)	$6.37	$8.55	$2.18	34.2%
Energy Charge (per kWh per month)	$0.061150	$0.058100	($0.0030)	(4.9%)
SPAC (per kWh per month)	$0.003956	$0.000000	($0.003956)	(100%)

Irrigation:				
Base Charge, Single Phase (per month)	$75.00	$75.00	$0.00	0.0%
Base Charge, Three Phase (per month)	$125.00	$125.00	$0.00	0.0%
Demand Charge(per billing kW per month)	$5.31	$7.30	$1.99	37.5%
Energy Charge (per kWh per month)	$0.057230	$0.057000	($0.00023)	(0.4%)
Street & Yard Security Lighting:				
≤100 Watts – 40 kWh/mo. (per unit) (a)	$8.12	$8.15	$0.03	0.4%
250 Watts – 100 kWh/mo. (per unit) (a)	$12.50	$12.90	$0.40	3.2%
400 Watts – 160 kWh/mo. .(per unit) (a)	$17.00	$17.50	$0.50	2.9%
1000 Watts – 400 kWh/mo. (per unit) (a)	N/A	$47.50	New	New
1800 Watts – 720 kWh/mo. (per unit) (a)	N/A	$85.00	New	New
Co-Generation >100 kW				
Basic Service Charge (per month)	$10.00(b)	$35.00	$25.00	250.0%
Monthly Reservation Charge (per kW of contract standby capacity per month)	$3.94	(c)		
Energy Charge (per kWh)	$0.0652	(d)		
Standby/Interruptible/Maintenance Service Energy Charge (per kWh)	$0.0652	NT		
Co-Generation ≤100 kW				
Residential, Monthly Charge	NT	$13.00	New	New
General Service No. 1, Monthly Charge	NT	$25.00	New	New
General Service No. 2, Monthly Charge	NT	$35.00	New	New
Irrigation, Annual Charge	NT	$50.00	New	New
Purchase Rate (Non-Firm Power)	NT	$0.02600	New	New

MISCELLANEOUS SERVICE CHARGES:

	Current	Parties' Proposed
New Service – Standard	$30.00	$50.00
New Service – Non-Standard	$30.00 + (e)	$50.00 + (e)
Additional Service	$30.00	$30.00
Service Connection Callbacks	$30.00	$75.00
Service Calls During Regular Working Hours	$30.00	$50.00
Service Calls After Regular Working Hours	$30.00+	Actual cost (minimum $50.00)
Meter Test (if correct)	$20.00	$20.00
Meter Rereads (if correct)	$15.00	$15.00
Returned Check Charge	$20.00	$25.00
Late Payment Charge	1.50%	1.50%
Field Collection Call	$15.00	$25.00
Deferred Payment Plan Finance Charge	1.50%	1.50%
Temporary Test Provision	$50.00	$50.00
Meter – Broken Seal (1st time)	NT	$150.00
Meter – Broken Seal (each time after 1st)	NT	$300.00

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IMPACT FEES:

Residential/Non-Demand Service:

0 to 60 amps	$1,000.00	$150.00
61 to 100 amps	$1,000.00	$500.00
101-200 amps	$2,000.00	$500.00
Each additional 100 amps or portion thereof	$1,000.00	$1,000.00

All Other Service Classes:

Installed Meter Capacity (per kW)	$40.00	$40.00
Minimum Impact Fee	$1,000.00	$576.00

* To be eliminated as a separate schedule and incorporated into another schedule

(a) For High Pressure Sodium ("HPS") or equivalent Light Emitting Diode ("LED") lamps

(b) Plus $25 per month for each generator meter

(c) Distributed billing demand plus wholesale demand charges

(d) Distributed energy charge plus wholesale energy rate

(e) A customer who requests that a service connection be provided in a non-standard manner will be required to pay, in addition to the service connection charge, any additional costs for such service connection in excess of the service connection charge.

NT Not in tariff

64. The following provides a typical bill analysis resulting from the parties' proposed rates for the Arizona Residential and General Services classes:[16]

Residential:

kWh	Present Rates	Proposed Rates	Dollars Change	Percentage Change
50	$16.39	$25.59	$9.20	56.13%
100	$20.29	$29.18	$8.89	43.81%
300	$35.86	$43.54	$7.68	21.42%
500	$51.43	$57.90	$6.47	12.58%
800	$74.78	$79.44	$4.66	6.23%
1,000	$90.35	$93.80	$3.45	3.82%
3,000	$246.05	$237.40	($8.65)	(3.52%)
5,000	$401.75	$381.00	($20.75)	(5.16%)
Average (1,507)	$129.82	$130.20	$0.38	0.29%
Median (1,454)	$125.69	$126.40	$0.71	0.56%

Residential, Colorado City:

kWh	Present Rates	Proposed Rates	Dollars Change	Percentage Change
50	$18.01	$26.99	$8.98	49.86%
100	$23.52	$31.98	$8.46	35.97%
300	$45.55	$51.94	$6.39	14.03%
500	$67.58	$71.90	$4.32	6.39%

[16] Ex. A-1 at Sched. H-4.0, H-4.1, H-4.2, H-4.3, H-4.4, H-4.5. Garkane does not serve any industrial customers in Arizona. (Ex. S-3 at ex. 1 at 2.)

800	$100.63	$101.84	$1.21	1.20%
1,000	$122.66	$121.80	($0.86)	(0.70%)
3,000	$342.99	$321.40	($21.59)	(6.29%)
5,000	$563.32	$521.00	($42.32)	(7.51%)
Average (2,088)	$242.52	$230.38	($12.14)	(5.01%)
Median (1,451)	$172.35	$166.81	($5.54)	(3.21%)

General Service No. 1:

	Load Factor	Billing kW	kWh	Present Rates	Proposed Rates	Dollars Change	Percentage Change
Average	35.43%	10.53	2,724	$262.72	$259.80	($2.92)	(1.11%)
Median	40.47%	5.00	1,477	$143.65	$146.98	$3.33	2.32%

General Service No. 1, Colorado City:

	Load Factor	Billing kW	kWh	Present Rates	Proposed Rates	Dollars Change	Percentage Change
Average	32.95%	13.05	3,139	$310.35	$302.43	($7.92)	(2.55%)
Median	18.21%	11.00	1,462	$182.58	$191.13	$8.55	4.68%

General Service No. 2:

	Load Factor	Billing kW	kWh	Present Rates	Proposed Rates	Dollars Change	Percentage Change
Average	46.47%	351.73	119,320	$10,604.55	$9,969.76	($634.79)	(5.99%)
Median	38.88%	500.00	141,898	$13,127.93	$12,549.27	($578.66)	(4.41%)

General Service No. 2, Colorado City:

	Load Factor	Billing kW	kWh	Present Rates	Proposed Rates	Dollars Change	Percentage Change
Average	53.77%	23.49	9,221	$906.95	$766.58	($140.37)	(15.48%)
Median	58.62%	20.00	8,559	$831.79	$698.28	($133.51)	(16.05%)

Tariffs and Terms of Service

65. Garkane currently requests approval of the following, which are attached hereto and incorporated herein as labeled here: (A) updated Electric Service Regulations; (B) a new Voluntary Residential Prepaid Service Tariff; (C) a new Prepaid Service Agreement form to be used with the Voluntary Residential Prepaid Service Tariff; (D) a revised Curtailment Plan; (E) a Bill Estimation Tariff; (F) a revised Line Extension Policy that eliminates the previous 600-foot free line allowance, as required by Decision No. 69915; and (G) a WPCA Plan of Administration. (*See* Ex. A-13; Ex. A-16; Ex. A-17; Ex. A-18; Ex. A-12; Ex. A-14; LFE A-15.) Garkane created the Prepaid Service Agreement form, Bill Estimation Tariff, and WPCA Plan of Administration in response to Staff's recommendations. (*See* Ex. S-9 at 3; Ex. S-6 at 10-11; Ex. S-7 at 3-4; Tr. at 20.)

66. In addition to the documents attached hereto as Exhibits A through G, Garkane has provided a packet of Rate Schedules reflecting the rates and charges upon which Garkane and Staff have reached agreement and providing the specific standards and requirements pertaining to the implementation of each rate and charge. (*See* Ex. A-10.) The packet of Rate Schedules is attached hereto and incorporated herein as Exhibit H. The packet also includes revised optional schedules for cogeneration facilities. (*See* Ex. A-10; Tr. at 17.)

67. Although Garkane's application requested approval of a TOU Tariff, Garkane did not include a TOU Tariff with its application. (*See* Ex. A-1.) As a result, Staff recommended that Garkane file a TOU Tariff for Commission review and approval. (Ex. S-8 at 3.) Garkane chose not to file a TOU Tariff at this time, however, and instead moved for the Commission to keep the record for this matter open for a period of 12 months after this decision to allow Garkane, if it chooses, to file a proposed TOU Tariff for Commission consideration in this matter. (*See* Motion of March 29, 2016.[17]) Garkane explained that it desires time to gather information regarding the implementation of its Utah TOU Tariff, which should help to inform its decision regarding any proposed Arizona TOU Tariff. (*Id.*) Staff had no objection to the motion and supports Garkane's being permitted to file a TOU Tariff within a year after this decision. (*See* Tr. at 77.) Because Garkane's Utah TOU Tariff is still relatively new, Garkane has never had a TOU Tariff in Arizona, and Garkane's Utah service area shares similar characteristics with its Arizona service area, it is just and reasonable to leave the record for this matter open for a period of 12 months after this decision to allow Garkane the option of filing a proposed TOU Tariff for Commission consideration and approval or disapproval in this matter.

68. Although Garkane included with its application a proposed Arizona Net Metering Tariff consistent with its Utah Net Metering Tariff, Garkane subsequently reached an agreement with Staff not to pursue its proposed Arizona Net Metering Tariff at this time. Rather, Garkane agreed to file a standard Arizona Net Metering Tariff for expedited consideration in a separate docket and to request that the record in this docket remain open for 12 months to allow Garkane to file its proposed Arizona Net Metering Tariff, consistent with its Utah Net Metering Tariff, after the Commission has provided

[17] Official notice is taken of the Motion to Leave Docket Open for Up to 12 Months Related to Time of Use Rates, filed in this docket on March 29, 2016.

policy direction through other currently pending dockets dealing with net metering issues. Garkane's request was approved by Procedural Order. Thus, it is just and reasonable to leave the evidentiary record for this matter open for a period of 12 months after this decision to allow Garkane the option of filing a request for approval of a proposed Net Metering Tariff and any associated rule waiver requests.

69. Staff has reviewed and recommends approval of the documents attached hereto as Exhibits A through H. (*See* Ex. S-9 at 3; Ex. S-6 at 10-11; Tr. at 69, 71-73, 77-79.) Staff's recommendation is reasonable and should be adopted.

Rule and Regulation Waivers

70. In its application, Garkane requested waivers of A.A.C. R14-2-207 (Line Extensions), R14-2-2301 et seq. (Net Metering), R14-2-203(B) (Establishment of Service), R14-2-209(A) (Meter Reading), R14-2-210 (Billing and Collection), and R14-2-211 (Termination of Service), all of which Garkane identified as inconsistent with the rates, tariffs, and regulations for which Garkane requested approval. (Ex. A-1 at 1-2.) Specifically, Garkane indicated that A.A.C. R14-2-207 conflicted with its proposed Line Extension Tariff; that R14-2-2301 et seq. conflicted with its proposed Arizona Net Metering Tariff; and that R14-2-203(B), R14-2-209(A), R14-2-210, and R14-2-211 conflicted with its proposed Prepaid Service Tariff. (Ex. A-1 at 2.) Garkane further stated that the following sections of its own Electric Service Regulations conflict with its proposed Prepaid Services Tariff and requested, for purposes of the Prepaid Service Tariff, that these Electric Service Regulations be waived as well: 19 (Form and Execution of Service Agreements), 20 (Term of Service Agreements), 21 (Expiration or Renewal of Service Agreements), 22 (Company's Right to Cancel Service Agreement or to Terminate or Suspend Service), 47 (Billing Periods), 51 (Payment of Bills), and 53 (Charge for Restoring Service). (Ex. A-1 at 1-2.)

71. Staff recommended approval of Garkane's requested waiver of A.A.C. R14-2-207, to allow Garkane to implement its proposed Line Extension Tariff, which is the same as its Utah Line Extension Tariff. (Ex. S-6 at 7.) Staff also recommended approval of waivers of the Commission rules and Electric Service Regulations that Garkane had identified in its application as conflicting with the Prepaid Service Tariff. (*See* Ex. S-6 at 9.)

72. Because Garkane is not pursuing its proposed Arizona Net Metering Tariff at this time,

and has adopted a standard Arizona Net Metering Tariff consistent with A.A.C. R14-2-2301 et seq., the request for waiver of A.A.C. R14-2-2301 et seq. need not be considered at this time.

73. It is reasonable to grant Garkane waivers of A.A.C. R14-2-207, R14-2-203(B), R14-2-209(A), R14-2-210, and R14-2-211 and to its Electric Service Regulations section 19, 20, 21, 22, 47, 51, and 53, to allow Garkane to implement the proposed Line Extension Tariff and Prepaid Service Tariff approved herein.

Conclusion

74. We find that it is just and reasonable to approve the FVRB set forth in Findings of Fact No. 43; the Base Cost of Power set forth in Findings of Fact No. 57; the parties' proposed rates and charges, as set forth in Findings of Fact No. 63; the Tariffs and Electric Service Regulations attached hereto as Exhibits A through H; and the waivers identified in Findings of Fact No. 73.

