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BEFORE THE ARIZONA CORPORATION COMMISSION RECEIVED

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COMMISSIONERS  
DOUG LITTLE, CHAIRMAN  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

2016 MAY 27 P 4:41  
AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF GARKANE ENERGY COOPERATIVE, INC., AN ELECTRIC COOPERATIVE NONPROFIT MEMBERSHIP CORPORATION, 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 FOR WAIVER.

DOCKET NO. E-01891A-15-0176

GARKANE ENERGY COOPERATIVE, INC.'S COMPLIANCE FILING PER DECISION NO. 75556 AND AFFIDAVIT OF MAILING NOTICE

Garkane Energy Cooperative, Inc. ("Garkane"), by and through undersigned counsel, makes this compliance filing as required by Decision No. 75556 (the "Decision") dated May 13, 2016 by submitting the following:

1. Rate Tariffs;
2. Electric Service Regulations;
3. Line Extension Policy;
4. Prepaid Service Agreement;
5. Curtailment Plan Tariff;
6. Estimation Methodologies Tariff; and
7. Plan of Administration for Wholesale Power Cost Adjustor

Arizona Corporation Commission  
DOCKETED  
MAY 27 2016

DOCKETED BY

1 While not required by Decision No. 75556, Garkane also submits the Affidavit of Marcus  
2 Lewis re Mailing Notice.

3 DATED this 27<sup>th</sup> day of May, 2016.

LAW OFFICES OF  
WILLIAM P. SULLIVAN, P.L.L.C.

By: 

William P. Sullivan  
501 East Thomas Road  
Phoenix, Arizona 85012-3205  
Attorneys for Garkane Energy  
Cooperative, Inc.

11 PROOF OF AND CERTIFICATE OF MAILING

12 I hereby certify that on this 27<sup>th</sup> day of May, 2016, I caused the foregoing document  
13 to be served on the Arizona Corporation Commission by delivering the original and thirteen  
14 (13) copies of the above to:

14 Docket Control  
15 Arizona Corporation Commission  
16 1200 West Washington  
Phoenix, Arizona 85007

17 With a copy thereof emailed  
18 and hand-delivered to:

19 Robin Mitchell, Esq.  
rmitchell@azcc.gov  
20 Matthew Laudone, Esq.  
mlaudone@azcc.gov  
21 Legal Division

22 Sarah N. Harpring, Administrative Law Judge  
23 Hearing Division  
rtallman@azcc.gov  
24 dperson@azcc.gov  
25 awilson@azcc.gov

1 With a copy thereof emailed  
and mailed to:

2 Court S. Rich, Esq.  
3 Rose Law Group, PC  
4 7144 East Stetson Drive, Suite 300  
5 Scottsdale, Arizona 85251  
6 crich@roslawgroup.com  
Attorneys for The Alliance for Solar Choice

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

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**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. 75556  
EFFECTIVE: June 1, 2016

**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.

<b>MONTHLY BILL:</b>	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. 75556

EFFECTIVE: June 1, 2016

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:**

<b><u>Voluntary for:</u></b>	<b><u>Customer Charge</u></b> (\$/Customer/Day)	<b><u>kWh Charge</u></b>
<b><u>Rate RES01</u></b> <b>(Excludes Colorado City)</b>	<b><u>\$0.72281</u></b>	<b><u>\$0.07180</u></b>
<b><u>Rate ACC 01</u></b> <b>(Colorado City)</b>	<b><u>\$0.72281</u></b>	<b><u>\$0.09980</u></b>

**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**

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- (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.garkaneenergy.com](http://www.garkaneenergy.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.

GARKANE ENERGY COOPERATIVE, INC.

ELECTRIC SERVICE  
SCHEDULE NO. RES02  
STATE OF ARIZONA

**VOLUNTARY RESIDENTIAL PREPAID SERVICE**

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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

GARKANE ENERGY COOPERATIVE, INC.

ELECTRIC SERVICE  
**SCHEDULE NO. RES02**  
STATE OF ARIZONA

VOLUNTARY RESIDENTIAL PREPAID SERVICE

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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.

