

HEBER LIGHT & POWER COMPANY

FEED-IN TARIFF PROGRAM

GUIDELINES

A. Overview of the Program

The Feed-In Tariff (FIT) Program gives customers the opportunity to sell electric power to the company under a long-term power sales contract. This program is open to all customers who are in good standing and comply with these Guidelines.

Customers participating in the FIT Program will execute a Power Sales Agreement (PSA), which requires the Company to purchase and the Customer to sell all the electricity delivered from the Customer's Generation Facility for the negotiated length of time with the Company. The Company will pay for the electricity on a \$/kWh basis based on the type of generation facility. The disposition of the Renewable Energy Credits (RECs) associated with the generation, if applicable, will be a negotiated term of the Sales Agreement.

The Customer's sale of FIT Program Power and interconnection to the Company's System does *not* change the Customer's electric bill or the Company's delivery of electricity to the Customer. The Company will continue to sell, and the Customer will continue to purchase electricity in the same manner and at the same rate as the Customer did prior to entering the Program. This electricity will be measured through the Customer's Service Meter.

B. Program Cap

The Feed-In Tariff Program will be capped at a total of 3 megawatts (MW) system wide. The Company holds the right to stop accepting FIT Program applications at any time.

C. Eligibility

Any Customer premise receiving power service from the Company is potentially eligible for the FIT Program. The total capacity of the generation facility must be larger than the maximum size allowed under the current Net Metering Policy but less than 1,000 kW (1 MW) AC.

Acceptable generation sources for this program include:

1. Solar
2. Wind
3. Natural Gas Cogeneration (Also known as Combined Heat and Power)
4. Biomass
5. Hydro

Each Customer wishing to enter a PSA under the FIT Program will be required to submit a completed application in a form provided by the Company. The Company will review the application

for compliance with the Guidelines and applicable law. Applications found not to comply with the Guidelines and applicable law will be rejected by the Company.

D. Rate Agreement

The Company will pay for the electricity produced by the generation under the PSA at rate(s) approximately equal to the Company’s avoided energy cost for generation priced at the Palo Verde energy hub, updated annually. The Company has the right to negotiate the rate for a particular PSA based on characteristics or location of the generation facility. The Company will provide estimated forward pricing to a potential FIT customer following application submittal.

E. Length of Contract

The contract length will vary depending on the type of generation listed below. The Company has the right to negotiate the length of the contract based on the characteristics or location of the generation facility.

Feed-In Tariff Contract Length by Generation Type

Generation Type	Length in Years
Solar	10-20
Wind	10-20
Natural Gas	10-20
Biomass	10-20
Hydro	10-20

F. Renewable Energy Credits

The participating Customer must register with WREGIS. Ownership of the Renewable Energy Credits (RECs) generated by the FIT project will be negotiated as part of the PSA. Ownership of RECs generated by the project may impact the rates paid under the PSA.

G. Application Fees

The Customer must pay an application fee, which will go towards the engineering study.

Application Fees

Capacity of Generation	Fee Charge
Less than 100kW	\$250
Larger than or equal to 100 kW and less than 750 kW	\$1,500
750 kW or larger	Quoted by the Company

H. Steps in Program Approval and Installation Process

The following is a summary of the steps that the Customer must complete to qualify for and participate in the Feed-In Tariff Program:

1. Submission of Application and Application Fee. The Customer submits a completed Application and pays the application fee. The completed Application includes all information required by the Application and its instructions, including the design of the Generation Facility, One-line Diagram, and desired point of interconnection.

2. Preliminary Engineering Review. The Company's engineer reviews the Application and supporting documentation to determine whether the Generation Facility would exceed the Company's System and circuit limitations, and to identify any System Upgrades that would permit the safe and efficient interconnection of the Facility. The cost of the preliminary engineering review is included in the application fee.

3. Design Review and Approval. The Company will complete its design review upon payment from Customer of the estimated costs of such review. The Company will notify the Customer: (a) that the Application has been approved subject to reasonable conditions, including the installation of System Upgrades at the Customer's expense or (b) that the Application has been rejected and the reasons for the rejection.

4. Post-Approval Agreements and Fees. Prior to moving forward with the project, the Company and the Customer must execute a Power Sales Agreement and an Interconnection Agreement that govern the construction, operation, and maintenance of the generation facility and the purchase and sale of the energy. The executed Agreements shall govern the parties and supersede and replace the Guidelines except to the extent that the Agreements incorporate the Guidelines. The Customer must pay the Company the estimated cost to make the required System Upgrades.

5. Construction of Facility and System Upgrades. The Customer constructs the Generation Facility in a manner consistent with the approved design, the Agreements, and applicable building and electrical codes. The Company constructs the System Upgrades, if any.

6. Testing and Permit to Operate. Upon completion of construction, the Customer tests the Generation Facility to ensure compliance with Agreements, including applicable codes, and submits proof of compliance to the Company. If the Facility is in compliance, the Company issues a Permit to Operate and installs the Production Meter. The Customer may then close the disconnection switch and begin production.

7. Operation and Maintenance. The Customer and the Company operate and maintain their respective facilities in a manner consistent with the Agreements, including Manufacturer Directions and applicable electric codes.

8. Sale/Purchase of Power. As provided in the Power Sales Agreement, the Customer shall sell, and the Company shall purchase all energy from the facility for the term of the PSA.