CONCLUSIONS OF LAW

1. Garkane is a public service corporation pursuant to Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

2. The Commission has jurisdiction over Garkane's Arizona operations and the subject matter of the Application.

3. Notice of the Application was provided in conformance with law.

4. Garkane's Arizona FVRB is $9,651,805.

5. The rates, charges and conditions of service approved herein are just and reasonable and in the public interest.

ORDER

IT IS THEREFORE ORDERED that Garkane Energy Cooperative, Inc. is hereby authorized and directed to file with Docket Control, within thirty (30) days of the effective date of this Decision, as compliance items in this Docket, finalized Tariffs including the documents attached hereto as Exhibits A through H and the following rates and charges:

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Charges by Customer Class

Residential:	
Base Charge (per month)	$22.00
Energy Charge (per kWh per month)	$0.071800
Residential – Prepaid Service	
Base Charge (per day)	$0.72281
Energy Charge (per kWh)	$0.07180
Energy Charge – Colorado City (per kWh)	$0.09980
General Service No. 1:	
Base Charge (per month)	$25.00
Demand Charge (per billing kW per month)	$7.50
Energy Charge (per kWh per month)	$0.057200
General Service No. 2:	
Base Charge (per month)	$30.00
Demand Charge (per billing kW per month)	$8.55
Energy Charge (per kWh per month)	$0.058100
Irrigation:	
Base Charge, Single Phase (per month)	$75.00
Base Charge, Three Phase (per month)	$125.00
Demand Charge(per billing kW per month)	$7.30
Energy Charge (per kWh per month)	$0.057000
Street & Yard Security Lighting:	
≤100 Watts – 40 kWh/mo. (per unit) (a)	$8.15
250 Watts – 100 kWh/mo. (per unit) (a)	$12.90
400 Watts – 160 kWh/mo. .(per unit) (a)	$17.50
1000 Watts – 400 kWh/mo. (per unit) (a)	$47.50
1800 Watts – 720 kWh/mo. (per unit) (a)	$85.00
Co-Generation >100 kW	
Basic Service Charge (per month)	$35.00
Monthly Reservation Charge (per kW of contract standby capacity per month)	(b)
Energy Charge (per kWh)	(c)
Co-Generation ≤100 kW	
Residential, Monthly Charge	$13.00
General Service No. 1, Monthly Charge	$25.00
General Service No. 2, Monthly Charge	$35.00
Irrigation, Annual Charge	$50.00
Purchase Rate (Non-Firm Power)	$0.02600

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MISCELLANEOUS SERVICE CHARGES:

New Service – Standard	$50.00
New Service – Non-Standard	$50.00 + (d)
Additional Service	$30.00
Service Connection Callbacks	$75.00
Service Calls During Regular Working Hours	$50.00
Service Calls After Regular Working Hours	Actual cost (minimum $50.00)
Meter Test (if correct)	$20.00
Meter Rereads (if correct)	$15.00
Returned Check Charge	$25.00
Late Payment Charge	1.50%
Field Collection Call	$25.00
Deferred Payment Plan Finance Charge	1.50%
Temporary Test Provision	$50.00
Meter – Broken Seal (1st time)	$150.00
Meter – Broken Seal (each time after 1st)	$300.00

IMPACT FEES:

Residential/Non-Demand Service:

0 to 60 amps	$150.00
61 to 100 amps	$500.00
101-200 amps	$500.00
Each additional 100 amps or portion thereof	$1,000.00

All Other Service Classes:

Installed Meter Capacity (per kW)	$40.00
Minimum Impact Fee	$576.00

(a) For High Pressure Sodium ("HPS") or equivalent Light Emitting Diode ("LED") lamps

(b) Distributed billing demand plus wholesale demand charges

(c) Distributed energy charge plus wholesale energy rate

(d) A customer who requests that a service connection be provided in a non-standard manner will be required to pay, in addition to the service connection charge, any additional costs for such service connection in excess of the service connection charge.

IT IS FURTHER ORDERED that the above rates and charges and terms of service shall be effective for all usage on and after June 1, 2016.

IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges, Garkane Energy Cooperative, Inc. may collect from its Arizona customers a proportionate share of any privilege, sales or use tax, per A.A.C. R14-2-409(D)(5).

IT IS FURTHER ORDERED that Garkane Energy Cooperative, Inc. shall, no later than thirty (30) days after the effective date of this Order, notify its Arizona consumers of the revised schedules of rates and charges authorized herein, in a form acceptable to Staff, by means of an insert included in

its next regularly scheduled bill or as a separate mailing.

IT IS FURTHER ORDERED that, for the purpose of enabling Garkane Energy Cooperative, Inc. to implement the Voluntary Residential Prepaid Service Tariff attached hereto as Exhibit B, Garkane Energy Cooperative, Inc. is granted a waiver of A.A.C. R14-2-203(B), R14-2-209(A), R14-2-210, and R14-2-211 as well as its Electric Service Regulations 19, 20, 21, 22, 47, 51, and 53.

IT IS FURTHER ORDERED that, for the purpose of enabling Garkane Energy Cooperative, Inc. to implement the Line Extension Policy attached hereto as Exhibit F, Garkane Energy Cooperative, Inc. is granted a waiver of A.A.C. R14-2-207.

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IT IS FURTHER ORDERED that the evidentiary record in this docket shall remain open for 12 months after the effective date of this decision to allow Garkane Energy Cooperative, Inc., at its option, to file, for Commission consideration and resolution in a subsequent phase of this matter, a proposed Arizona Net Metering Tariff consistent with the Net Metering Tariff effective for Garkane Energy Cooperative, Inc.'s service area in Utah and/or a proposed Time of Use Tariff for its Arizona service area.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN COMMISSIONER

COMMISSIONER COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 13th day of May 2016.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
SH:rt

SERVICE LIST FOR: GARKANE ENERGY COOPERATIVE, INC.

DOCKET NO.: E-01891A-15-0176

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EXHIBIT A

GARKANE ENERGY COOPERATIVE, INC.

Loa, Utah 84747

ELECTRIC SERVICE REGULATIONS

STATE OF ARIZONA

1. These Rules and Regulations are designed to govern the supply, receipt and utilization of electric service from Garkane Energy Cooperative, Inc. ("Company" or "Cooperative") in Arizona consistent with the safe and reliable service practices.

2. These Rules and Regulations and all Rate Schedules are on file in the office of the Company, and copies are obtainable by any customer without charge upon request.

3. These Rules and Regulations are subject to revision from time to time and supersede all regulations which may heretofore have governed the supplying and taking of Company's electric service. They are subject to the jurisdiction of the Arizona Corporation Commission ("ACC" or "the Commission").

DEFINITIONS

4. The following expressions, when used in these Rules and Regulations, in Rate Schedules, and in Service Agreements, shall, unless otherwise indicated, have the meanings given below:

5. **Customer.** Any individual, partnership, association, firm, public or private corporation or governmental agency receiving Company's service at any specified location.

6. **Company.** Garkane Energy Cooperative, Inc.

7. **Electric Service.** The availability of electric power and energy, irrespective of whether any electric power and energy is actually used. Supplying of service by Company consists of the maintenance by the Company at the point of delivery of approximately the established voltage and frequency by means of facilities adequate for carrying Customer's proper load.

8. **Point of Delivery.** Customer's service terminal, or the point where the Company's wires are joined to Customer's wires or apparatus, unless otherwise specified in Customer's Service Agreement.

9. **Customer's Installation.** In general, all wiring, appliances and apparatus of any kind or nature on Customer's side of the Point of Delivery (except Company's meter installation) useful in connection with Customer's ability to take electric service.

10. **Service Facilities.**

(a) **Service Drop.** The wires owned by Company connecting Company's distribution system to Customer's service entrance conductors.

(b) **Service Entrance Conductors.** The portion of Customer's installation to which Company's Service Drop is connected.

11. **Month.** An interval of approximately thirty (30) days between successive meter reading dates, except when the calendar month is specified.

12. **Service Agreement.** The agreement or contract between Company and Customer pursuant to which service is supplied and taken.

13. **Connected Load.** The combined nominal rated capacity of all motors, or other energy consuming devices, installed on Customer's premises, which may be operated with energy supplied by Company.

14. **Horsepower.** The term horsepower shall be construed to mean the equivalent to 750 watts.

15. **Notice.** Unless otherwise specified, a written notification delivered personally or mailed by one party to the other at such other party's last known address, the period of notice being computed from the date of such personal delivery or mailing.

16. **Meter.** The meter or meters, together with auxiliary devices, if any, constituting the complete installation needed to measure the power and energy supplied to any individual Customer at a single point of delivery.

17. **Customer Extension.** Any branch from, or continuation of, an existing line to the point of delivery to Customer, including increase in capacity of any of the Company's existing facilities, or the changing of any line to meet Customer's requirements and including all transformers, service drop, and meters.

18. **Standby Service.** Standby service shall be construed to mean service to a load for which Customer has available an alternative source of power other than that provided by Company.

SERVICE AGREEMENTS

19. **Form and Execution of Service Agreements.** Each applicant for service shall make a written application therefore, on the Company's standard form, or execute a formal contract. The Company's standard application form, when signed by the Company's authorized representative as well as the Customer, becomes a binding Service Agreement.

20. **Term of Service Agreement.** Unless otherwise provided, service agreements are to continue in effect for an initial period of one (1) year where a new service is provided.

21. **Expiration or Renewal of Service Agreements.** Unless otherwise provided, each Service Agreement will automatically extend its expiration date for additional successive periods of one (1) year each, unless and until either party has notified the other in writing not less than thirty (30) days prior to the end of any such period of its desire to terminate such agreement.

22. **Company's Right to Cancel Service Agreement or to Terminate or Suspend Service.** The Company may suspend or terminate service for the reasons and pursuant to the procedures specified in Commission Rule R14-2-211.

23. **Change of Address of Customer.**

(a) When Customer changes his address he shall give notice thereof to Company at least three (3) working days prior to the date of change. Customer will be held responsible for all service supplied to the vacated premises until such notice has been received and Company has had a reasonable time, but not less than three (3) working days, to discontinue service.

(b) If Customer moves to an address at which he requires electric service for any purpose specified in this Service Agreement, and at which address Company has such service available under the same rate schedule, the notice shall be considered as Customer's request that Company transfer such service to the new address; but, if Company does not have such service available at the new address, the old Service Agreement shall be considered cancelled.

(c) If Company has service available at the new address to which a different rate schedule applies, a new Service Agreement, including the applicable Rate Schedule, will be offered to Customer. Company will make transfers of service as promptly as reasonably possible after receipt of notice.

24. **Successors and Assigns.** Service Agreements shall inure to the benefit of and be binding upon the respective heirs, legal representatives, and successors by operation of law, of the parties thereto, but shall be voluntarily assignable by either party only with the written consent of the other, except that Company may, without Customer's consent, assign any Service Agreement to any person or corporation, in any lawful way acquiring or operating all or any part of the Company's property used in supplying service under such agreement.

SUPPLYING AND TAKING OF SERVICE

25. **Power Supply.** Alternating current at approximately sixty (60) cycles. Secondary distribution voltages are available at nominal 120/240 volts and 240/480 volts single phase, or 120/208 volts and 277/480 volts three phase. Loads shall be equally balanced between the available phases.

26. **Supply of Service.** Service will be supplied only under and pursuant to these service regulations, and any modifications or additions thereto lawfully made, and such applicable rate or rates as may from time to time be lawfully fixed. Service will be supplied under a given Rate Schedule only at such points of delivery as are adjacent to facilities of the Company adequate and suitable as to capacity and voltage for the service desired. Otherwise, special agreements between Customer and Company may be required.

27. **Continuity of Service.** Company will use reasonable diligence to supply steady and continuous service, but does not guarantee the service against irregularities or interruptions. Company shall not be liable to Customer for any damages occasioned by service irregularities or interruptions.

If compliance with orders or formal requests of any governmental agency, curtailing or diverting Company's available electric power resources make it impossible for Company to supply the full electric power requirements of all its Customers, Company shall not be liable for any injury or loss caused by the resultant curtailment, in whole or in part, of its supply to any Customer. If any such curtailment reduces the amount of power available to a Customer below the minimum amount contracted for, such Customer shall be relieved of the obligation to pay more than the amount of power from time to time made available by Company.

Inability on the part of the Company to meet its contractual obligations to any Customer, when such inability is due to Company's compliance with an order or formal request of a governmental agency, shall not constitute default on the part of Company as to any contract or agreement, and any contract or agreement affected by such compliance shall remain in full force and effect except as necessarily modified during the effective period of such order or formal request.

28. **Suspension of Service for Repairs and Changes.**

Service interruptions may occur. Customer is responsible for installing and maintaining protective devices as are recommended or required by the most current edition of the National Electric Code and other such devices as are necessary or advisable to protect Customer's equipment or process during irregular or interrupted service including, but not limited to, voltage and wave form irregularities, or the failure of part or all of the electrical service. When interruptions do occur the Cooperative shall re-establish service as soon as practicable.

The Cooperative may interrupt service to provide necessary civil defense or other emergency service in the event of a national emergency or local disaster. The Cooperative may also interrupt service as necessary for maintenance, repairs, construction, moving of buildings or oversized objects, relocation or changes of facilities, to prevent or alleviate an emergency which may disrupt operation of all or any portion of the Cooperative's system, to lessen or remove risk of harm to life or property, to aid in the restoration of electric service, and on occasions when the Cooperative's wholesale power suppliers, or any of them, fails to deliver sufficient power and/or energy to the Cooperative.

29. **Use of Service.**

(a) Service shall be supplied directly to Customer through Company's own meter, and shall be used by Customer only for the purposes specified in and in accordance with the provisions of the Service Agreement. Service shall be for Customer's use only, and under no circumstances may Customer or Customer's agent, or any other individual, association or corporation install meters for the purpose of remetering or reselling or otherwise disposing of service supplied Customer to lessees, tenants or others, except in accordance with the Service

Agreement of Company which specifically authorizes such use of the service. In no case shall Customer, except with the consent of Company, extend or connect his installation to lines across or under any street, alley, lane, court or avenue, or other public or private space in order to obtain service for adjacent property through one (1) meter, even though such adjacent property may be owned by Customer. In case of such unauthorized re-metering, sale, extension, or other disposition of service, Company may immediately discontinue the supplying of service to Customer until such unauthorized remetering, sale, extension, or other disposition of service, Company may immediately discontinue the supplying of service to Customer until such unauthorized remetering, sale, or act is discontinued and full payment is made for all service supplied or used, billed on proper classification and rate schedules, and reimbursement in full is made to Company for all extra expenses incurred, including expenses for clerical work, testing and inspections.