APPROVED: Decision No. 75556

EFFECTIVE: June 1, 2016

**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. 75556  
EFFECTIVE: June 1, 2016

**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 (1) percent for each one (1) 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. 75556  
EFFECTIVE: June 1, 2016

**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 (1) 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. 75556  
EFFECTIVE: June 1, 2016

**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. 75556  
**EFFECTIVE:** June 1, 2016

**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.

**GARKANE ENERGY COOPERATIVE, INC.**  
ELECTRIC SERVICE  
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**SERVICE CHARGES**

(Page 2)

<b>SERVICE CALLS DURING REGULAR WORKING HOURS</b>	\$ 50.00
<b>SERVICE CALLS AFTER REGULAR WORKING HOURS</b>	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. 75556  
EFFECTIVE: June 1, 2016

**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. 75556

**EFFECTIVE:** June 1, 2016

**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**

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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. 75556

EFFECTIVE: June 1, 2016

**ORIGINAL**

GARKANE ENERGY COOPERATIVE, INC.  
ELECTRIC SERVICE  
SCHEDULE NO. ACG33  
STATE OF ARIZONA  
NET METERING SERVICE

Approved by Decision No.: 75408

Effective: January 19, 2016

**Applicability**

Applicable to "Net Metering Facility" as defined below, or applicable Arizona Corporation Commission ("Commission") Decision, where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served and which meet ALL of the following conditions:

1. Generator must be installed at a service receiving electric service on or adjacent to the customer's Primary Service, subject to the Cooperative's service requirements. (Primary Service).
2. Generator must be incidental to the Primary Service, installed on the customer's premises, and used to supply some or all of the customer's loads.
3. Generator capacity shall not be more than 125% of the Net Metering customer's total connected load as determined by the following:
  - a. For customers with a demand history it will be 125% of the highest demand in the most current 12 month period.
  - b. In the absence of demand data (for residential and small business) the highest 12 months (Calendar Year) kWh consumption in the previous three years will be divided by 2190 (to determine the 100% capacity level in kW which will achieve a "net zero" home or business) and multiplied by 125%.

**Interconnection**

A customer that installs a Net Metering Facility is not required to take service under this Tariff, but still must comply with the Cooperative's interconnection standards, including, but not limited to, the following:

1. Generator must have a maximum output of less than 10% of the nearest source side primary voltage protective device, and must be less than 80% of the installed transformer capacity at the Primary Service.
2. The maximum aggregate generation on a distribution feeder, including the proposed generation, must not exceed 15% of the maximum load on the feeder, as measured at the substation.
3. Generator must have the same output voltage and phasing as the Primary Service.
4. Generator must be a fuel cell or other renewable energy powered generator controlled by an inverter which has been designed, tested, and UL certified to UL1741 and IEEE1547 standards; or CHP with appropriate standards and certifications.
5. Generator must have positive "anti-islanding" capability per UL1741.

APPROVED FOR FILING  
DECISION #: 75408

GARKANE ENERGY COOPERATIVE, INC.  
ELECTRIC SERVICE  
SCHEDULE NO. ACG33  
STATE OF ARIZONA  
NET METERING SERVICE

6. Generator must have output voltage with less than 1% Total Harmonic Distortion (THD), current output with less than 2% THD, and be operated with a 1.0 to .95% lagging Power Factor. Leading power factor operation will not be permitted.
7. Generator must be provided with a "Visible Disconnect Switch" per NESC requirements, which can be padlocked in the OPEN position and is accessible to Garkane personnel at all times. Disconnect must be permanently and visibly marked as "GENERATOR DISCONNECT" in letters at least 2" high.
8. The electrical function, operation, or capacity of a customer generation system, at the point of connection to the Cooperative's distribution system, may not compromise the quality of service to the Cooperative's other customers.

Metering

Service under this schedule will require the installation of a meter capable of registering and accumulating the kilowatt-hours (kWh) of electricity flowing in both directions in each billing period prior to the initiation of service.

Billing

A. During the billing period for:

1. Customer Purchases in excess of Customer Supply

Cooperative shall bill the customer for the net kWh supplied by the Cooperative in accordance with the Cooperative's applicable Standard Retail Rate Schedule.

