

Net Metering Policy

AVAILABILITY

“Net Metering” means measuring the difference between the amount of electricity sold by Paducah Power System (“PPS”) to an eligible customer-generator and the amount the electricity generated by the eligible customer-generator that is fed back to the PPS electric distribution system through the interconnection over a specified billing period. Net Metering is available to eligible customer-generators in Paducah Power System’s service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity of one percent (1%) of Paducah Power System’s single hour peak load during its previous fiscal year. An eligible customer-generator shall mean a retail electric customer of Paducah Power System who submits a signed, complete Application for Interconnection and Net Metering and has a generating facility that:

1. Generates electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
2. Has a rated capacity of not greater than thirty (30) kilowatts;
3. Is located on the Customer’s premises;
4. Is owned and operated by the Customer;
5. Is designed and installed to operate in parallel with Paducah Power System’s electric distribution system; and
6. Has the primary purpose of supplying all or part of the Customer’s own electricity requirements.

The term "Customer" as used herein shall refer to any customer requesting or receiving Net Metering services under this PPS Net Metering Policy (“Policy”).

METERING AND BILLING

Net metering service shall be measured using a single meter or, as determined by PPS, additional meters and shall be measured in accordance with standard metering practices by metering equipment capable of registering power flow in both directions for each time period defined by the applicable rate schedule. This net metering equipment shall be provided without cost to the Customer other than those embedded metering costs applicable to all customers in the same rate classification as the Customer. Additional meters, requested by Customer, may be installed at Customer’s expense.

The amount of electricity billed to the Customer during a billing period shall be calculated by taking the difference between the electricity supplied by PPS to the Customer and the electricity generated and fed back by the Customer during the billing period. If the electricity supplied by PPS exceeds the electricity generated and fed back by the

Customer during a billing period, the Customer shall be billed for the net electricity supplied. If the electricity generated by the Customer and fed back to PPS's system exceeds the electricity supplied by PPS during a billing period, the Customer shall receive a credit for that amount against any energy charges the Customer incurs for electricity in the succeeding billing period or periods. Any unused credits will be carried forward and applied against Customer's future energy charges, as needed. If the Customer's electric service is discontinued for any reason, after available credits are applied to Customer's final billing, any remaining credits shall be forfeited without compensation. Unused credits are not transferable between Customers or PPS service locations.

APPLICATION AND APPROVAL PROCESS

The Customer shall submit an Application for Interconnection and Net Metering ("Application") and receive approval from PPS prior to connecting the generator facility to PPS's system. Applications and information concerning the PPS Net Metering program are available on the PPS website (www.paducahpower.com) or at the office of Paducah Power System at 1500 Broadway, Paducah, KY 42001.

The Level 1 Application for Interconnection and Net Metering is attached hereto as Exhibit "A" and the Level 2 Application for Interconnection and Net Metering is attached hereto as Exhibit "B".

Applications will be submitted by the Customer and reviewed and processed by PPS according to either Level 1 or Level 2 processes defined below.

PPS may reject an Application for violations of any code, standard, or regulation related to reliability or safety; however, PPS will work with the Customer to resolve those issues to the extent practicable.

Customers may contact PPS to check on status of an Application or with questions prior to submitting an Application. PPS contact information can be found on the Application form. The Application may be submitted by mail to, or in person at, the address found on the Application form.

NET METERING SERVICE INTERCONNECTION GUIDELINES

Customer shall operate the generating facility in parallel with PPS's system under the following conditions and any other conditions as may be required by PPS where unusual circumstances arise not covered herein:

1. Customer to own, operate, and maintain all generating facilities on Customer's premises. Such facilities shall include, but not be limited to, necessary control equipment to synchronize frequency, voltage, etc., between Customer's and PPS's system as well as adequate protective equipment between the two systems. Customer's voltage at the point of interconnection will be the same as PPS's system voltage.
2. Customer will be responsible for operating all generating facilities owned by Customer. Customer will maintain its system in synchronization with PPS's system.