30. **Right-of-Way.** Without reimbursement, Customer shall make or procure conveyance to the Company of right-of-way satisfactory to Company across the property owned by or controlled by Customer for Company's lines or extensions thereof necessary or incidental to the supplying of service to Customer.

31. **Access to Premises.** The duly authorized agents of Company shall have access at all reasonable hours to the premises of Customer for the purpose of inspecting wiring and apparatus, removing or replacing Company's property, reading of meter and all other purposes incident to the supplying of service.

32. **Location of Customer's Service Entrance Conductors.** Customer's service entrance conductors shall be located at a point readily accessible to Company's Service Drop, such point to be determined by Company.

CUSTOMER'S INSTALLATION

33. **Customer's Facilities for Receiving Service.** Customer's facilities for receiving shall be installed in accordance with Company's standard "Specifications for Electric Service and Meter Installations" and the National Electric Code. The Company's specifications mentioned above are on file at Company's office and are hereby made a part of these Rules and Regulations.

34. **Nature and Use of Installations.** Customer shall not employ or utilize any equipment, appliance, or device so as to affect adversely Company's service to Customer or to others. Customer shall control the use so that the load at the Point of Delivery will be maintained in reasonable electrical balance between the phases.

35. **Power Factor.** When motors, fluorescent, neon, zeon, or other hot or cold cathode types of gaseous tube lighting having similar power factor characteristics are installed and used, Customer may be required to furnish, install and maintain, at his own expense, corrective apparatus designed to maintain at not less than approximately ninety-five percent (95%) lagging, the power factor of each unit of such equipment or group of such equipment

controlled as a unit by a single switch or its equivalent which controls only such unit. Leading power factors are not permitted.

The Company shall have the right to refuse or discontinue service to any such installation, until Customer has complied with the foregoing provisions.

The determination of power factor shall be made by the wattmeter-voltmeter method.

36. **Phase of Motors.**

(a) Individual motor installations requiring less than ten (10) horsepower shall be single phase. Motors up to one-half (1/2) horsepower shall be operated at 120 volts; and motors over one-half (1/2) horsepower to under ten (10) horsepower, operated at 240 volts. Exceptions may be served at the option of the Company.

(b) For installation of ten (10) horsepower and above motors, motors shall be operated on three (3) phase alternating current at the voltage stated in the Service Agreement; but single phase service, at the option of the Company may be furnished for installations of five (5) horsepower and over motors, where Company has only single phase available at the point where Customer desires service. Motors above ten (10) horsepower shall be operated only with the specific approval of the Company.

37. **Current Limiting Devices.**

(a) Auto starters or other suitable starting devices shall be provided by Customer for all motors ten (10) horsepower and above.

(b) All motors starting on other than light load shall be provided with suitable devices or be of a suitable type to limit the starting current.

(c) Starting current of all motors ten (10) horsepower and above shall be limited to no more than three and one half (3.5) times the full load rated current for no more than fifteen (15) seconds. Where Variable Frequency Drives (VFD) are used they must be equipped with fully functional IEEE519 compliant harmonic filters that limit the maximum voltage and current Total Harmonic Distortion to less than 10% current distortion and 5% voltage distortion. Maximum voltage drop at the meter will be limited to no more than 10% during motor starting.

38. **Changes in Installation.** As Company's service drop, transformers, meters, and other facilities used in supplying service to a Customer have a definite limited capacity, before making any material changes to or increases in Customer's installation, Customer shall give notice thereof to Company, and obtain Company's consent thereto. Company as promptly as possible after receipt of such notice will either give its approval to the proposed change or increase or will advise Customer upon what conditions service can be supplied for such change or increase.

39. **Inspection by Company.** Company shall have the right, but does not assume the duty, to inspect Customer's installation at any time, and from time to time, and to refuse to commence or to continue service whenever it does not consider such installation to be in good

operating condition, but Company does not in any event assume any responsibility whatever in connection with Customer's installation.

40. **Customer's Responsibility.** Customer assumes all responsibility on Customer's side of the Point of Delivery for service supplied or taken, as well as for the electrical installation, appliances, and apparatus used in connection therewith, and shall save Company harmless from and against all claims for injury or damage to persons or property occasioned by or in any way resulting from such service or the use thereof on Customer's side of the Point of Delivery.

COMPANY'S INSTALLATION

41. **Installation and Maintenance.** Except as otherwise provided in these Rules and Regulations, in Service Agreements, or Rate Schedules, Company will install and maintain its lines and equipment on its side of the Point of Delivery, but shall not be required to install or maintain any lines or equipment, except meters, on Customer's side of the Point of Delivery. Only Company's agents are authorized to connect Company's service drop to Customer's service entrance conductors or to install or remove metering equipment.

42. **Connections to Customer's Service.** The service drop will ordinarily be installed overhead. If Customer desires to have the service drop installed in any other manner, special arrangement will be made between Customer and Company whereby such service drop will be installed and maintained at Customer's expense.

43. **Protection by Customer.** Customer shall protect Company's wiring and apparatus on Customer's premises and shall permit no one but Company's agents or persons authorized by law to inspect or handle same. In the event of any loss or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Customer or other unauthorized persons, the cost of making good such loss or repairing such damage shall be paid by Customer.

METERING

44. **Installation.**

(a) **Meters.** Company will furnish and install necessary meter or meters, and Customer shall provide and maintain location for installation thereof free of expense and satisfactory to Company.

(b) **Accuracy Limits.** After being tested, meters shall be adjusted to as near zero error as practicable. Meters shall not remain in service with an error over two percent (2%) of tested capacity, or if found to register at no load.

(c) **Before Installation.** New meters shall be tested or certified as to accuracy by the manufacturer. Reinstalled meters shall be tested before or within sixty (60) days prior to installation.

(d) **Periodic.** In service meters shall be periodically or sample tested in accordance with the most current version of the ANSI C12 Standard.

(e) **Request.** Upon written request, the Company shall promptly test the accuracy of Customer's meter. If the meter has been tested within twelve (12) months preceding the date of the request, the Company may require the Customer to make a deposit in the amount approved by the Commission for testing in the Company's tariff. If the meter is found to have an error of more than two percent (2%) capacity, the deposit shall be refunded; otherwise, the deposit shall be retained as a service charge.

(f) **Meter Error Correction.** If a meter tested pursuant to this section is more than two percent (2%) in error, either fast or slow, proper correction will be made and adjusted bills rendered.

45. **Evidence of Service Use.** The registration of Company's meter shall be accepted and received at all times and places as prima facie evidence of the amount of power and energy taken by Customer.

46. **Voltage of Installation.** Metering will be at secondary voltage unless otherwise specified in service contracts.

BILLING

47. **Billing Periods.** Bills ordinarily will be rendered regularly at monthly intervals, but may be rendered more frequently at Company's option. Non-receipt of bills by Customer shall not release or diminish the obligation of Customer with respect to payment thereof.

48. **Minimums.** When a customer receives service for less than thirty (30) days during the billing period, the applicable monthly minimum shall apply.

49. **Separate Billing for Each Point of Delivery.** At each Point of Delivery, use of service shall be metered separately for each Customer service. Whenever for any reason Company furnished two (2) or more meter installations for a single Customer or supplies service under a Rate Schedule which does not require a meter, each point of metering and/or point of delivery where no meter is required shall be considered as a separate service. A separate Service Agreement will be required, and bills will be separately calculated for each such separate service, except where Company may, under special circumstances, waive this requirement.

50. **Billing Seasonal Customers.** Seasonal customers shall be billed monthly as electric power is used. A Customer may elect to pay this bill in advance and forgo paying his bill monthly. Any deficit between the guaranteed amount and that actually received by the Company, from either monthly payments or advance payments, shall become payable at the beginning of the twelve (12) month period. The Company shall read the meters at the beginning of each seasonal year. Company readings indicating usage not billed shall be equally divided over the months since the last Company reading.

51. **Payment of Bills.** All bills for service become due and payable and DELINQUENT if not paid within twenty (20) days from date of bill, and service may be disconnected upon five (5) days written notice to Customer. When so disconnected, service will not be restored until all bills, together with any authorized charges of disconnecting and reconnecting the service are paid.

52. **Tax Adjustment Clause.** In the event any city, municipality or other governmental body shall impose a gross revenue, transaction privilege, occupation or franchise or other similar tax upon the Company for power supplied, the amount of such tax shall be billed to and paid by the Customer receiving power from the Company.

53. **Charge for Restoring Service.** If service to Customer is discontinued for non-payment of bill or other violation of the Service Agreement, then, before service is re-established, Customer shall pay the Company the authorized reconnect fee and any past due amounts.

54. **Theft of Service.** In any case of tampering with meter installation or interfering with the proper working thereof, or any other theft of service by any person, or evidence of any such tampering, interfering, theft or service diversion by whomsoever done, Customer shall be liable to immediate discontinuance of service as provided in paragraph 22 of the Service Agreement, and Company shall be entitled to collect from Customer at the appropriate rate for all power and energy not recorded on the meter by reason of such tampering, interfering, or other theft or service diversion, (the amount of which may be estimated by Company from the best available data) and also for all expenses incurred by Company on account of unauthorized act or acts.

55. **Cancellation Within Period of Service Agreement.** Where the Customer entirely suspends operations during the Service Agreement period with the intention permanently to abandon them, the Service Agreement may be canceled by written notice to the Company not less than thirty (30) days before the effective date of the proposed cancellation, and by paying to the Company the amount of all balances due. No such cancellation shall release the Customer from his obligation under any term minimum guarantees based on special investment made by the Company to serve the Customer. If the discontinuance by Customer is a breach of the Service Agreement, the right of the Company to collect the sums mentioned herein shall be in addition to all other rights it may have on account of such breach.

SELECTION AND APPLICATION OF RATE SCHEDULES

56. **Selection of Rate Schedule.**

(a) When a prospective Customer makes application for service, Company will, upon request, assist in the selection of the rate schedule most appropriate to Customer for the service requested. The selection will be based on the prospective Customer's statement as to the class of service desired, the amount and manner of use, and any other pertinent information. This statement will be recorded and filed with the application. Company shall not be liable for any errors in connection therewith and Company does not assure any particular bill result.

(b) If through error a Service Agreement is entered into specifying a Rate Schedule which is not applicable to the class of service taken, on discovery of the error, all bills rendered during the preceding twelve (12) months shall be recalculated in accordance with the lowest properly applicable rate schedule, and any excess paid shall be refunded by Company, or any balance due shall be paid by Customer, as the case may be.

57. **Distinction Between Residential and Commercial Service.** Private dwellings in which space is occasionally used for the conduct of business by a person residing therein will be served under the standard residential rate. Where a portion of a dwelling is regularly employed for the conduct of business, the electricity used in that portion will be separately metered and billed on the appropriate commercial rate. If separate circuits are not provided by Customer, the entire premises will be classified as non-residential and billed accordingly. Service rendered through one (1) meter to apartment houses and to recognized rooming and/or boarding houses will be considered commercial service.

58. **Change to Optional Rate Schedule.** A Customer being billed under one of two or more optional Rate Schedules applicable to his class of service may elect to be billed on any other applicable Rate Schedule by notifying Company in writing and Company will bill Customer under such elected schedule from and after the date of the next meter reading. However, a Customer having made such a change of Rate Schedule may not make another such change within the next twelve (12) months unless during such period there have been issued changed or additional Rate Schedules applicable to Customer's class of service.

59. **Lighting on Power Schedules.** Lighting service will not be supplied under any power Rate Schedules unless it is so specified in such power Rate Schedule, and when so supplied Customer will provide and maintain all auxiliary apparatus (transformers, regulators, etc.) that may be necessary. Service supplied to motor generators, any portion of the output of which is used for lighting purposes, shall be considered lighting service.

60. **Temporary and Standby Service.**

(a) Temporary and standby service shall not be rendered except under a special agreement between Company and Customer unless the temporary service is provided during construction where a permanent service will be established.

(b) In no event will Company supply power and energy for the purpose of starting or furnishing excitation or other auxiliary service necessary to the operation of any of Customer's generating plant or for parallel operation of Customer's generating equipment with Company's system except under a special agreement between Company and Customer.

DEPOSITS

61. **When Required.** Consistent with Commission Rule R14-2-203, the Company, at the time application for electric service is made or at any time thereafter, may require a cash deposit or guarantee satisfactory to the Company to secure the payment of bills as they become due. Such deposit or guarantee may be held in its entirety by the Company until final settlement

of Customer's account, and any balance remaining will be held subject to settlement; provided, however, that residential deposits and accrued interest will be refunded or other guarantee terminated after twelve (12) months of service if the Customer has not been delinquent more than twice in the payment of utility bills. The amount of such deposit shall not exceed the estimated cost of service for ninety (90) days, and may be paid in three (3) equal monthly installments.

62. **Third Party Guarantees.** Third party guarantees in lieu of a deposit shall be permitted upon demonstration of a guarantor's satisfactory credit standing.

63. **Interest.** All cash deposits made by Customer to secure payment of bills will draw interest at the rate of six percent (6%) per annum or any other rate that may be set by the Commission. Interest due at date of discontinuance of service will be credited on final bills of Customer or included with the amount refunded.

64. **Refunds.** Subject to the provisions of Paragraph 61, deposits shall be refunded upon Customer's request after a satisfactory payment history of twelve (12) months. Interest will be earned in accordance with Paragraph 63. The original deposit and interest will be applied as credits toward the Customer's power bill. Non-residential customers not requesting a refund within three (3) years will automatically receive their deposit plus interest earned as credits provided they have maintained a satisfactory credit history. The Company presently refunds all deposits on a three (3) year rotation cycle for all deposits on the books of the Company. (Deposits paid in 1998 will be refunded in 2002, etc.)