2. Customer Supply in excess of Customer Purchases (Excess Generation)

Cooperative shall credit the customer the Excess Generation kWh in subsequent billing periods to reduce the kWh supplied (not kW or kVa demand or customer charges).

B. For customers taking service under time-of-use rates, Customer Supply and Customer Purchases will be segmented by on-peak and off-peak periods. Excess Generation kWh credits will be applied to the time-of-use periods in which the kWh were generated by the customer.

C. Basic Service Charges and Demand Charges (either metered or contract) and all other elements of the Cooperative's applicable Standard Retail Rate Schedule (e.g., the temporary discontinuation of service and wholesale power cost adjustment provisions) will continue to apply in full.

D. For the billing each April or for the last billing period at the time the customer discontinues taking service under this rate schedule:

The Cooperative shall issue a billing credit to the customer for any remaining Excess Generation balance. In the event the customer's electric service is terminated, after applying a billing credit for any Excess Generation up to the amount the customers owe the Cooperative, the Cooperative shall issue a check for the remaining value of the Excess Generation balance. The payment or

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ELECTRIC SERVICE  
SCHEDULE NO. ACG33  
STATE OF ARIZONA  
NET METERING SERVICE

credit will be determined at the Cooperative's Annual Average Avoided Cost, which shall be updated annually and is as specified below:

Annual Purchase Rate (¢/kWh): 2.60¢

Any payment for Firm Power will be pursuant to a separate contract.

- E. An Administrative Charge may be charged by the Cooperative to collect new or additional costs the Cooperative incurs associated with the provision of Net Metering service (such as additional data communication access and billing costs) upon filing with and approval of such charge by the Commission pursuant to A.A.C. R14-2-2305.

Contract Period

Any applicable contract period(s) will be set forth in an Agreement between the customer and the Cooperative.

Definitions

Definitions below and contained in A.A.C. R14-2-2302 (some of which are set forth below) apply to Net Metering offered under this Tariff.

1. Annual Average Avoided Cost ("AAAC") means the average annual wholesale fuel and energy costs per kWh charged by the Cooperative's wholesale power supplier(s) during the calendar year, determined based upon the Cooperative's audited financial statement for the applicable Calendar Year. The Cooperative will submit an updated Net Metering Service Tariff to the Commission no later than July 15 each year for approval of the Annual Average Avoided Cost. The current avoided kWh cost, once approved by the Commission, will be available at every Cooperative office and will continue in effect until the next AAAC is effective, which shall be December 1st following the annual filing of an updated Net Metering Service Tariff, unless suspended or otherwise ordered by the Commission, prior thereto.
2. BASE RATE means the rates applicable under the customer's currently effective standard rate schedule and any appropriate rider/adjustor/surcharge schedules.
3. Calendar Year means January 1 through December 31, for the purpose of determining the billing credit for the balance of any credit due in excess of amounts owed by the customer to the Cooperative.
4. Combined Heat and Power or CHP means a system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5% of the total energy input of fuel to the facility.
5. Customer Supply means energy (kWh) from a customer-owned Net Metering Facility that exceeds the customer's load at a point in time and is fed back into the Cooperative's electric system, as metered by the Cooperative.

GARKANE ENERGY COOPERATIVE, INC.  
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6. **Customer Purchase** means energy (kWh) that is provided from the Cooperative to the customer to serve the load that is not being served by a customer-owned Net Metering Facility, as metered by the Cooperative.
7. **Excess Generation** means the Customer Supply (kWh) less the Customer Purchase (kWh) over a monthly billing period. For time-of-use rates the Excess Generation corresponding to the on- and off-peak periods is computed for on-peak and off-peak periods over the monthly billing period. (Not to be less than zero.)
8. **Firm Power** means power available, upon demand, at all times (except for forced outages) during the Contract Period from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Cooperative's firm power sources.
9. **Fuel Cell** means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be from Renewable Resources.
10. **Net Metering Facility** means a facility for the production of electricity that:
  - a. Is operated by or on behalf of the customer and is located on the customer's premises;
  - b. Is intended to provide part or all of the customer's requirements for electricity;
  - c. Uses Renewable Resources, a Fuel Cell or CHP to generate electricity;
  - d. Has a generating capacity less than or equal to 125% of the customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and
  - e. Is interconnected with and can operate in parallel with the Cooperative's existing distribution system.
11. **Partial Requirements Service** means electric service provided to a customer that has an interconnected Net Metering Facility whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided by the Cooperative. The Cooperative supplies the customer's supplemental electrical requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
12. **Renewable Resource** means natural resources that can be replenished by natural processes, including biomass, biogas, geothermal, hydroelectric, solar or wind as defined in A.A.C. R14-2-2302.
13. **Standard Retail Rate Schedule** means any of the Cooperative's retail rate schedules with metered kWh charges.