3. Customer will be responsible for any damage done to PPS's equipment due to failure of Customer's control, safety, or other equipment.
4. Customer agrees to inform PPS of any changes it wishes to make to its generating or associated facilities that differ from those initially installed and described to PPS in writing and obtain prior approval from PPS.
5. PPS will have the right to inspect and approve Customer's facilities described herein, and to conduct any tests necessary to determine that such facilities are installed and operating properly; however, PPS will have no obligation to inspect, witness tests, or in any manner be responsible for Customer's facilities or operation thereof. Any tests performed by PPS are done solely for PPS's own use and PPS does not warrant that Customer's system will perform properly or as anticipated by Customer. **PPS EXPRESSLY DISCLAIMS ANY TYPE OF WARRANTY INCLUDING ANY EXPRESS OR IMPLIED WARRANTY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**
6. Customer assumes all responsibility for the electric service and generation of electricity on Customer's premises at and from the point of delivery of electricity from PPS and for the wires and equipment used in connection therewith, and will protect and save PPS harmless from all claims for injury or damage to persons or property occurring on Customer's premises or at and from the point of delivery of electricity from PPS, occasioned by such electric service, generation of electricity or said wires and equipment, except where said injury or damage will be shown to have been caused solely by the negligence or willful misconduct of PPS.

LEVEL 1 APPLICATIONS

A Level 1 Application shall be used if the generating facility is inverter-based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 "Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources" (UL 1741).

PPS will approve the Level 1 Application if the Customer submitting the Application is an eligible customer-generator with a generating facility that meets all of the following conditions:

1. For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section's most recent annual one hour peak load. A Line Section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.
2. If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.
3. If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance

between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.

4. If the generating facility is to be connected to three-phase, three wire primary PPS distribution lines, the generator shall appear as a phase-to-phase connection at the primary PPS distribution line.
5. If the generating facility is to be connected to three-phase, four wire primary PPS distribution lines, the generator shall appear to the primary PPS distribution line as an effectively grounded source.
6. The interconnection will not be on an area or spot network. Area and spot networks are systems in which multiple transformers are interconnected on the secondary side and multiple primary voltage circuits are used to feed the transformers. A spot network is typically used to serve a single building and all the transformers are in one location. An area network typically serves multiple Customers with secondary conductors covering multiple city blocks and with transformers at various locations.
7. PPS does not identify any violations of any applicable provisions of Institute of Electrical and Electronics Engineers Standard 1547 (IEE 1547), "Standard for Interconnecting Distributed Resources with Electric Power Systems."
8. No construction of facilities by PPS on its own system will be required to accommodate the generating facility.

If the generating facility does not meet all of the above listed criteria, PPS, in its sole discretion, may either: 1) approve the generating facility under the Level 1 Application if PPS determines that the generating facility can be safely and reliably connected to PPS's system; or 2) deny the Application as submitted under the Level 1 Application. PPS shall notify the Customer within 20 business days after receipt of a complete Application whether the Application is approved or denied, based on the criteria provided in this Policy.

If the Application lacks complete information, PPS shall notify the Customer that additional information is required, including a list of such additional information. The time between sending the notification and receipt of required additional information will add to the time to process the Application.

When approved, PPS will so indicate by signing the approval line on Customer's Level 1 Application and returning it to the Customer. The approval will be subject to successful completion of an initial installation inspection and witness test. The Customer shall notify PPS within three (3) business days of completion of the generating facility installation and schedule an inspection and witness test with PPS to occur within ten (10) business days after receipt of the notification or as otherwise agreed to by PPS and the Customer. The Customer may not operate the generating facility until successful completion of such inspection and witness test, unless PPS expressly permits operational testing not to exceed two hours. If the installation fails the inspection or witness test due to noncompliance with any provision in the Application and PPS approval, the Customer shall not operate the generating facility until any and all noncompliance is corrected and passes any re-inspection and witness testing required by PPS.

If the Application is denied, PPS will supply the Customer with reasons for denial. The Customer may then submit a Level 2 Application, if appropriate.

LEVEL 2 APPLICATIONS

A Level 2 Application is required under any of the following:

1. The generating facility is not inverter based;
2. The generating facility uses equipment that is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741; or
3. The generating facility does not meet one or more of the additional conditions under Level 1.