APPLICATION OF AND CHANGES AND ADDITIONS TO SERVICE REGULATIONS AND RATE SCHEDULES – CONFLICTS

65. **Application of Rules and Regulation and Rate Schedules.** All Service Agreements at present in effect or that may be entered into in the future are made expressly subject to these Rules and Regulation, any modifications hereof that may be lawfully made and subject to all applicable existing Rate Schedules and additions thereto. When practicable, thirty (30) days notice, either by mail or by publication in local newspapers, will be given to any Customers affected by any such change, addition or substitution.

66. **Conflicts.** In case of conflict between any provision of these Rules and Regulations, Customer's Service Agreement, or a Rate Schedule, the provision of the Service Agreement takes precedence, followed by the provision of the Rate Schedules.

EXHIBIT B

GARKANE ENERGY COOPERATIVE, INC.

ELECTRIC SERVICE
SCHEDULE NO. RES02
STATE OF ARIZONA

VOLUNTARY RESIDENTIAL PREPAID SERVICE
(Page 1)

AVAILABILITY: Available, on a voluntary basis, to customers at any point on the Cooperative's interconnected system within those portions of its Arizona service territory with the capability of providing residential prepaid service to customers otherwise served under the Cooperative's Rate Schedules RES01 or ACC01 (Colorado City) for all Single Family Dwellings subject to the Cooperative's established rules and regulations. The capacity of individual motors served under this Schedule shall not exceed 10 H.P. This rate not for resale.

Participation allowed under this tariff shall be determined by the Cooperative. Customers specified under Arizona Administrative Code R14-2-211.A.5 or with loans or special billings shall not be eligible for Schedule RES02. These ineligible Customers include, but are not limited to, those where termination of Service would be especially dangerous to the health of the customer, as determined by a licensed medical physician; those customers where life supporting equipment used in the home is dependent on utility service; and those customers where weather would be especially dangerous to health.

APPLICATION: This Schedule is for alternating current electric service supplied at approximately 120/240 volts single phase at a maximum of 200 amps through one kilowatt-hour meter at a single point of delivery for all service required on the premises for residential purposes. Applicable, by the request of the customer only, when all service is supplied at one Point of Delivery through a single Service Line and energy is metered through one Meter suitable for prepaid service.

CUSTOMER CHARGE AND RATE:

Voluntary for:	**Customer Charge** ($/Customer/Day)	**kWh Charge**
Rate RES01 (Excludes Colorado City)	**$0.72281**	**$0.07180**
Rate ACC 01 (Colorado City)	**$0.72281**	**$0.09980**

BILLING ADJUSTMENTS: This rate schedule is subject to all billing adjustments approved by the Arizona Corporation Commission ("ACC") applicable to Schedules RES01 and ACC01, such as:

1. Wholesale Power and Fuel Cost Adjustment as referenced on Schedule RES01 & ACC01
2. Tax Adjustments as referenced on Schedule RES01 and ACC01

In the event a valid meter reading cannot be acquired, the bill may be estimated using the methodology found in the Cooperative's Estimation Methodologies Tariff, Schedule AZEM.

GARKANE ENERGY COOPERATIVE, INC.

ELECTRIC SERVICE
SCHEDULE NO. RES02
STATE OF ARIZONA

VOLUNTARY RESIDENTIAL PREPAID SERVICE
(Page 2)

SERVICE CONDITIONS: Service under this Schedule will be in accordance with the terms of the Cooperative's Application for Service and Membership and the separate Prepaid Electric Service Application. Additionally, the rules and regulations of the ACC and the Electric Service Regulations of the Cooperative on file with and approved by the ACC, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement, except that the applicable provisions of the ACC's rules governing Establishment of Service (A.A.C. R14-203); Billing and Collection (A.A.C. R14-2-210); and Termination of Service (A.A.C. R14-2-211) and the following Electric Service Regulations of the Cooperative (based on A.A.C. R14-2-201 to 213) shall **NOT** apply to this schedule:

1. Regulation 22 – Company's Right to Cancel Service Agreement or to Terminate or Suspend Service
2. Regulation 47 – Billing Periods
3. Regulation 48 – Minimums
4. Regulation 50 – Billing Seasonal Customers
5. Regulation 51 – Payment of Bills
6. Regulation 53 – Charge for Restoring Service
7. Regulation 58 – Change to Optional Rate Schedule
8. Regulation 61 – Deposits, When Required
9. Regulation 62 – Deposits, Third Party Guarantees
10. Regulation 63 – Deposits, Interest
11. Regulation 64 – Deposits, Refunds

EXPERIMENTAL SERVICE CONDITIONS APPLICABLE TO PREPAID METERING SERVICE ONLY

A. AVAILABILITY: The Prepaid Electric Service is available only to new or existing residential customers with the following exceptions:

(1) Residential critical load customers (which includes customers identified under A.A.C. R14-2-211.A.5 and those customers under appropriate circumstances but beyond the scope of A.A.C. R14-211.A.5).

(2) Invoice groups which include loans or special billings.

(3) Customer must have a valid e-mail account and phone capable of receiving the messages and low balance alerts.

B. ENROLLMENT: Customer must make a request and complete a Prepaid Electric Service Application.

GARKANE ENERGY COOPERATIVE, INC.

ELECTRIC SERVICE
SCHEDULE NO. RES02
STATE OF ARIZONA

VOLUNTARY RESIDENTIAL PREPAID SERVICE
(Page 3)

(1) In addition to meeting the conditions in Section A, above, the prepaid applicant is encouraged to provide the following:

a. Secondary e-mail address.

b. Cell phone number with text capability and/or second phone number.

c. Other approved method of communications other than US Postal Mail.

(2) The Cooperative will allow enrollment into prepaid service if the customer meets the eligibility requirements.

a. The Customer must pay all applicable fees prior to commencement of service, including a New Service charge, if not an existing customer, any applicable impact fee and any outstanding charges for electric service at the service location if the customer of record or residing at the service location when the service was provided, subject to Section E.3. below.

b. Once a $50.00 credit balance has been established the account will be activated.

C. BILLING, PAYMENTS, AND INFORMATION: Paper statements will not be provided under the prepaid program. Billing information, as well as payment and account information can be obtained, without charge, at:

(1) Garkane business offices during normal business offices.

(2) Online https://garkaneenergy.smarthub.coop 24 hours a day.

(3) Kiosk-various locations-24 hours a day.

D. ESTIMATING PREPAID ELECTRIC BALANCES AND CUSTOMER NOTICES:

(1) As energy is consumed, the credit balance is reduced until either the balance is exhausted or additional payments are added to the balance. Balances can be checked online at www.garkaneenegy.com at any time.

(2) Garkane's web interface can provide an estimate of how long the prepaid credit will last according to current usage.

(3) Customers can be notified of their estimated balance by e-mail, and/or other electronic means if customer provides the necessary contact information.

a. The notice will be generated daily when the Customers credit balance is less than their current daily average usage times 4. The daily average usage will be calculated using up to the previous 30 days of consumption history.

b. These estimates are based on the historic information available but can be affected by changes in the customer's usage or needs. The customer is responsible for ensuring that a credit balance is maintained on the account.

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E. Transfers and optional Debt Recovery for Outstanding Balances:

(1) Accounts that are on existing post-paid electric service may be converted to prepaid electric service.

(2) When existing customers convert from post-paid residential service to prepaid service, the existing deposit, if any, is applied toward any outstanding balance of the post-paid account with the remaining credit applied to prepaid service.

(3) All post-paid fees and unbilled energy charges must be paid in full except for the provisions below:

a. Prepaid accounts are not eligible for payment arrangements. However, there is a debt recovery feature available within limits to recover amounts due from the prior post-paid account, when applying for prepaid service. A percentage (20% to 50%) of each prepaid electric service payment can be applied to an outstanding debt up to $400.

b. Outstanding amounts over $400.00 must be paid down to the $400.00 level prior to being eligible for prepaid electric service program.

c. The Customer agrees to make prepaid payments of sufficient amounts to pay down the outstanding amounts in no more than 4 months.

d. If the Customer fails to pay the outstanding balance within the 4 months allowed, Garkane has the right to disconnect the prepaid service until the outstanding balance has been paid in full.

(4) The customer may elect to convert from prepaid electrical service back to post paid service. At which time, the Cooperative may require full payment of the deposit to continue service. Customers who cancel their prepaid accounts may not re-apply for a new prepaid account at the same location for 6 month period.

F. TERMINATING AND RESTORING PREPAID ELECTRIC SERVICE: Prepaid meters are equipped to allow remote disconnection / reconnection of service.

(1) Service terminated at the request of the customer will receive a refund of any remaining credit on the account after all final bill amounts have been calculated.

(2) **Electric service is subject to immediate disconnection any time, seven days a week, if an account does not have a credit (prepaid) balance,** except where the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast, or other weather conditions as determined by the Arizona Corporation Commission. Disconnection will occur on the first day not precluded by the weather forecast or when the minimum temperature is exceeded.

(3) Following a disconnect because the account does not have a credit balance, the customer must pay any unpaid balance from the result of energy consumption from the time the account has

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reached a zero ($0.00) balance and when the Cooperative issued the disconnection command, plus purchase a minimum of $20.00 prepaid electric service, before service is reconnected. If the meter has a manual reset button, the customer must push the reset button after establishing a positive prepaid balance in order to re-establish actual service.

(4) If an account is disconnected because the account does not have a credit balance and does not become current after 10 days, the account will be considered closed and the Cooperative will mail a final bill to the last known address on file for all unpaid charges.

Effective: _____
Per Decision No. _____

EXHIBIT C

Garkane Energy Cooperative, Inc. (GEC)
Prepaid Service Agreement

The Prepaid Service Plan (the "Plan") is an optional program approved by the Arizona Corporation Commission for GEC's qualifying standard offer, single phase residential customers who desire to alleviate the financial impact of posting a deposit or otherwise securing their service account. It is not available to time-of-use, net metering or critical (medical necessity) customers or for those participating in the Budget Payment Plan. The Plan is not suitable for members that are unable or unwilling to receive, recognize and respond to low balance warnings or to reach and push the reconnect button located at the meter in the case service is disconnected. The Plan is designed to give the member more control over their electric usage and more opportunities to reduce their electricity costs. Some of the plan's features that are designed to help members include:

- No requirement for a security deposit
- Smaller, more frequent payments can be made on the account
- Avoid late fees
- Monitor usage online or by contacting GEC business offices.

Payments can be made on the Plan utilizing any of GEC's payment systems, including online payments, payments at our Customer Service office during normal GEC business hours and 24 hour Kiosks at various locations. The Plan offers the members access to their current and historical consumption to assist them in managing their prepaid service. Once a member has registered online, this history can be accessed and their contact information updated with a secured member login at GEC's member website. Alternatively, the Customer can contact the Cooperative's business offices during normal business hours. Daily usage information is available through GEC's website and business offices. The information is updated once prior to the start of each business day.

GEC's Prepaid Service Plan is available to qualifying residential customers only in those areas where GEC has installed appropriate metering technology to read, connect and disconnect your service remotely so no serviceman is needed to be dispatched. However, if the meter has a manual reset button, the customer must push the reset button after establishing a positive prepaid balance in order to re-establish actual service.

Initial

_____ **Electric service is subject to immediate disconnection any time, seven days a week, if an account does not have a credit (prepaid) balance,** except where the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast, or other weather conditions as determined by the Arizona Corporation Commission.

_____ Members that provide an email contact will receive a daily email that shows their usage in kWh and remaining prepaid balance in kWh as well as monetary amount remaining after the Member's balance is less than their current daily average usage times four (4). Members can also access their balance on the GEC website by calling GEC business offices, during normal business hours or at a 24 hour kiosk at various locations. The balance information is updated before the start of each business day.

_____ The member will receive recorded voice and electronic message warning notices of low prepaid balances on their account after the Member's balance is less than their current daily average usage times four (4). Warnings will be provided by email, phone or text message to the phone numbers and email addresses designated by the member. These messages will be sent daily until the prepaid balance is exhausted. Other methods of notification may be used with the consent of GEC and the customer.

_____ When the prepaid balance reaches zero, the recorded voice and electronic message warning notices will indicate that disconnection has occurred. It is the member's responsibility to make adequate payment to avoid disconnection, and to bring their account back to a prepaid balance of at least $20 after disconnection in order to have service restored. Upon the member re-establishing the minimum prepaid balance, service will usually be restored immediately, subject to the member pushing the reset button at the meter and operational constraints, such as outages and equipment failures.

_____ The account will be closed after disconnection if the minimum prepaid account balance has not been re-established within ten (10) days after disconnection. If the account is closed GEC's New Service Charge of $50 will also need to be paid to re-establish prepaid service.

Effective _____, 2016

Garkane Energy Cooperative, Inc. (GEC)
Prepaid Service Agreement

Prepaid accounts will be administered in accordance with GEC's Residential Prepaid Service Tariff, as amended from time to time. The Commission has waived GEC's compliance with the applicable provisions of its rules governing Establishment of Service (A.A.C. R14-2-203), Billing and Collection (A.A.C. R14-2-210, and Termination of Service (A.A.C. R14-2-211).

Initial

_____ Member recognizes the need to be able to receive, recognize and respond to low balance warnings and to be able to reach and push the reconnect button located at their meter in the event service is disconnected for any reason. Upon becoming unable to meet the foregoing conditions, Member shall notify GEC within 10 days and transfer to standard (postpaid) service, including payment of any deposit and fees required under GEC's Rules and Regulations.

_____ Member authorizes GEC to charge their prepaid account for electric services rendered in accordance with the Rules and Regulations and Tariffs of the Cooperative.

_____ Member has the ability to access their consumption history as described above and it is their responsibility to utilize the balance information and their consumption in order to maintain a prepaid balance in their account at all times to avoid disconnection of service.

_____ Member is responsible for maintaining accurate contact information including telephone number, email address and mailing address at all times.

_____ Member *Holds Harmless GEC, its directors, officers, employee and agents* for damages resulting from disconnecting service in accordance with approved tariffs and rules and regulations of the Cooperative.

I have carefully read and I understand the terms within the Garkane Prepaid Service Agreement and understand the difference between prepaid service and standard residential (postpaid) service. I am requesting that GEC establish prepaid electric service for my account.