**ORIGINAL**

GARKANE ENERGY COOPERATIVE, INC.  
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14. Time Periods – Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be some variation in the timing for the pricing periods. In most instances the variation should not exceed 15 minutes. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.

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

TERMS OF PAYMENT: Credits due under this account will be credited to the Primary Service Account.

APPROVED FOR FILING

DECISION #: 15408

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 re-metering, sale, extension, or other disposition of service, Company may immediately discontinue the supplying of service to Customer until such unauthorized re-metering, 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.

APPROVED: Decision No. 75556  
EFFECTIVE: June 1, 2016

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: Decision No. 75556

EFFECTIVE: June 1, 2016

## **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.

**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)** \_\_\_\_\_

APPROVED: Decision No. 75556

EFFECTIVE: June 1, 2016

## 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	<u>5</u>
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: Decision No. 75556  
EFFECTIVE: June 1, 2016

GARKANE ENERGY COOPERATIVE, INC.  
ELECTRIC SERVICE  
**SCHEDULE NO. AZEM**  
STATE OF ARIZONA  
**ESTIMATION METHODOLOGIES**

Approved by Decision No.: 75556

Effective: June 1, 2016

**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.

GARKANE ENERGY COOPERATIVE, INC.  
ELECTRIC SERVICE  
**SCHEDULE NO. AZEM**  
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.

	<b>Condition</b>	<b>Estimation Procedures</b>
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.

GARKANE ENERGY COOPERATIVE, INC.  
 ELECTRIC SERVICE  
**SCHEDULE NO. AZEM**  
 STATE OF ARIZONA  
**ESTIMATION METHODOLOGIES**

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 15<sup>th</sup>. 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.

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

GARKANE ENERGY COOPERATIVE, INC.  
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**ESTIMATION METHODOLOGIES**

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.

APPROVED: Decision No. 75556  
EFFECTIVE: June 1, 2016

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. 75556, dated May 13, 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 Commission.

**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 30<sup>th</sup> 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.

APPROVED: Decision No. 75556  
EFFECTIVE: June 1, 2016

DOCKET NO: E-01891A-00-0000			DECISION NO: 50266			
PURCHASED POWER AND FUEL ADJUSTOR BANK BALANCE REPORT						
<b>GARKANE ENERGY COOPERATIVE, INC</b>						
PO BOX 465 LOA, UTAH 84747					2 copies mailed to ACC	
				FOR THE MONTH OF	<b>Mar-16</b>	
Line	DESCRIPTION					
1	ENDING BANK BALANCE FROM PREVIOUS MONTH					
2	JURISDICTIONAL SALES (Applicable to Fuel ADJ) This number SHOULD be the same as the number listed on FA-3.					0
3	ACTUAL COST OF PURCHASED POWER (line 2 FA-1 X line 11, cost per kwh sold FA-2)					#DIV/0!
4	UNIT COST OF PURCHASED POWER (Line 3 / Line 2) Carry Out Six decimal places.					#DIV/0!
5	AUTHORIZED BASE COST OF PURCHASED POWER					\$0.025580
	DECISION NO.	50266	DATED	1979		
6	AUTHORIZED PURCHASED POWER ADJUSTOR					\$0.007430
	DECISION NO.	Garkane	DATED	1-Jan-99		
7	TOTAL RATE COLLECTED FROM CUSTOMERS (Line 5 + Line 6)					\$0.033010
8	INCREMENTAL DIFFERENCE BETWEEN AUTHORIZED AND ACTUAL RECOVERY (Line 4 - Line 7)					#DIV/0!
9	NET CHANGE TO BANK BALANCE ( Line 2 X Line 8 )					#DIV/0!
10	ADJUSTMENT TO BANK BALANCE					\$0.00
11	PREAPPROVED DSM COSTS					\$0.00
12	ENDING BANK BALANCE (Line 1 + Line 9 + Line 10 + Line 11)					#DIV/0!