PPS will approve the Level 2 Application if the generating facility meets PPS's technical interconnection requirements, which are based on IEEE 1547. PPS shall make its technical interconnection requirements available upon request.

PPS will process the Level 2 Application within 30 business days of receipt of a complete Application. Within that time, PPS will respond in one of the following ways:

1. The Application is approved and PPS will provide the Customer with an Interconnection Agreement to sign.
2. If construction or other changes to PPS's distribution system are required, the cost will be the responsibility of the Customer. In such case, PPS will give notice to the Customer and offer to meet to discuss estimated costs and a construction timeframe. Should the Customer agree to pay for costs and proceed, within a reasonable time thereafter PPS will provide the Customer with an Interconnection Agreement to sign.
3. The Application is denied. PPS will supply the Customer with reasons for denial and offer to meet to discuss possible changes that would result in PPS approval. Customer may resubmit the Application with changes.

If the Application lacks complete information, PPS shall notify the Customer that additional information is required, including a list of such additional information. The time between sending the notification and receipt of required additional information will add to the 30-business-day target for processing the Application.

The Interconnection Agreement will contain or incorporate by reference the terms and conditions for interconnection consistent with those specified in this Policy, any inspection and witness test requirements, a description of and cost of construction or other changes to PPS's distribution system required to accommodate the generating facility, and detailed documentation of the generating facilities which may include single line diagrams, relay settings, and a description of operation.

The Customer may not operate the generating facility until an Interconnection Agreement is signed by the Customer and PPS and all necessary conditions stipulated in the agreement are met.

APPLICATION, INSPECTION AND PROCESSING FEES

No application fees, or other review, study, or inspection or witness test fees are charged for Level 1 Applications.

For Level 2 Applications, each Customer must submit, along with the Application, a non-refundable application, inspection and processing fee of \$100. In the event PPS determines an impact study is necessary or advisable with respect to a Level 2 Application, the Customer shall be responsible for any reasonable costs up to \$1,000 for the initial impact study. PPS shall provide documentation of the actual cost of the impact study. Any other studies requested by the Customer shall be at the Customer's sole expense.

LEVEL 1

Application for Interconnection and Net Metering

Use this application form only for a generating facility that is inverter based and certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.

Submit this Application to: Paducah Power System
1500 Broadway
Paducah KY 42001

If you have questions regarding this Application or its status, contact Paducah Power System at:

270-575-4000 or engineering@paducahpower.com

Customer Name: _____ Account Number: _____

Customer Address: _____

Customer Phone No.: _____ Customer E-Mail Address: _____

Project Contact Person: _____

Phone No.: _____ E-mail Address: _____

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Energy Source: Solar Wind Hydro Biogas Biomass

Inverter Manufacturer and Model: _____

Inverter Power Rating: _____ Inverter Voltage Rating: _____

Power Rating of Energy Source (i.e., solar panels, wind turbine): _____

Is Battery Storage Used: No Yes If Yes, Battery Power Rating: _____

Attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.

Attach site drawing or sketch showing location of the Paducah Power System meter, Customer's generating facility, energy source, generating facility disconnect switch accessible to Paducah Power System, and inverter.

Attach single line drawing showing all electrical equipment from Paducah Power System's metering location to the Customer's generating facility, including switches, fuses, breakers, panels, transformers, inverters, energy source, wire size, equipment ratings, and transformer connections.

Expected In-service Date: _____

Exhibit "A"

TERMS AND CONDITIONS

To interconnect to Paducah Power System's distribution system and participate in its Net Metering program, the Customer shall comply with the following terms and conditions:

1. Paducah Power System shall provide the Customer net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Customer's expense.
2. The Customer shall install, operate, and maintain, at Customer's sole cost and expense, any control, protective, or other equipment on the Customer's system required by PPS's technical interconnection requirements based on IEEE 1547, the National Electrical Code ("NEC"), accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Paducah Power System's electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from Paducah Power System, the Customer shall demonstrate generating facility compliance.
3. The generating facility shall comply with, and the Customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by the Institute of Electrical and Electronics Engineers ("IEEE") and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Paducah Power System's Rules and Regulations, as may be revised from time to time; (e) the terms and conditions of the PPS Net Metering Policy; and (f) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. If required by law, Customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.
4. Any changes or additions to Paducah Power System's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Paducah Power System for the actual costs incurred for acquisition, installation and construction of such excess facilities and will pay the estimated costs of all such excess facilities prior to construction.
5. Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Paducah Power System's electric system. At all times when the generating facility is being operated in parallel with Paducah Power System's electric system, Customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Paducah Power System to any of its other Customers or to any electric system interconnected with Paducah Power System's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Paducah Power System's ability to meet its primary responsibility of furnishing reliable service to its customers.

6. Customer shall be responsible for protecting, at Customer's sole cost and expense, the generating facility from any condition or disturbance on Paducah Power System's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of single phase of supply, equipment failures, and lightning or switching surges, except that Paducah Power System shall be responsible for repair of damage to the generating facility resulting solely from the negligence or willful misconduct on the part of Paducah Power System.
7. After initial installation, Paducah Power System shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to Customer, Paducah Power System shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance, and operation of the generating facility comply with the requirements of the Paducah Power System Net Metering Policy and Customer's agreement with Paducah Power System for participation in the Net Metering program.
8. For Level 1 generating facilities, where required by Paducah Power System, an eligible Customer shall furnish and install on Customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from Paducah Power System's electric service under the full rated conditions of the Customer's generating facility. The external disconnect switch (EDS) shall be located adjacent to Paducah Power System's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the Customer shall be responsible for ensuring that the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Paducah Power System personnel at all times. Paducah Power System may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under Paducah Power System's safety and operating protocols. Paducah Power System shall require that the EDS be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.
9. Paducah Power System shall have the right and authority at its sole discretion to isolate the generating facility or require the Customer to discontinue operation of the generating facility if Paducah Power System believes that: (a) continued interconnection and parallel operation of the generating facility with Paducah Power System's electric system creates or contributes (or may create or contribute) to a hazardous condition or a system emergency on either Paducah Power System's or Customer's electric system; (b) the generating facility is not in compliance with the requirements of the Paducah Power System Net Metering Policy or Customer's agreement allowing participation in the Net Metering program, and the noncompliance creates a risk that the safety, reliability, or power quality of Paducah Power System's electric system may be adversely affected; or (c) the generating facility interferes with the operation of Paducah Power System's electric system. In non-emergency situations, Paducah Power System will give Customer notice of noncompliance

including a description of the specific noncompliance condition and allow Customer a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when Paducah Power System is unable to immediately isolate or cause the Customer to isolate only the generating facility, Paducah Power System may isolate the Customer's entire facility.

10. Customer agrees that, without the prior written permission of Paducah Power System, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.
11. To the extent permitted by law, the Customer shall protect, indemnify, and hold harmless Paducah Power System and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorney's fees, for or on account of any injury or death of persons or damage to property caused by the Customer or the Customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the Customer's generating facility or any related equipment or any facilities owned by Paducah Power System except to the extent such injury, death or damage was caused or contributed to by the fault or negligence of Paducah Power System or its employees, agents, representatives, or contractors.

The liability of Paducah Power System to the Customer for injury to person and property shall be governed by the applicable terms and conditions of the Paducah Power System Rules and Regulations, as same may be amended or supplemented, the rate schedule for the class of service under which the Customer is taking service, the Net Metering Policy, Customer's agreement with Paducah Power System for participation in the Net Metering program and any power contract or service agreement with Paducah Power System to which Customer is a party.