Account Number_____

Member Signature_____ Date_____

Member Signature_____ Date_____

Contact Mailing Address_____

Must provide at least two, but no more than four, and identify order preference (1 – 4)

(Indicate Name of any person whose number is being provided as a backup)

Contact Email Address(es) _____

Contact Telephone Number(s) _____

Text Message Number(s) _____

Effective _____, 2016

EXHIBIT D

GARKANE ENERGY COOPERATIVE, INC.

Curtailment Plan – State of Arizona

Introduction

Garkane Energy Cooperative, Inc. (Garkane) is a Rural Electric Cooperative with headquarters in Loa, Utah. The cooperative serves customers throughout South Central Utah and approximately 1,440 meters in North Central **Arizona**. The number of customers in Arizona, by class, is as follows:

Residential	552
Residential Colorado City	580
General Service No. 1	246
General Service No. 2	42
Irrigation	15
Street and Security Lighting	5
Total	1440

Garkane's wholesale power supply is provided through an all requirements contract with Deseret Generation and Transmission Cooperative (DGT). Power is delivered to the Garkane System at three (3) separate and distinct delivery points.

The Northern System receives power from the Rocky Mountain Power System at the Garkane Sigurd Substation. No known specific load curtailment plan exists for this delivery.

The Southern System receives power from the WAPA Glen Canyon Substation. No known specific load curtailment plan exists for this delivery.

The Western System receives power at the Twin Cities Delivery point located west of Colorado City, Arizona which is supplied from the Rocky Mountain Power Southwest Utah Transmission System. Due to capacity limitations in the area, the Twin Cities Delivery point is subject to the Southwest Utah Load Curtailment Plan. This plan requires Garkane to shed a proportionate amount of load during contingencies that force the limitation of total load in the Southwest Utah area. Garkane has never been called upon to shed load since the delivery was established in 2009.

Conditions have never existed where the power supply from DGT was insufficient to carry the load during peak periods and Garkane does not anticipate shortages in generation capacity from DGT. In the event of a System Wide requirement from DGT to shed firm load Garkane, depending upon the required amount of load to be shed and the anticipated duration of the shedding requirement, would perform the following:

1. Garkane may be able to use internal generation to displace the load shedding requirement from DGT.
2. Appeal to all customers to reduce load on a voluntary basis.
3. Call upon individual customers with backup generation to reduce their load.
4. Shed firm load on a feeder by feeder basis on a 30 minute rotating basis.

In the event of a load shedding request at a specific delivery point Garkane may:

1. Be able to use internal diesel generation to displace the load shedding requirement if sufficient internal generation is available.
2. Transfer load between the South and West Deliveries.
3. Appeal to all customers to reduce load on a voluntary basis.
4. Call upon individual customers with backup generation to reduce their load.
5. Shed firm load on a feeder by feeder basis on a 30 minute rotating basis.

Curtailment Responsibilities

General Manager:

- When an emergency exists, the General Manager will authorize all involuntary or voluntary curtailment plans and is responsible for notifying appropriate Garkane personnel and for contacting the Arizona Corporation Commission and the Arizona State and County Civil Defense and Emergency Centers/Teams prior to and during any curtailment.
- The General Manager has the responsibility of monitoring the curtailment process and ensuring the methodologies outlined in the curtailment plan are followed.

Engineering Manager:

- Is responsible for ensuring adequate generation and transmission to meet the Arizona system's load requirements and, in consultation with the General Manager, for determining the magnitude and duration of any load curtailment.
- Is responsible for directing the implementation of all phases of the curtailment plan and ensuring the personnel involved understand the plan and are trained in its operation.

Kanab Area Manager:

- Is responsible for executing involuntary load curtailment consistent with the outlined plan.
- Maintains an accurate log of all circuit interruptions during curtailments and forwards the information to the Engineering Manager and General Manager.

Member Services Personnel:

- Keeps the public informed of electric curtailment through news releases and other announcements as instructed by the General Manager.

APPROVED

GARKANE ENERGY COOPERATIVE, INC.

_____

Dan McClendon, General Manager

_____

Date

EXHIBIT E

GARKANE ENERGY COOPERATIVE, INC.

ELECTRIC SERVICE

SCHEDULE NO. AZEM

STATE OF ARIZONA

ESTIMATION METHODOLOGIES

Approved by Decision No.: _____

Effective: _____

APPLICABILITY

For the express purpose of bill estimation for all tariffs in the event a valid meter reading cannot be acquired. The Cooperative will make every reasonable attempt to secure an accurate reading of the customer's meter. This tariff is not applicable to standby, supplementary or resale service.

Conditions for Estimated Bills

Estimated bills will be issued only under the following conditions:

A. Failure of a customer who reads their own meter to deliver their meter reading to the Cooperative in accordance with the requirements of the Cooperative billing cycle.

B. Severe weather conditions, emergencies or other causes beyond the Cooperative's control which prevent the Cooperative from reading the meter.

C. Circumstances that make it dangerous or impossible to read the meter, including but not limited to: locked gates, blocked access to meters, threatening or abusive conduct of customers, vicious or dangerous animals or missing meters.

D. Labor shortage due to circumstances such as unforeseen illnesses, natural disasters, or other extreme events; or other work stoppages beyond the control of the Cooperative.

E. To facilitate timely billing for customers using load profiles.

Special Conditions for Prepaid Residential Service (Schedule PRS)

If there are communication issues that prevent the Cooperative from obtaining a valid kWh reading for residential customers receiving service under its Schedule PRS, kWh readings will be estimated using the daily average use over the last three (3) months' bills until a valid reading is obtained. If the customer has no usage history, Estimation Procedures A-3 or A-4, as applicable, will be used to estimate usage. When the valid reading results in a negative balance, the customer will be notified that they have two (2) business days to replenish the account to avoid disconnection for a negative balance. During the period of estimated billing, the customer will receive daily notices of the balance of their accounts by the notice method(s) established for that customer.

After seven (7) calendar days of no readings, the Cooperative will physically check and/or change the meter and obtain a valid reading. All estimated billings will be adjusted with actual data and if the reading causes the account to become negative, the customer will be notified that they have five (5) business days to replenish the account to avoid disconnection for a negative balance.

Estimated billing will not be used for longer than a seven (7) consecutive day period due to communication issues except where area-wide issues (such as weather or system outages) or a customer specific equipment issue (excluding replacing the customer's meter) necessitates a longer period.

Notice of Estimation

Each billing statement based on estimated usage will indicate that it is an estimated bill and note the reason for estimation.

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ELECTRIC SERVICE
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STATE OF ARIZONA

ESTIMATION METHODOLOGIES

Estimation Procedures

The Cooperative currently utilizes a customer information system (CIS) and/or billing personnel for billing, bill calculations and bill estimations.

A. Bill estimation procedures and various conditions which may apply are described in detail. The various conditions described are not limited to only those mentioned.

	Condition	Estimation Procedures
1.	A kWh estimate with at least one year of history for the same customer at same premise, or new customer with at least one year of premise history	Estimate using the kWh, same month one year prior and/or the amount of usage during the preceding month, from the same premise.
2.	A kWh estimate with less than 12 months of history for the same customer at the same premise	Estimate using the kWh of the preceding month from the same premise.
3.	A kWh estimate with less than 12 months of history for a new customer, but with history at the premise	Estimate using the kWh of the preceding month from the same premise.
4.	A kWh estimate with no prior consumption history	Bill the fixed monthly customer charge, plus applicable taxes only. The kWh will be billed with the next valid read in accordance with the Arizona Administrative Code.
5.	A kW estimate with at least one year of history for the same customer at the same premise or new customer with one year of premise history	Calculate the estimate using the kW, same month one year prior and/or the preceding month, from the same premise.
6.	A kW estimate with less than 12 months of history for the same customer at the same premise	Calculate the estimate using the kW of the preceding month from the same premise.
7.	A kW estimate with less than 12 months of history for a new customer but with history at the premise	Calculate the estimate using the kW of the preceding month from the same premise.
8.	A kW estimate with no prior consumption history	Do not estimate. A service order is issued for a meter technician to obtain a valid read.
9.	Time-Of-Use estimate with at least one year of history for the same customer at the same premise or a new customer with at least one year of premise history	Time-Of-Use has two readings, "On-Peak" and "Off Peak." Calculate the estimate using the "On Peak" and "Off Peak" reads, the same month one year prior and/or the preceding month from the same premise.
10.	Time-Of-Use estimate with less than 12 months history for the same customer at the same premise	Time-Of-Use has two readings, "On-Peak" and "Off Peak." Calculate the estimate using the "On Peak" and "Off Peak" kWh of the preceding month from the same premise.

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11.	Time-Of-Use estimate with less than 12 months history for a new customer but with history on the premise	Time-Of-Use has two readings, "On-Peak" and "Off Peak." Calculate the estimate using the "On Peak" and "Off Peak" kWh of the preceding month from the same premise.
12.	Time-Of-Use estimate with no prior consumption history for a new customer at new premise	Bill the fixed monthly customer charge, plus applicable taxes only. The kWh will be billed with the next valid read in accordance with the Arizona Administrative Code.

B. Variance in estimation methods for differing conditions.

Examples of differing causes for estimation include, but are not limited to: tampering, energy diversion, damaged or destroyed meter, partial meter failure, and meter reading equipment failure.

In the event the meter has been tampered with or destroyed, or energy diversion has occurred, the methods referred to in "Item A" above still apply, prorating the usage if the estimation period is less than a full billing cycle. Examples of such can include, but are not limited to the following:

Tampering and/or Energy Diversion:

A valid read was obtained on October 1, Year Two. A tampering or energy diversion is discovered on October 15th. The meter has the same reading from October 1, Year Two. An investigation reveals the service is active and electricity is being consumed. The same service history indicated a kWh usage of 900 kWh for the month of October Year One. A manual estimate will prorate based upon a daily average of the 900 kWh divided by the number of days in the history record the same month (31) for a total of 29 kWh per day, times the number of days tampered (15), for a final estimate of 435 kWh.

If the service does not have a 12-month history, the same formula is used with the past 3-month average.

In the event the investigation reveals evidence that the tampering or energy diversion occurred for a period exceeding one month, the Cooperative will use the applicable estimation procedure to the point in time that the tampering or energy diversion may be definitely determined, or 12 months.

Meter Damaged/Destroyed:

The same estimation procedure is performed as prescribed in "Item A" if it is determined that the damage or destruction is caused by the customer to the point in time that the damage or destruction may be definitely determined, or 12 months.

In the event the damage or destruction is otherwise caused, the estimation procedure is the same as described in "Item A," but the customer's responsibility is limited to 3 months for residential customers and 6 months for all other classifications of customers.

Partial Meter Failure:

If a meter is found to be deficient in recording any portion of the actual usage, the kW and kWh are estimated based on the percentage of deficiency for a period limited to 3 months for residential customers and 6 months for non-residential customers.

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STATE OF ARIZONA

ESTIMATION METHODOLOGIES

For accounts where it is determined that the meter has failed, a reading will be obtained from the new meter after 7 days. The usage will be determined by using the daily average calculated from the new meter, less 20%. Charges for under-billings of failed meters will be limited to 3 months for residential meters and 6 months for non-residential meters. In instances where the Cooperative believes the customer's usage patterns were different during the failed period than those used to determine the estimate, then the Cooperative may adjust its estimate downward.

C. Conditions when estimations are calculated by the CIS system.

The CIS system calculates the estimate when the meter of a service does not record a valid read for the normal billing cycle for any of the reasons listed under "Conditions for Estimated Bills."

D. Conditions when estimations are made manually.

The manual estimate is made by Cooperative personnel when there is a partial meter failure, weather related differences (previous year's usage is reflective of unseasonable or greatly varied temperatures), or there is tampering, or a damaged/destroyed meter for less than the normal billing cycle and the bill must be prorated.

E. Procedures to minimize the need for using estimated data.

If feasible, the meter reader is asked to return to the service premise for a valid read. If the service has access problems an Offsite Meter Reading (OMR) or Automated Meter Reading (AMR) device may be installed. However, the Cooperative shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with Cooperative property used in furnishing service and to exercise any and all rights secured to it by law or the Arizona Corporation Commission.

F. Procedures for estimating first and final bills.

First and final bills are not estimated unless the meter fails. If the reading is not recorded for the first bill, the first bill is issued for the fixed monthly charges plus applicable taxes only. The total kWh will be billed on the first valid read. The final bill is not issued until such time a valid read is secured.

In the event of metering equipment that is damaged, destroyed or absent for the first or final bill, the estimate is the same as Items B and D above.

In the event of metering equipment failure for the first or final bill, the estimate is the same as Items B and D above.

In the event of metering equipment that is damaged, destroyed or absent for an account with a demand reading, for the first or final bill, the kWh and/or kW estimate is based on the connected equipment operating characteristics.

G. Procedure for estimation using customer specific data.

If there is no service history available on which to base an estimate, the kWh and/or kW estimate is based on the connected equipment operating characteristics.

EXHIBIT F

GARKANE ENERGY COOPERATIVE, INC.

BOARD POLICY NO. 206

ELECTRIC SERVICE REGULATION NO. 69

STATE OF ARIZONA

LINE EXTENSION POLICY

A. General Provisions and Definitions:

1. **Line Extension**: includes all facilities and equipment (including transformers and metering) constructed beyond the Cooperative's then existing facilities reasonably required to supply electrical service to an applicant's point of delivery. A Line Extension may also include related necessary improvements, upgrades and other changes to the Cooperative's existing facilities.

2. **Permanent Service**: when the use of service, both as to amount and permanency, can be assured.

3. **Indeterminate Service**: where the amount and permanency of use cannot reasonably be assured. Includes but is not limited to, service to mines, quarries, oil wells, industrial, manufacturing and large commercial enterprises of speculative character, recreational vehicles, second homes, property being developed for sale, enterprises where the applicant will not be the user of service, and a location where there is little or no immediate demand for service by any other applicant. If after 5 years an indeterminate service operates consistently and if the customer requests the account to be considered permanent, the Cooperative CEO may analyze the account and determine the possibility of changing the service to permanent status. If a reclassification is approved, a partial cash refund may be considered.