<b>FA-3</b>					
<b>GENERAL INFORMATION</b>					
	COMPANY NAME				
1	<b>GARKANE ENERGY COOPERATVIE, INC</b>				
	<b>PO BOX 465</b>				
	<b>LOA, UTAH 84747</b>				MONTH OF <b>Mar-16</b>
2	<b>SALES (KWH)</b>				
	RESIDENTIAL			0	
	COMMERICAL - SMALL			0	
	COMMERICAL - LARGE			0	
	INDUSTRIAL			0	
	IRRIGATION			0	
	MUNICIPAL			0	
	WHOLESALE			0	
	OTHER SALES - STREET LIGHTS			0	
	<b>TOTAL SALES (KWH)</b>				<b>0</b>
3	<b>SALES (REVENUE \$)</b>				
	RESIDENTIAL			\$ -	
	COMMERICAL - SMALL			-	
	COMMERICAL - LARGE			-	
	INDUSTRIAL			-	
	IRRIGATION			-	
	MUNICIPAL			-	
	WHOLESALE			-	
	OTHER SALES - STREET LIGHTS			-	
	<b>TOTAL SALES (REVENUE \$)</b>				<b>\$ -</b>
4	<b>NUMBER OF CUSTOMERS</b>				
	RESIDENTIAL			1165	
	COMMERICAL - SMALL			225	
	COMMERICAL - LARGE			0	
	INDUSTRIAL			0	
	IRRIGATION			12	
	MUNICIPAL			40	
	WHOLESALE			0	
	OTHER SALES - STREET LIGHTS			6	
	<b>TOTAL CUSTOMERS</b>				<b>1448</b>

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 DOUG LITTLE, CHAIRMAN

4 BOB STUMP

5 BOB BURNS

6 TOM FORESE

7 ANDY TOBIN

8 IN THE MATTER OF THE APPLICATION  
9 OF GARKANE ENERGY COOPERATIVE,  
10 INC., AN ELECTRIC COOPERATIVE  
11 NONPROFIT MEMBERSHIP  
12 CORPORATION, FOR A DETERMINATION  
13 OF THE FAIR VALUE OF ITS PROPERTY  
14 FOR RATEMAKING PURPOSES, TO FIX A  
15 JUST AND REASONABLE RETURN  
16 THEREON, AND TO APPROVE RATES  
17 DESIGNED TO DEVELOP SUCH RETURN  
18 AND REQUEST FOR WAIVER.

DOCKET NO. E-01891A-15-0176

**AFFIDAVIT RE MAILING NOTICE OF  
REVISED SCHEDULE OF RATES AND  
CHARGES (POST-DECISION)**

13 State of Utah )  
14 ) ss  
15 County of Wayne )

16  
17 Marcus V. Lewis, being first duly sworn upon his oath deposes and says as follows:

- 18 1. I am the CFO at Garkane Energy Cooperative, Inc. ("Garkane")  
19 2. In that capacity, I personally oversaw the mailing of notice of the revised  
20 schedule of rates and charges approved by Arizona Corporation Commission  
21 Decision No. 75556.  
22 3. The form of notice set forth in Attachment 1 was approved by Commission

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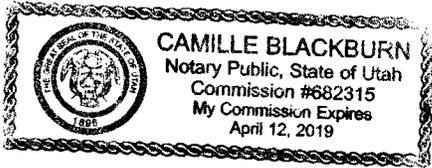
Staff and was mailed to Garkane's Arizona customers of record via United States mail on May 19, 2016.

DATED this 20<sup>th</sup> day of May, 2016.

  
\_\_\_\_\_  
Marcus V. Lewis

SUBSCRIBED AND SWORN to before me this 20 day of May, 2016.