12. The Customer shall maintain general liability insurance coverage at levels reasonably acceptable to Paducah Power System (through a standard homeowner's, commercial, or other policy) for Level 1 generating facilities. Customer shall, upon request, provide Paducah Power System with proof of such insurance at the time that application is made for net metering.
13. Paducah Power System shall not be deemed to have provided any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, or any associated facilities such as controls, protective relays and other equipment merely by virtue of having entered into an Interconnection Agreement, performing an inspection, if any, approving or not rejecting an Application for Interconnection and Net Metering, or by taking or failing to take any other action.
14. A Customer's generating facility is transferable to other persons or service locations only after notification to Paducah Power System has been made and verification that the installation is in compliance with the Paducah Power System Net Metering Policy. Upon written notification that an approved generating facility is being transferred to

another person, customer, or location, PPS will verify that the installation is in compliance with the Net Metering Policy and provide written notification to the Customer(s) within 20 business days. If the installation is no longer in compliance with the Net Metering Policy or Customer's agreement for participation in the Net Metering program, Paducah Power System will notify the Customer in writing and list what must be done to place the facility in compliance.

15. The Customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by Customer's generating facility.

Term of Customer's Agreement

When executed by both Customer and Paducah Power System, the Application shall constitute an agreement for participation in the Net Metering program ("Agreement") that shall continue in effect until terminated. This Agreement may be terminated as follows: (a) Customer may terminate this Agreement at any time by giving Paducah Power System at least sixty (60) days' written notice; (b) Paducah Power System may terminate upon failure by the Customer to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules and Regulations or any rate schedule, tariff, regulation, contract, or policy of Paducah Power System, so long as the notice specifies the basis for termination and there is provided an opportunity to cure the default; (d) Paducah Power System may terminate by giving the Customer at least thirty (30) days' notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the applicable law, regulation or statute.

I hereby certify that, to the best of my knowledge, all of the information provided in this Application is true, and I agree to abide by all the Terms and Conditions included in this Application for Interconnection and Net Metering and Paducah Power System's Net Metering Policy, as same may be amended or supplemented.

Customer Signature

Date

Title (if Customer is not an individual)

PADUCAH POWER SYSTEM APPROVAL

When signed below by a Paducah Power System representative, Customer's Application for Interconnection and Net Metering is approved subject to the provisions contained in this Application and as indicated below.

Paducah Power System inspection and witness test: Required Waived

If an Inspection and witness test are required, Customer shall notify Paducah Power System within three (3) business days of completion of the generating facility installation and schedule an inspection and witness test with Paducah Power System to occur within ten (10) business days of receipt of Customer's notification of completion of the generating facility installation or, as otherwise agreed to by Paducah Power System and the Customer. Unless indicated below, the Customer may not operate the generating facility until such inspection and witness test is successfully completed. Additionally, the Customer may not operate the generating facility until all other terms and conditions in the Application have been met.

Call _____ to schedule an inspection and witness test.

Pre-Inspection operational testing not to exceed two hours:

Allowed Not Allowed

If an inspection and witness test are waived by Paducah Power System, operation of the generating facility may begin when installation is complete, and all other terms and conditions in the Application have been met.

Additions, Changes, or Clarifications to Application Information:

None As specified here _____

Approved by: _____

Date: _____

Printed Name: _____

Title _____

LEVEL 2

Application for Interconnection and Net Metering

Use this application form when generating facility is not inverter based or is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741 or does not meet any of the additional conditions under Level 1.

Submit this Application along with an application fee of \$100 to:

Paducah Power System
Attn: Director of Engineering & Operations
1500 Broadway
Paducah KY 42001

If you have questions regarding this Application or its status, contact Paducah Power System at:

270-575-4000 or engineering@paducahpower.com

Customer Name: _____ Account Number: _____

Customer Address: _____

Customer Phone No. _____ Customer E-Mail Address _____

Project Contact Person _____

Phone No. _____ E-mail Address _____

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Type of Generator: Inverter Based Synchronous Induction

Energy Source: Solar Wind Hydro Biogas Biomass

Adequate documentation and information must be submitted with this application to be considered complete. Typically this should include the following:

1. Single-line diagram of the customer's system showing all electrical equipment from the generator to the point of interconnection with Paducah Power System's distribution system, including generators, transformers, switchgear, switches, breakers, fuses, voltage transformers, current transformers, wire sizes, equipment ratings, and transformer connections.
2. Control drawings for relays and breakers.
3. Site Plans showing the physical location of major equipment.
4. Relevant ratings of equipment. Transformer information should include capacity ratings, voltage ratings, winding arrangements, and impedance.
5. If protective relays are used, settings applicable to the interconnection protection. If programmable relays are used, a description of how the relay is programmed to operate as applicable to interconnection protection.
6. A description of how the generator system will be operated including all modes of operation.
7. For inverters, the manufacturer name, model number, and AC power rating. For certified inverters, attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.
8. For synchronous generators, manufacturer and model number, nameplate ratings, and impedance data (Xd, X'd, & X" d).
9. For induction generators, manufacturer and model number, nameplate ratings, and locked rotor current.