4. **Temporary Service**: where service is expected to be needed for a short duration. Includes but not limited to service to circuses, bazaars, fairs, concessions, and construction work.

5. **Extension Cost**: The Extension Cost is the total cost of the Line Extension using the Cooperative's standard accounting methods and includes the cost of all materials, supplies, equipment, labor, transportation, engineering, right-of-ways, administrative costs and Contribution refunds paid for prior line extensions utilized by the new service.

6. **Engineering Costs**: includes the cost of designing, engineering, right-of-way acquisition, preparation of estimates, construction supervision, and construction inspection of a line extension. The Cooperative may require the applicant to advance these estimated costs prior to performing any engineering work or estimates for a line extension. If the applicant requests changes which require additional estimates or changes in engineering, the Cooperative may require the applicant to advance these estimated cost prior to performing the additional work.

7. **Routes, Easements, and Rights-of-Ways**: The Cooperative will select the route of a line extension in cooperation with the applicant. The applicant must pay all costs incurred in obtaining the necessary right-of-ways, easements, licenses, and permits including, but not

limited to, legal costs, filing fees, title search fees, environmental compliance costs, surveying costs, land preparations costs and land restoration costs.

8. **Non-Standard Construction**: This Policy shall apply to Line Extensions utilizing the Cooperative's standard construction methods and practices. Any requirements for non-standard construction methods and/or practices will require a separate specific contract.

9. **Extension Contract**: The Cooperative may require the Applicant to execute an Extension Contract and pay additional costs associated with the Line Extension, which are in excess of the Rate Schedule charges.

10. **Contribution-in-Aid-of-Construction (Contribution)**: Extension Costs paid to the Cooperative by the Applicant.

11. **Ownership of Facilities**: The Cooperative will own, operate, and maintain all Line Extensions made under this Policy.

12. **Estimates**: Applicants are to rely only on formal written cost estimates provided by the Cooperative.

13. **Relocation of Lines**: Parties requesting the relocation of lines and/or facilities shall normally be responsible for the cost and may be required to advance the estimated cost of the relocation.

14. **Underground Line Extension**: The Applicant will be required to provide, at no cost to the Cooperative, all required excavation, bedding materials, backfill of trenches, and cleanup/restoration of disturbed ground.

15. **Shared Cost of Line Extensions**: An applicant that pays a Contribution may receive refunds if additional services are connected to the line extension during the first five years following construction. The refund will be based upon the pro-rata share of the line extension, which the new service will utilize. The Cooperative will refund or credit refund payments to the initial applicant.

    In order for a customer to qualify for a refund, the following requirements must be met:

    1) The minimum cost of the line extension, excluding service cost, must be greater than or equal to $5,000.

    2) The amount eligible for a refund shall be based on the actual cost of a per span basis.

    3) Refunds must equate to $300.00 or more.

    4) If the customer's account is in arrears at any location or on any account where they are responsible for electric service at the time a refund is due, said refund will be applied first to the electric account/accounts and the remainder will be refunded.

B. Extensions for Permanent Service:

1. The applicant must pay a Contribution, prior to the start of work on the line extension, equal to 100% of the estimated Extension Cost of the line.

C. Extensions for Indeterminate Service:

1. The applicant will be required to pay a Contribution, prior to the start of construction, equal to 100% of the estimated Extension Cost of the line.

2. In the event an indeterminate service is reclassified to permanent service, the provision for permanent service shall apply after the date of the reclassification.

3. Property being developed for sale for future real estate lots will require a Contribution to be made by the sub-divider and/or land owner to cover the total cost of all facilities necessary to provide power to the proposed lots including primary and secondary lines and transformers. Transformers will not be installed until necessary for service to specific sites. In the event that the sub-divider and/or landowner fails to pay for the installation of the required facilities, each applicant will be treated individually under the Policy.

   In new subdivisions impact fees shall be assessed to the subdivision developer. The subdivision developer shall pay the required impact fees for a minimum 100 amp service per lot. Once the lot has been sold and the lot owner requests service to the lot, the lot owner will be required to pay any additional impact fee based on his/her service requirements over the minimum 100 amp service paid by the subdivision developer.

D. Extensions for Temporary Service:

1. The applicant must pay in advance of construction an amount equivalent to Cooperative's estimate of the total cost of construction and removal of the extension less estimated salvage value.

2. Service provided to a temporary extension shall be billed in accordance with the applicable rate schedules.

3. Cooperative may refuse to connect additional applicants to temporary extensions.

4. Service over a temporary extension is limited to twelve (12) months. If the applicant desires service thereafter, future service will be considered under the terms of either the "Permanent" or "Indeterminate" plan.

E. Large Industrial Loads: Large industrial loads involving special construction or circumstances will be individually analyzed and may be served under a special contract.

Approved: _____

EXHIBIT G

GARKANE ENERGY COOPERATIVE, INC.
PLAN OF ADMINISTRATION FOR ITS
WHOLESALE POWER COST ADJUSTOR

This Plan of Administration ("POA") relates to the administration of Garkane Energy Cooperative, Inc. ("GEC") Wholesale Power Cost Adjustor ("WPCA") and is filed for Arizona Corporation Commission ("Commission") approval pursuant to Decision No. _____, dated _____, 2016. The purpose of the POA is to describe how GEC currently administers its WPCA and to provide GEC flexibility to adapt to changing conditions that may impact its administration of its WPCA.

Overview:

GEC is an electric distribution cooperative that is member owned and managed as a not-for profit entity. Its member-customers elect, from its membership, an eleven member board of directors to set policy and oversee the management of the cooperative. Margins earned by GEC flow to patronage capital accounts of its members that are retired over a number of years, as permitted by GEC's financial condition. Currently, GEC secures almost all of its power through long term contracts with Deseret Power Electric Cooperative, a generation cooperative, of which GEC is a member-owner.

Purchased power costs are a significant component of GEC's cost of providing electric service to its members. The purpose of the WPCA is to allow an electric utility to recover or refund fluctuating power supply costs between rate cases.

The Commission has recognized that the distinctions between electric distribution cooperatives and investor owned utilities ("IOUs") warrant different and less onerous regulation of a cooperative's purchase power and fuel cost adjustor. See, e.g., Decision No. 50266, dated September 18, 1979. GEC has for decades been allowed to make adjustments to its WPCA rate as needed without securing Commission approval.

The WPCA Bank balance is tracked and adjustments made to the WPCA rate as necessary to move the WPCA Bank balance toward zero over a reasonable period of time. GEC and its members desire a predictable power cost from month to month, while avoiding an unreasonable over or under collected balance in the WPCA "Bank". Because of extreme temperatures in the winter and the variable seasonal cost of power, the WPCA Bank balance can move rather significantly from month to month, but over the course of a rolling twelve (12) month period, barring any major change, such as change in costs from GEC's power suppliers, the WPCA Bank balance tends to settle out without changing the WPCA rate. This POA continues the Commission's longstanding practice of allowing GEC to make adjustments to its WPCA rate, up

or down, as it deems appropriate to address under or over collections of the WPCA bank balance, subject, of course, to more specific Commission orders.

Eligible Expenses:

Commencing _____, 2016 expenses booked in the following Rural Utilities Service Accounts in accordance with RUS procedures and protocols shall be eligible for inclusion in GEC's WPCA:

Account 555 (purchased power fuel costs, both demand and energy)

Nothing herein shall preclude GEC from requesting the Commission authorize recovery of additional or different costs through the WPCA, but no such costs shall be included within the WPCA by GEC without specific Commission authorization.

The Base Cost of Fuel:

The Base Cost of Fuel (Authorized Base Cost) shall be established by order of the Commission. The current Authorized Base Cost is $0.0_____ of Fuel as established in Decision No. _____ and is effective for all electricity sold on and after _____, 2016 until adjusted by order of the Commission.

WPCA Rate:

The WPCA Rate shall be adjusted to zero effective for all electricity sold on and after _____, 2016 until adjusted in accordance with this POA or order of the Commisison.

WPCA Bank Balance:

As of _____, 2016 the WPCA Bank Balance is $_____ ([under/over] collected).

Monthly Reporting:

A monthly report together with confidential invoices for all eligible expenditures and confidential supporting schedules shall be submitted to the Utilities Division. The report shall be submitted on the forms attached hereto, or as amended from time to time by GEC with the written consent of the Director of Utilities, which amended forms shall be docketed in GEC's most recent rate case docket that has resulted in a final rate decision from the Commission. The monthly report shall be filed no later than the 30th day of the second month following the month being reported (approximately 60 days).

Annual Report and Adjustment:

Each year following GEC's Board acceptance of its annual certified outside audit performed in accordance with RUS requirements, including specific review of the purchased power costs reported through the WPCA during the audit period, GEC shall file revised year end and monthly

reports to reflect all adjustments identified by the audit. The revised reports shall be clearly marked as "Revised" on the reporting forms and all adjustments shall be explained in a cover letter and footnotes to the schedules. Such adjusted reports shall be filed no later than six months after the end of the applicable audit period (June 30 for a calendar year audit).

Monitoring and Adjustment of WPCA Rate:

To avoid large monthly swings in the cost of electricity sold to members, GEC management shall monitor and adjust the WPCA Rate using the following general guidance:

(i) Changes to the WPCA Rate should be minimized;

(ii) The WPCA Bank balance should not become under or over collected in excess of $600,000;

(iii) In the event the WPCA Bank balance does equal or exceed $600,000 GEC shall make an adjustment in its WPCA Rate in an effort to move the balance close to zero during the next twelve months;

(iv) The level of adjustment shall be based upon a twelve month forward looking period commencing with the last period for which a monthly report was filed with the Commission; and

(v) The prior twelve months prices and sales shall be used for the projection, adjusted for likely changes in both, provided no monthly adjustment shall be greater than percentage change for the same month a year earlier, unless based upon known and definite data (such as an approved rate change for a power supplier or a new customer load).

GEC management shall regularly review the status of the WPCA Bank balance with the GEC Board of Directors. All adjustments to the WPCA Rate shall be approved by the GEC Board of Directors.

DOCKET NO:E-01891A-00-0000 DECISION NO: 50266

PURCHASED POWER AND FUEL ADJUSTOR
BANK BALANCE REPORT

GARKANE ENERGY COOPERATIVE, INC
PO BOX 465
LOA, UTAH 84747

3/30/2016 14:41

2 copies mailed to ACC

FOR THE MONTH OF **Mar-16**

Line	DESCRIPTION				
1	ENDING BANK BALANCE FROM PREVIOUS MONTH				
2	JURISDICTIONAL SALES (Applicable to Fuel ADJ)			**0**	
	This number SHOULD be the same as the number listed on FA-3.				
3	ACTUAL COST OF PURCHASED POWER			**#DIV/0!**	
	(line 2 FA-1 X line 11, cost per kwh sold FA-2)				
4	UNIT COST OF PURCHASED POWER				**#DIV/0!**
	(Line 3 / Line 2) Carry Out Six decimal places.				
5	AUTHORIZED BASE COST OF PURCHASED POWER				
	DECISION NO.	50266	DATED	1979	
6	AUTHORIZED PURCHASED POWER ADJUSTOR				
	DECISION NO.	Garkane	DATED	1-Jan-99	
7	TOTAL RATE COLLECTED FROM CUSTOMERS				**$0.000000**
	(Line 5 + Line 6)				
8	INCREMENTAL DIFFERENCE BETWEEN				
	AUTHORIZED AND ACTUAL RECOVERY				**#DIV/0!**
	(Line 4 - Line 7)				
9	NET CHANGE TO BANK BALANCE				**#DIV/0!**
	(Line 2 X Line 8)				
10	ADJUSTMENT TO BANK BALANCE				$0.00
11	PREAPPROVED DSM COSTS				$0.00
12	**ENDING BANK BALANCE**				**#DIV/0!**
	(Line 1 + Line 9 + Line 10 + Line 11)				

DECISION NO. **75556**

FA-2

GENERAL INFORMATION

	COMPANY NAME		
1	**GARKANE ENERGY COOPERATIVE, INC**		
	PO BOX 465		
	LOA, UTAH 84747	MONTH OF	**Mar-16**
2	CONTACT PERSON	MARCUS LEWIS	
3	CONTACT TELEPHONE NUMBER	1-435-836-2795	
	GENERATION		
4	HYDRO GENERATION COST		
5	**TOTAL GENERATION COSTS**	A.	$ -
	PURCHASED POWER		
6	BASE METER CHARGE		
	Less: Kanab City Acquistion Charge		
	Less: Colorado City/Hildale Acquistion Charge		
7	DEMAND CHARGE		
8	ENERGY CHARGE		
	TOTAL PURCHASED POWER COSTS	B.	**$0.00**
9	**TOTAL COST OF GENERATION & PURCHASED POWER**	C.	-
10	**KWH**		
	GENERATED		
	PURCHASED		
	TOTAL KWH GENERATED / PURCHASED		**0**
11	**COST PER KWH GENERATED /PURCAHSED**		**#DIV/0!**
	(Line 9 / Line 10)		
	COST PER KWH SOLD (Monthly System kwh sold)	-	**#DIV/0!**
12	UNACCOUNTED KWH	MONTH / YTD	
	LINE LOSS monthly average		
	OWN USE		

DECISION NO. **75556**

FA-3

GENERAL INFORMATION

	COMPANY NAME		
1	GARKANE ENERGY COOPERATVIE, INC		
	PO BOX 465		
	LOA, UTAH 84747	MONTH OF	Mar-16
2	SALES (KWH)		
	RESIDENTIAL	0	
	COMMERICAL - SMALL	0	
	COMMERICAL - LARGE	0	
	INDUSTRIAL	0	
	IRRIGATION	0	
	MUNICIPAL	0	
	WHOLESALE	0	
	OTHER SALES - STREET LIGHTS	0	
	TOTAL SALES (KWH)		0
3	SALES (REVENUE $)		
	RESIDENTIAL	$ -	
	COMMERICAL - SMALL	-	
	COMMERICAL - LARGE	-	
	INDUSTRIAL	-	
	IRRIGATION	-	
	MUNICIPAL	-	
	WHOLESALE	-	
	OTHER SALES - STREET LIGHTS	-	
	TOTAL SALES (REVENUE $)		$ -
4	NUMBER OF CUSTOMERS		
	RESIDENTIAL	0	
	COMMERICAL - SMALL	0	
	COMMERICAL - LARGE	0	
	INDUSTRIAL	0	
	IRRIGATION	0	
	MUNICIPAL	0	
	WHOLESALE	0	
	OTHER SALES - STREET LIGHTS	0	
	TOTAL CUSTOMERS		0
5	AVERAGE CUSTOMERS (Current Month & Prior Month)		
	RESIDENTIAL	0	
	COMMERICAL - SMALL	0	
	COMMERICAL - LARGE	0	
	INDUSTRIAL	0	
	IRRIGATION	0	
	MUNICIPAL	0	
	WHOLESALE	0	
	OTHER SALES - STREET LIGHTS	0	
	TOTAL CUSTOMERS		0

EXHIBIT H

GARKANE ENERGY COOPERATIVE, INC.
LOA, UTAH, 84747
STATE OF ARIZONA

INDEX OF RATE SCHEDULES

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COGENERATION QUALIFYING FACILITIES OF 100 KW AND LESS (QF-1) 9
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VOLUNTARY RESIDENTIAL PREPAID SERVICE

NET METERING

ESTIMATION METHODOLOGIES

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE NO. RES01
STATE OF ARIZONA

RESIDENTIAL SERVICE

AVAILABILITY: At any point on the Cooperative's interconnected system within the state of Arizona, outside of the incorporated boundaries of Colorado City, where there are facilities of adequate capacity subject to the Cooperative's established rules and regulations. The capacity of individual motors served under this Schedule will not exceed 10 H.P. This rate not for resale.