  
\_\_\_\_\_  
Notary Public



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ATTACHMENT 1  
(FORM OF APPROVED AND MAILED NOTICE)

**NOTICE OF CHANGE IN RATES AND CHARGES**  
**GARKANE ENERGY COOPERATIVE, INC. - DOCKET NO. E-1891A-15-0176**

Arizona Corporation Commission Decision No. 7556, dated May 13, 2016, approved new rates and charges for Arizona customers served by Garkane Energy Cooperative, Inc. as summarized below for usage commencing on and after June 1, 2016. The purpose of the filing was to bring Arizona rates and charges into general conformity with those rates and charges already in effect for Utah customers. All Residential customers outside of Colorado City with average usage (1,507 kWh per month) will see a \$0.38 increase in their monthly bill from \$129.82 to \$130.20. If you have any questions please contact Garkane at P.O. Box 465, 120 West 300 South, Loa, UT 84747 or (800) 747-5403.

<b>Description</b>	<b>Existing</b>	<b>New</b>	<b>Change</b>
Power Cost, per kWh Sold	\$0.034350	\$0.035346	\$0.000996
WPCA Base Cost, per kWh Sold	\$0.025580	\$0.035346	\$0.009766
WPCA Factor, per kWh	\$0.008780	\$0.000000	(\$0.008780)
SPAC Factor, per kWh	(\$0.005004)	\$0.000000	\$0.005004
Total Pass Through, per kWh	\$0.003776	\$0.000000	(\$0.003776)
<b>Residential-Arizona</b>			
Base Charge	\$12.50	\$22.00	\$9.50
Energy Charge, per kWh	\$0.069070	\$0.071800	\$0.002730
<b>Residential-Colorado City</b>			
Base Charge	\$12.50	\$22.00	\$9.50
Energy Charge, per kWh	\$0.069070	\$0.099800	\$0.030730
Adjustment Charge, per kWh	\$0.037317	\$0.000000	(\$0.037317)
<b>Residential- Prepaid Service- Arizona</b>			
Base Rate, per day	NT	\$0.72281	New
Energy Charge, per kWh (excluding Colorado City)	NT	\$0.07180	New
Energy Charge, per kWh – Colorado City	NT	\$0.09980	New
<b>General Service No. 1-Arizona</b>			
Base Charge	\$12.50	\$25.00	\$12.50
Demand Charge, per Billing kW	\$6.37	\$7.50	\$ 1.13
Energy Charge, per kWh	\$0.058450	\$0.057200	(\$0.002150)
<b>General Service No. 1- Colorado City*</b>			
Base Charge	\$12.50	Now part of	\$12.50
Demand Charge, per Billing kW	\$6.37	Gen. Service	\$1.13
Energy Charge, per kWh	\$0.058450	No. 1	(\$0.001250)
Adjustment Charge, per kWh	\$0.006177		(\$0.006177)
<b>General Service No. 2-Arizona</b>			
Base Charge	\$20.00	\$30.00	\$10.00
Demand Charge, per Billing kW	\$6.37	\$8.55	\$2.18
Energy Charge, per kWh	\$0.061150	\$0.058100	(\$0.003050)
<b>General Service No. 2- Colorado City*</b>			
Base Charge	\$20.00	Now part of	\$10.00
Demand Charge, per Billing kW	\$6.37	Gen. Service	\$2.15
Energy Charge, per kWh	\$0.061150	No.2	(\$0.003050)
Adjustment Charge, per kWh	\$0.015035		(\$0.015035)
<b>Public Bldgs. &amp; Authorities – GS No. 1- Arizona*</b>			
Base Charge	\$12.50	Now part of	\$12.50
Demand Charge, per Billing kW	\$6.37	Gen. Service	\$1.13
Energy Charge, per kWh	\$0.058450	No.1	(\$0.001250)