Customer Signature and Title (if not an individual)

Date

Exhibit "B"

LEVEL 2

INTERCONNECTION AGREEMENT

THIS INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20____, by and between the Electric Plant Board of the City of Paducah, Kentucky ("Paducah Power System" or "PPS"), and _____ ("Customer"). Paducah Power System and Customer are hereinafter sometimes referred to individually as "Party" or collectively as "Parties".

WITNESSETH:

WHEREAS, Customer is installing, or has installed, generating equipment, controls, and protective relays and equipment ("Generating Facility") used to interconnect and operate in parallel with Paducah Power System's electric system, which Generating Facility is more fully described in Exhibit A, attached hereto and incorporated herein by this Agreement, and as follows:

Location: _____

Generator Size and Type: _____

WHEREAS, Customer desires to interconnect the Generating Facility with the Paducah Paducah Power System electric distribution system and participate in Paducah Power System's Net Metering program;

NOW, THEREFORE, in consideration thereof, Customer and Paducah Power System agree as follows:

Paducah Power System agrees to allow Customer to interconnect and operate the Generating Facility in parallel with Paducah Power System's electric system and Customer agrees to abide by Paducah Power System's Net Metering Policy, as same may from time to time be amended or supplemented, and all the obligations contained in this Agreement, including the Terms and Conditions set forth below and any additional conditions listed in Exhibit A hereof.

Terms and Conditions:

To interconnect to PPS's distribution system, the Customer's generating facility shall comply with the following terms and conditions:

1. PPS shall provide the Customer net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Customer's expense.
2. The Customer shall install, operate, and maintain, at Customer's sole cost and

expense, any control, protective, or other equipment on the Customer's system required by PPS's technical interconnection requirements based on IEEE 1547, the National Electrical Code ("NEC"), accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with PPS's electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from PPS, the Customer shall demonstrate generating facility compliance.

3. The generating facility shall comply with, and the Customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by the Institute of Electrical and Electronics Engineers ("IEEE") and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) PPS's Rules and Regulations as may be revised from time to time; (e) the terms and conditions of the PPS Net Metering Policy; and (f) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. If required by law, Customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.
4. Any changes or additions to PPS's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay PPS for the actual costs incurred for acquisition, installation and construction of such excess facilities and will pay the estimated costs of all such excess facilities prior to construction.
5. Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of PPS's electric system. At all times when the generating facility is being operated in parallel with PPS's electric system, Customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by PPS to any of its other customers or to any electric system interconnected with PPS's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, PPS's ability to meet its primary responsibility of furnishing reliable service to its customers.
6. Customer shall be responsible for protecting, at Customer's sole cost and expense, the generating facility from any condition or disturbance on PPS's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of single phase of supply, equipment failures, and lightning or switching surges, except that PPS shall be responsible for repair of damage to the generating facility resulting solely from the negligence or willful misconduct on the part of PPS.
7. After initial installation, PPS shall have the right to inspect and/or witness commissioning tests, as specified in the Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to Customer, PPS shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance, and operation of the generating facility comply with the requirements of the PPS Net Metering Policy and this Agreement.

8. For Level 2 generating facilities, where required by PPS, an eligible Customer shall furnish and install on Customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from PPS's electric service under the full rated conditions of the Customer's generating facility. The external disconnect switch (EDS) shall be located adjacent to PPS's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the Customer shall be responsible for ensuring that the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to PPS personnel at all times. PPS may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under PPS's safety and operating protocols.

PPS shall require that the EDS be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.

9. PPS shall have the right and authority at PPS's sole discretion to isolate the generating facility or require the Customer to discontinue operation of the generating facility if PPS believes that: (a) continued interconnection and parallel operation of the generating facility with PPS's electric system creates or contributes (or may create or contribute) to a hazardous condition or a system emergency on either PPS's or Customer's electric system; (b) the generating facility is not in compliance with the requirements of the PPS Net Metering Policy or this Agreement, and the noncompliance creates a risk that the safety, reliability, or power quality of PPS's electric system may be adversely affected; or (c) the generating facility interferes with the operation of PPS's electric system. In non-emergency situations, PPS will give Customer notice of noncompliance including a description of the specific noncompliance condition and allow Customer a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when PPS is unable to immediately isolate or cause the Customer to isolate only the generating facility, PPS may isolate the Customer's entire facility.
10. Customer agrees that, without the prior written permission of PPS, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.
11. To the extent permitted by law, the Customer shall protect, indemnify, and hold harmless PPS and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorney's fees, for or on account of any injury or death of persons or damage to property caused by the Customer or the Customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the Customer's generating facility or any related equipment or any facilities owned by PPS except to the extent such injury, death or damage was caused or contributed to

by the fault or negligence of PPS or its employees, agents, representatives, or contractors.

The liability of PPS to the Customer for injury to person and property shall be governed by the applicable terms and conditions of the PPS Rules and Regulations, as same may be amended or supplemented, the rate schedule for the class of service under which the Customer is taking service, the PPS Net Metering Policy, this Agreement, and any power contract or service agreement with PPS to which Customer is a party.

12. The Customer shall maintain general liability insurance coverage at levels reasonably acceptable to PPS (through a standard homeowner's, commercial, or other policy) for Level 2 generating facilities. Customer shall, upon request, provide PPS with proof of such insurance at the time that application is made for net metering.
13. PPS shall not be deemed to have provided any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, or any associated facilities such as controls, protective relays and other equipment merely by virtue of its having entered into this Agreement, performing an inspection, if any, approving or not rejecting an Application for Interconnection and Net Metering, or by taking or failing to take any other action.
14. A Customer's generating facility is transferable to other persons or service locations only after notification to PPS has been made and verification that the installation is in compliance with the PPS Net Metering Policy. Upon written notification that an approved generating facility is being transferred to another person, customer, or location, PPS will verify that the installation is in compliance with the Net Metering Policy and provide written notification to the Customer(s) within 20 business days. If the installation is no longer in compliance with the Net Metering Policy or this Agreement, PPS will notify the Customer in writing and list what must be done to place the facility in compliance.
15. The Customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by Customer's generating facility.

Effective Term and Termination Rights

This Agreement becomes effective when executed by both Parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) Customer may terminate this Agreement at any time by giving Paducah Power System at least sixty (60) days' written notice; (b) Paducah Power System may terminate upon failure by the Customer to continue ongoing operation of the generating facility; (c) either Party may terminate by giving the other Party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules and Regulations or any rate schedule, tariff, regulation, contract, or policy of Paducah Power System, so long as the notice specifies the basis for termination and there is provided opportunity to cure the default; and (d) Paducah Power System may terminate by giving the Customer at least thirty (30) days' notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement, the PPS Net

Metering program, or which renders the system out of compliance with the law, regulation or statute.

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective as of the date first above written.

PADUCAH POWER SYSTEM

CUSTOMER

By: _____

By: _____

Printed Name

Printed Name

Title: _____

Title: _____

Exhibit A
To Paducah Power System
Level 2 Interconnection Agreement

[This Exhibit A will contain additional detailed information about the Generating Facility such as a single line diagram, relay settings, and a description of operation.

When construction of facilities is required by Paducah Power System, Exhibit A will also contain a description and associated cost.

Exhibit A will also specify requirements for an inspection and witness test by Paducah Power System and when limited operation for testing or full operation may begin.

This Exhibit A may also contain such other conditions and requirements for Customer's participation in the Net Metering program as Paducah Power System requires in accordance with its Net Metering Policy and safety standards and protocols.]