APPLICATION: This Schedule is for alternating current electric service supplied at approximately 120 / 240 volts single phase through one kilowatt-hour meter at a single point of delivery for all service required on the premises for residential purposes.

When a portion of a dwelling is used regularly for business, professional or other gainful purposes, the premises will be classified non-residential and the appropriate schedule applied. However, if the wiring is so arranged that the service for residential purposes can be metered separately, the Schedule will be applied to such service.

MONTHLY BILL: Base Rate: $ 22.00 per month
Energy Charge: $ 0.07180 per kWh

MINIMUM MONTHLY CHARGE: The minimum monthly charge under the above rate shall be the monthly Base Rate, or as provided by contract. Payment of the minimum monthly charge does not entitle the consumer the use of any kWh's of electricity.

TEMPORARY DISCONTINUANCE OF SERVICE: If a customer requests connection or reconnection of service at the same location within a 12-month period, he shall be required to pay the monthly customer charge for each of the intervening months.

ELECTRIC SERVICE REGULATIONS: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the customer and the Association. The Electric Service Regulations of the Cooperative on file with and approved by the Arizona Corporation Commission, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.

WHOLESALE POWER COST ADJUSTMENT: The foregoing rates are based upon the Association's cost of purchased power. The Cooperative's base cost of power is $0.035346. Rates are subject to the imposition of any purchased power adjustment, reflecting changes in this cost either upward or downward, which may be established for billing from time to time.

TERMS OF PAYMENT: The above rates are NET and are DUE and PAYABLE within twenty (20) days from the date of the bill.

TAX ADJUSTMENTS AND REGULATORY ASSETS: Total monthly sales for electric service are subject to adjustment for all federal, state and local government taxes or levies on such sales and any regulatory agencies on utility gross revenues.

APPROVED: Decision No. _____
EFFECTIVE:

DECISION NO. 75556

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE NO. ACC01
STATE OF ARIZONA

RESIDENTIAL SERVICE – COLORADO CITY

AVAILABILITY: At any point on the Cooperative's interconnected system within Colorado City where there are facilities of adequate capacity subject to the Cooperative's established rules and regulations. The capacity of individual motors served under this Schedule will not exceed 10 H.P. This rate not for resale.

APPLICATION: This Schedule is for alternating current electric service supplied at approximately 120 or 240 volts through one kilowatt-hour meter at a single point of delivery for all service required on the premises for residential purposes.

When a portion of a dwelling is used regularly for business, professional or other gainful purposes, the premises will be classified non-residential and the appropriate schedule applied. However, if the wiring is so arranged that the service for residential purposes can be metered separately, the Schedule will be applied to such service.

MONTHLY BILL:	Base Rate:	$ 22.00 per month
	Energy Charge:	$ 0.09980 per kWh

MINIMUM MONTHLY CHARGE: The minimum monthly charge under the above rate shall be the monthly Base Rate, or as provided by contract. Payment of the minimum monthly charge does not entitle the consumer the use of any kWh's of electricity.

TEMPORARY DISCONTINUANCE OF SERVICE: If a customer requests connection or reconnection of service at the same location within a 12-month period, he shall be required to pay the monthly customer charge for each of the intervening months.

ELECTRIC SERVICE REGULATIONS: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the customer and the Cooperative. The Electric Service Regulations of the Cooperative on file with, and approved by the Arizona Corporation Commission, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.

WHOLESALE POWER COST ADJUSTMENT: The foregoing rates are based upon the Cooperative's cost of purchased power. The Cooperative's base cost of power is $0.035346. Rates are subject to the imposition of any purchased power adjustment, reflecting changes in this cost either upward or downward, which may be established for billing from time to time.

TERMS OF PAYMENT: The above rates are NET and are DUE and PAYABLE within twenty (20) days from the date of the bill.

TAX ADJUSTMENTS AND REGULATORY ASSETS: Total monthly sales for electric service are subject to adjustment for all federal, state and local government taxes or levies on such sales and any regulatory agencies on utility gross revenues.

APPROVED: Decision No. _____
EFFECTIVE:

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE NO. IRR04
STATE OF ARIZONA

IRRIGATION SERVICE

AVAILABILITY: At any point on the Cooperative's interconnected system within the state of Arizona where there are facilities of adequate capacity, subject to the established rules and regulations of the Cooperative. This rate not for resale.

APPLICATION: This Schedule is for alternating current, single or three-phase electric service supplied at the Cooperative's standard secondary voltages through a single point of delivery for service to motors on pumps, pivot sprinkler systems, and machinery used for irrigation and soil drainage subject to the Cooperative's established rules and regulations. If energy usage for other purposes exceeds 10% of the total energy provided, the point of delivery shall be classified as non-irrigation and electric service shall be provided under the appropriate general service schedule. This rate is not for resale.

TYPE OF SERVICE: Single and three-phase, 60 cycles, at available secondary voltages.

MONTHLY BILL: For any month connected:

Base Rate	
Base Charge, Single Phase	$ 75.00 per month
Base Charge, Three Phase	$ 125.00 per month
Demand Charge	$ 7.30 per billing kW per month
Energy Charge	$ 0.05700 per kWh per month

MINIMUM: The minimum monthly charge under the above rate shall be the monthly Base Rate, or as provided by contract. Payment of the minimum monthly charge does not entitle the consumer the use of any kWh's of electricity.

DETERMINATION OF BILLING DEMAND: The billing demand shall be the maximum average kilowatt load used by the consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered as measured by a demand meter.

POWER FACTOR: The consumer agrees to maintain unity power factor as nearly as practicable. The horsepower for billing purposes may be adjusted to correct average power factors lower than 95 percent, if and when the seller deems necessary. Such adjustment will be made by increasing the horsepower 1 percent for each 1 percent by which the average power factor is less than 95 percent lagging. Leading power factor shall not be permitted.

ELECTRIC SERVICE REGULATIONS: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the customer and the Cooperative. The Electric Service Regulations of the Cooperative on file with and approved by the Arizona Corporation Commission, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.

WHOLESALE POWER COST ADJUSTMENT: The foregoing rates are based upon the Cooperative's cost of purchased power. The Cooperative's base cost of power is $0.035346. Rates are subject to the imposition of any purchased power adjustment, reflecting changes in this cost either upward or downward, which may be established for billing from time to time.

TERMS OF PAYMENT: The above rates are NET and are DUE and PAYABLE within twenty (20) days from the date of the bill.

TAX ADJUSTMENTS AND REGULATORY ASSETS: Total monthly sales for electric service are subject to adjustment for all federal, state and local government taxes or levies on such sales and any assessments that are or may be imposed by federal or state regulatory agencies on utility gross revenues.

APPROVED: Decision No. _____
EFFECTIVE:

DECISION NO. 75556

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE NO. GS105
STATE OF ARIZONA

GENERAL SERVICE NO. 1

AVAILABILITY: Available for commercial, industrial, public buildings, and three-phase farm service within the state of Arizona for all uses, including lighting, heating and power, subject to the established rules and regulations of the Cooperative. This rate not for resale.

Service under this schedule is limited to consumers whose load requirements do not exceed 50 KVA of transformer capacity.

TYPE OF SERVICE: Single-phase and three-phase, 60 cycles, at Cooperative's standard secondary voltage. Motors having a rated capacity of ten horsepower or more should be three-phase unless specifically approved by the Cooperative. All motors ten (10) horsepower and above shall have the starting current limited to no more than three and one half (3.5) times the full load current for no more than 15 seconds. All Variable Frequency Drives (VFD) shall be equipped with fully functional IEEE 519 compliant harmonic filters that limit the Total Harmonic Distortion to less than ten (10) percent current distortion and less than five (5) percent voltage distortion.

MONTHLY BILL:

Base Rate	$ 25.00 per month
Demand Charge	$ 7.50 per billing kW per month
Energy Charge	$ 0.05720 per kWh per month

DETERMINATION OF BILLING DEMAND: The billing demand shall be the maximum average kilowatt load used by the consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered as measured by a demand meter.

POWER FACTOR ADJUSTMENT: The consumer agrees to maintain unity power factor as nearly as practicable. Leading Power Factor is not permitted. Demand charges for billing purposes may be adjusted if the power factor at the time of maximum use is less than 90 percent lagging. Such adjustments will be made by increasing the measured demand one (l) percent for each one (l) percent by which the average power factor is less than 90 percent lagging.

MINIMUM: The Minimum Monthly Charge shall be the Base Rate, or as provided by contract. Payment of the minimum monthly charge does not entitle the consumer the use of any kWh of electricity.

TEMPORARY DISCONTINUANCE OF SERVICE: If a customer requests reconnection of service at the same location, he shall be required to pay the monthly charge for each of the intervening months. Non-use of service for more than 12 months shall make the electrical lines and service subject to removal under the Idle Service Regulation.

ELECTRIC SERVICE REGULATIONS: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the customer and the Cooperative. The Electric Service Regulations of the Cooperative on file with and approved by the Arizona Corporation Commission, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.

WHOLESALE POWER COST ADJUSTMENT: The foregoing rates are based upon the Cooperative's cost of purchased power. The Cooperative's base cost of power is $0.035346. Rates are subject to the imposition of any purchased power adjustment reflecting changes in this cost either upward or downward, which may be established for billing from time to time.

TERMS OF PAYMENT: The above rates are NET and are DUE and PAYABLE within twenty (20) days from the date of the bill.

TAX ADJUSTMENTS AND REGULATORY ASSETS: Total monthly sales for electric service are subject to adjustment for all federal, state and local government taxes or levies on such sales and any assessments that are or may be imposed by federal or state regulatory agencies on utility gross revenues.

APPROVED: Decision No. _____
EFFECTIVE:

75556
DECISION NO. _____

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE NO. GS208
STATE OF ARIZONA

GENERAL SERVICE NO. 2

AVAILABILITY: Available to consumers with large power loads within the state of Arizona on or near Seller's single-phase or three-phase lines for all types of usage, subject to the established rules and regulations of the Cooperative. A large power load is defined as any load requiring more than 50 kVA of transformer capacity. This rate not for resale.

TYPE OF SERVICE: Single-phase and three-phase, 60 cycles, at Cooperative's standard voltages.

MONTHLY BILL:	Base Rate:	$ 30.00 per month
	Demand Charge:	$ 8.55 per kW per month
	Energy Charge:	$ 0.05810 per kWh per month

DETERMINATION OF BILLING DEMAND: The Billing Demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered as indicated or recorded by a demand meter and adjusted for power factor as provided below.

POWER FACTOR ADJUSTMENT: The consumer agrees to maintain unity power factor as nearly as practicable. Leading Power Factors are not permitted. Demand charges for billing purposes may be adjusted if the power factor at the time of maximum use is less than 90 percent lagging. Such adjustments will be made by increasing the measured demand one (1) percent for each one (l) percent by which the average power factor is less than 90 percent lagging.

MINIMUM MONTHLY CHARGE: The Minimum Monthly Charge shall be the Base Rate, or as provided by contract. Payment of the minimum monthly charge does not entitle the consumer the use of any kWh of electricity.

TEMPORARY DISCONTINUANCE OF SERVICE: If a customer requests reconnection of service at the same location, he shall be required to pay the monthly charge for each of the intervening months.

ELECTRIC SERVICE REGULATIONS: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the customer and the Cooperative. The Electric Service Regulations of the Cooperative on file with and approved by the Arizona Corporation Commission, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.

WHOLESALE POWER COST ADJUSTMENT: The foregoing rates are based upon the Cooperative's cost of purchased power. The Cooperative's base cost of power is $0.035346. Rates are subject to the imposition of any purchased power adjustment reflecting changes in this cost either upward or downward, which may be established for billing from time to time.

TERMS OF PAYMENT: The above rates are NET and are DUE and PAYABLE within twenty (20) days from the date of the bill.

TAX ADJUSTMENTS AND REGULATORY ASSETS: Total monthly sales for electric service are subject to adjustment for all federal, state and local government taxes or levies on such sales and any assessments that are or may be imposed by federal or state regulatory agencies on utility gross revenues.

APPROVED: Decision No. _____
EFFECTIVE:

DECISION NO. 75556

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE NO. SL007
STATE OF ARIZONA

STREET AND YARD SECURITY LIGHTING

AVAILABILITY: Available to all consumers served by the Cooperative within the state of Arizona. This rate not for resale.