Description	Existing	New	Change
<b>Public Bldgs. &amp; Authorities – GS No. 1-Colorado City*</b>			
Base Charge	\$12.50	Now part of	\$12.50
Demand Charge, per Billing kW	\$6.37	Gen. Service	\$1.13
Energy Charge, per kWh	\$0.058450	No.1	(\$0.001250)
Adjustment Charge, per kWh	\$0.003956		(\$0.003956)
<b>Public Bldgs. &amp; Authorities – GS No. 2-Colorado City*</b>			
Base Charge	\$20.00	Now part of	\$10.00
Demand Charge, per Billing kW	\$6.37	Gen. Service	\$2.18
Energy Charge, per kWh	\$0.061150	No.2	(\$0.003050)
Adjustment Charge, per kWh	\$0.003956		(\$0.003956)
<b>Irrigation-Arizona</b>			
Base Charge, Single Phase	\$75.00	\$75.00	\$0
Base Charge, Three Phase	\$125.00	\$125.00	\$0
Demand Charge, per Billing kW	\$5.31	\$7.30	\$1.99
Energy Charge, per kWh	\$0.057230	\$0.057000	(\$0.000230)
<b>Street &amp; Security Lighting – Arizona</b>			
≤100 Watts – 40 kWh/mo. (per unit) (a)	\$8.12	\$8.15	\$0.03
250 Watts – 100 kWh/mo. (per unit) (a)	\$12.50	\$12.90	\$0.40
400 Watts – 160 kWh/mo. (per unit) (a)	\$17.00	\$17.50	\$0.50
1000 Watts – 400 kWh/mo. (per unit) (a)	N/A	\$47.50	New
1800 Watts – 720 kWh/mo. (per unit) (a)	N/A	\$85.00	New
<b>Co-Generation over 100kW</b>			
Basic Service Charge	\$10.00(b)	\$35.00	\$25.00
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	\$0.065200	NT	
Energy Charge (per kWh)			
<b>Co-Generation of 100kW or less</b>			
Residential Monthly Charge	NT	\$13.00	New
General Service No. 1, Monthly Charge	NT	\$25.00	New
General Service No. 2, Monthly Charge	NT	\$35.00	New
Irrigation, Annual Charge	NT	\$50.00	New
Purchase Rate	NT	\$0.02600	New
<b>Miscellaneous Service Charges</b>			
New Service – Standard	\$30.00	\$50.00	\$20.00
New Service – Non-Standard	\$30.00 +(e)	\$50.00 +(e)	\$20.00
Additional Service	\$30.00	\$30.00	\$0
Service Connection Callbacks	\$30.00	\$75.00	\$45.00
Service Calls – Regular Hours	\$30.00	\$50.00	\$20.00
Service Calls – After Hours	\$30+	Actual cost/ (minimum \$50)	\$20.00
Meter Test (if correct)	\$20.00	\$20.00	\$0
Meter Rereads (if correct)	\$15.00	\$15.00	\$0
Returned Check Charge	\$20.00	\$25.00	\$5.00
Late Payment Charge	1.50%	1.50%	0%
Field Collection Call	\$15.00	\$25.00	\$10.00
Deferred Payment Plan Finance charge	1.50%	1.50%	0%
Temporary Test Provision	\$50.00	\$50	\$0
Meter - Broken Seal (1 <sup>st</sup> time)	NT	\$150.00	New
Meter – Broken Seal (ea. Occasion after 1 <sup>st</sup> )	NT	\$300.00	New

<b>Miscellaneous Service Charges</b>	<b>Existing</b>	<b>New</b>	<b>Change</b>
<b>Impact Fees</b>			
<b>Residential/Non-Demand Services:</b>			
0 to 60 amps	\$1,000.00	\$ 150.00	(\$ 850.00)
61 to 100 amps	\$1,000.00	\$ 500.00	(\$ 500.00)
101 to 200 amps	\$2,000.00	\$ 500.00	(\$1,500.00)
Each additional 100 amps or portion thereof	\$1,000.00	\$1,000.00	\$0
<b>Impact Fees</b>			
<b>All Other Service Classes:</b>			
Installed Meter Capacity (per kW)	\$ 40.00	\$ 40.00	\$0
Minimum Impact Fee	\$1,000.00	\$ 576.00	(\$424.00)

NT Not in tariff

\* 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.

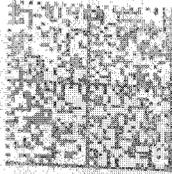


A Touchstone Energy Cooperative   
The Power of Human Connections™

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