APPLICATION: This schedule is for alternating current electric service supplied at approximately 120/240 volts, single phase at a single point of delivery, from existing secondary, subject to the rules and regulations established by the Cooperative.

MONTHLY BILL RATE for HPS or Equivalent LED Lamps:

100 Watts or less – 40 kWh/Mo:	$ 8.15 per unit
250 Watts – 100 kWh/Mo:	$ 12.90 per unit
400 Watts – 160 kWh/Mo:	$ 17.50 per unit
1000 Watts– 400 kWh/Mo:	$ 47.50 per unit
1800 Watts– 720 kWh/Mo:	$ 85.00 per unit

CONDITIONS FOR SERVICE:

1. Service under this schedule is unmetered.
2. The Cooperative will maintain the light in operating condition. Consumer will assume responsibility and pay for damage caused by his own negligence or that of third parties.
3. The consumer must notify the Cooperative that repairs or maintenance are necessary.
4. The Cooperative will perform necessary repairs or maintenance at its earliest convenience and during normal working hours.
5. The consumer will guarantee payment for a minimum of twelve (12) months; if not, consumer will reimburse Cooperative for all removal costs.
6. Equivalent LED light size and type to be determined by Cooperative.
7. An additional charge may apply for customers in areas with a Dark Sky ordinance.

ELECTRIC SERVICE REGULATIONS: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the customer and the Cooperative. The Electric Service Regulations of the Cooperative on file with and approved by the Arizona Corporation Commission, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.

WHOLESALE POWER COST ADJUSTMENT: The foregoing rates are based upon the Cooperative's cost of purchased power. The Cooperative's base cost of power is $0.035346. Rates are subject to the imposition on any power adjustment reflecting changes in this cost either upward or downward, which may be established for billing from time to time.

TERMS OF PAYMENT: The above rates are NET and are DUE and PAYABLE within twenty (20) days from the date of the bill.

TAX ADJUSTMENTS AND REGULATORY ASSETS: Total monthly sales for electric service are subject to adjustment for all federal, state and local government taxes or levies on such sales and any regulatory agencies on utility gross revenues.

APPROVED: Decision No. _____
EFFECTIVE:

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE SC
STATE OF ARIZONA

SERVICE CHARGES
(Page 1)

This schedule sets the amounts for impact fees, various services, and other miscellaneous charges authorized in the Rules and Regulations of either the Arizona Corporation Commission or Garkane Energy Cooperative, Inc.

The impact fee shall be based upon the service entrance main breaker and/or fuse sets amperage and nominal service voltage. Where there are more than one service entrance main breakers and/or fuse sets the impact fee shall be based upon the sum of such devices.

Service entrances which are upgraded and result in increased capacity shall be assessed an impact fee equal to the difference between the original service entrance size and the upgraded service entrance size. Service entrances which are upgraded for safety reasons or system improvements without increase in service capacity may have the impact fee waved.

In new subdivisions impact fees shall be assessed to the Subdivision Developer. The Subdivision Developer shall pay the required impact fees for a minimum 100 amp service per lot. Once the lot has been sold and the lot owner request service to the lot, the lot owner will be required to pay any additional impact fee based on his/her service requirements over the minimum 100 amp service paid by the Subdivision Developer.

This schedule sets the amounts for various service and other miscellaneous charges authorized in the Rules and Regulations of either the Arizona Corporation Commission or Garkane Energy Cooperative, Inc.

IMPACT FEES

RESIDENTIAL OR NON-DEMAND SERVICES
(Single Phase 120/240 volt Service)

OVERHEAD OR UNDERGROUND SYSTEM CONNECTION

0-60 amps	$ 150.00
61-200 amps	$ 500.00
Each additional 100 amps, or portion thereof	$1,000.00

COMMERCIAL, IRRIGATIONAL, GENERAL SERVICE, OR ALL OTHER SERVICES

Installed Meter Capacity	$ 40 per kW
or Minimum Impact Fee	$ 576.00

Upgrading of existing service will require payment of the applicable impact fees based on the difference in cost between the calculation of the exiting installation size and capacity versus the cost of the new installation in size and capacity.

CHARGES FOR ELECTRIC SERVICE CONNECTIONS (EXCLUSIVE OF ANY APPLICABLE CHARGES FOR LINE EXTENSIONS)

A. NEW SERVICE	$ 50.00
B. ADDITIONAL SERVICE	$ 30.00
C. SERVICE CONNECTION CALLBACKS	$ 75.00

Note: The charges for service connections are for standard connections. A customer who requests that service be provided in a non-standard manner will be required to pay, in addition to the service connection charge, any additional costs for such service connection in excess of the service connection charge. Additional service charges relate to requests for each additional service connection or location change to a new service address. Callback service charges relate to a return trip to connect electric service, when a customer provided an inaccurate service address, postpones, or cancels a service order already completed.

DECISION NO. 75556

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE SC
STATE OF ARIZONA

SERVICE CHARGES
(Page 2)

SERVICE CALLS DURING REGULAR WORKING HOURS	$ 50.00
SERVICE CALLS AFTER REGULAR WORKING HOURS	ACTUAL COST OR A MINIMUM OF $50.00

Note: Charges for service calls relate generally to reconnects of previously disconnected service or interruptions of service caused by the consumer's negligence. After hours charges also apply for regular service connections requested by the consumer during this period.

METER TEST per Rule R14-2-209F	$ 20.00
METER REREADS per Rule R14-2-209C	$ 15.00
BROKEN METER SEALS:	$150.00 – 1st Offense $300.00 – 2nd and subsequent Offenses
RETURNED CHECKS	$ 25.00
LATE PAYMENT CHARGE	1.5% (per month)
FIELD COLLECTION CALL	$ 25.00
DEFERRED PAYMENT PLAN FINANCE CHARGE	1.5% (per month)
TEMPORARY TEST PROVISION	$ 50.00

Note: Customers may request a temporary connection of service for the purpose of testing a pump or other equipment. A one-time fee is required for this service along with the applicable charge for the energy used. This service is available for a maximum connection time of seven (7) days.

APPLICABLE TAXES AND CHARGES: In the event any taxing body shall impose or increase any franchise, occupation, sales, license, excise or other tax or charge of any kind or nature, including taxes or charges based upon the charges listed above the receipts or income therefrom, the pro-rata amount thereof will be added to and, as part of the effective rate, separately itemized and billed to all Customers in the area or locality in which such tax or charge applies.

APPROVED: Decision No. _____
EFFECTIVE:

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE QF-1
STATE OF ARIZONA

COGENERATION QUALIFYING FACILITIES OF 100 KW AND LESS

AVAILABILITY: In all territory served by the Cooperative within the state of Arizona where its facilities are of adequate capacity and the required phase and suitable voltage are in existence and are adjacent to the premises served.

APPLICATION: The Co-Generation Qualifying Facilities Rate (QF-1) is applicable to owners of co-generation qualifying facilities and small power production facilities of 100 kW and less who are retail customers and who enter into a written contract with the Cooperative with respect to such service. Service shall be supplied at one point of delivery where part or all of the electrical requirements of the customer can be supplied from a source or sources, owned by the customer, and where such sources are connected for parallel operation of the customer's system with the system of the Cooperative. Customer sources may include but are not limited to windmills, water wheels, solar conversion, and geothermal devices, each of which is capable of generating 100 kW or less.

TYPE OF SERVICE: The type of service furnished the customer pursuant to this rate tariff shall be determined in the reasonable discretion of the Cooperative.

MONTHLY RATE: All purchases from the Cooperative and sales to the Cooperative shall be treated separately. For capacity and energy supplied by the Cooperative to the customer, the applicable rate shall apply. In addition, the customer will be required to pay an additional customer charge as follows:

Residential	$13.00 Monthly
General Service 1	$25.00 Monthly
General Service 2	$35.00 Monthly
Irrigation	$50.00 Annually

For energy supplied by the customer to the Cooperative, the rates shall be as follows:

For non-firm power, the purchase rate will be $0.0260 per kWh generated and delivered onto the Cooperative's system. For firm service, the purchase rate will be the non-firm purchase rate plus ten percent (10%).

SERVICE CONDITIONS: The Service Conditions of the Cooperative, on file with the Arizona Corporation Commission, shall apply to this schedule. Cooperative policy regarding Meter reading intervals terms of payments, extended billing periods, and collection policy, as filed and approved by the Arizona Corporation Commission, are stated and published in the Cooperative's Service Conditions.

CONTRACT PERIOD: As provided in the Cooperative's agreement for service with the customer.

APPROVED: Decision No. _____
EFFECTIVE:

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE QF-2
STATE OF ARIZONA

OPTIONAL ELECTRIC SERVICE FOR QUALIFIED COGENERATION AND SMALL POWER PRODUCTION FACILITIES OVER 100 KW
(Page 1)

AVAILABILITY: In all territory served by the Cooperative within the state of Arizona where facilities of adequate capacity and suitable voltages are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICATION: The Optional Electric Service for Qualified Cogeneration and Small Power Production Facilities over 100 kW (QF-2) is applicable to customers of the Cooperative that own and operate qualified cogeneration and small power production facilities of 100 kW or more that meet qualifying status as defined under 18 CFR, Chapter 1, Part 292, Subpart B of the Federal Energy Regulatory Commission's regulations and pursuant to the Arizona Corporation Commission's Decision No. 53245. The facility's generator(s) and customer's load must be located at the same premise. The owner of the Qualifying Facility (QF) shall enter into a contract pertaining to the operation of the QF by the QF owner with the Cooperative.

SUPPLEMENTARY POWER:

A. Definition of Supplementary Power
Supplementary power is the kW capacity and related kWh energy purchased by the QF in excess of the production capability of the QF's generating equipment.

B. Rates
The rates charged for supplementary power shall be the appropriate retail Tariff of the Cooperative which is applicable to the QF's class of service or any new retail rate agreed to by the parties and approved by the Arizona Corporation Commission.

C. Determination of Supplementary Energy
Supplementary energy shall be equal to the metered kWh being supplied to the the QF, less any kWh billed as standby or maintenance energy.

D. Determination of Supplemental Demand
Supplemental demand shall be the greater of:

i. The metered demand, measured in accordance with the Cooperative's appropriate standard offer retail rate schedule, less any standby and maintenance demand; or
ii. The minimum supplemental billing demand specified in the QF's contract.

STANDBY AND MAINTENANCE POWER:

A. Definition of Standby - Maintenance Power
Standby and maintenance power is the kW capacity and related kWh supplied by the Cooperative attributable to forced or scheduled outages by the QF, respectively.

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE QF-2
STATE OF ARIZONA

OPTIONAL ELECTRIC SERVICE FOR QUALIFIED COGENERATION AND SMALL POWER PRODUCTION FACILITIES OVER 100 KW
(Page 2)

B. Rates

Reservation / Capacity Charge

The reservation / capacity charge for standby and maintenance power shall be the sum of the distribution billing demand charge in the applicable retail rate schedule, plus the applicable demand charges in the wholesale supplier's tariff each month, multiplied by the contract Standby Capacity, as determined in Section E of this section.

Energy Charge

The rate applicable to standby and maintenance energy shall be the sum of the distribution energy charge in the applicable retail rate schedule plus the current energy rate from the wholesale supplier multiplied by the sum of the Standby Energy and Maintenance Energy as determined in Sections C and D of this section.

C. Determination of Standby Energy

Standby energy is defined as electric energy supplied by the Cooperative to replace power ordinarily generated by the customer's generation facility during unscheduled full and partial outages of said facility. Standby energy is equal to the difference between the maximum energy output of the customer's generator(s) and the energy measured on the customer's generator meter(s) for the billing period, except those periods where energy supplied by the Cooperative is zero.

D. Determination of Maintenance Energy

Maintenance energy is defined as energy supplied to the customer to a maximum of the Contract Standby Capacity times the hours in the Scheduled Maintenance period. Maintenance periods shall not exceed 30 days and must be scheduled during off peak months. Customer shall supply the Cooperative with a maintenance Schedule for a 12-month period at least 60 days prior to the beginning of that period, which is subject to the Cooperative's approval. Energy used in excess of a 30-day period of unauthorized maintenance energy shall be billed on the Supplemental Power Rate as specified in this Schedule.

E. Contract Standby Capacity kW

Contract Standby Capacity kilowatt (kW) amount is the amount of cogeneration or self-generation capacity for which the customer contracts with the Cooperative for Standby Service. If the contract Standby Capacity is exceeded and not covered by the Supplementary Power provisions of this tariff, then the contract standby capacity is automatically increased to the new level. The Contract Standby Capacity kW cannot exceed the maximum net output rating(s) of the connected generator(s).

GARKANE ENERGY COOPERATIVE, INC.
ELECTRIC SERVICE
SCHEDULE QF-2
STATE OF ARIZONA

OPTIONAL ELECTRIC SERVICE FOR QUALIFIED COGENERATION AND SMALL POWER PRODUCTION FACILITIES OVER 100 KW
(Page 3)

BASIC SERVICE CHARGE: The monthly basic service charge shall be the service charge contained in the Cooperative's current applicable retail rate schedule, plus an additional $35 per month.

INTERCONNECTION CHARGE: The QF shall pay all costs associated with any and all additions, modifications or alterations to the Cooperative's electric system necessitated or incurred in the establishment and operation of the interconnection with the QF, including but not limited to any and all modification required for the metering of power and energy or for the efficient, safe and reliable operation of the QF's facilities.

FACILITY CHARGE ON DEDICATED FACILITIES: The QF shall be required to pay to the Cooperative a monthly facilities charge to recover all related costs of any dedicated facilities constructed to serve the QF on a firm power and energy basis.

SERVICE CONDITIONS: The Service Conditions of the Cooperative, on file with the ACC, shall apply to this schedule. Cooperative policy regarding Meter reading intervals terms of payments, extended billing periods and collection policy, as filed and approved by the ACC, are stated and published in the Cooperative's Service Conditions.

CONTRACT PERIOD: As provided in the Cooperative's agreement for service with the customer.

APPROVED: Decision No. _____
EFFECTIVE: