

RATE 665
RENEWABLE FEED-IN TARIFF

No. 1 of 11 Sheets

TO WHOM AVAILABLE

This is a rate that is a voluntary offer available to any Customer that operates within the Company's service territory a Qualifying Renewable Energy Power Production Facility ("Facility") subject to the Company's Rules and Regulations and, any terms, conditions and restrictions imposed by any valid and applicable law or regulation. Unless otherwise indicated, the provisions below apply to both Phase I and Phase II of this rate.

1. Definitions

Phase I	All projects awarded capacity prior to March 4, 2015
Phase II	All projects awarded capacity on or after March 4, 2015
Allocation I	For Intermediate Solar and Phase II Biomass, the period of the commencement of Phase II plus twenty-four months. Allocation I shall commence March 4, 2015 and end March 4, 2017
Allocation II	For Intermediate Solar and Phase II Biomass, the period beginning twenty-four months after the commencement of Phase II. Allocation II shall commence March 4, 2017.
Biomass Allocation	For Phase II Biomass, 1 MW of capacity.
Commencement Date	The date the project begins providing energy to Company
Micro Solar	Solar projects of at least 5 kW and equal to or less than 10 kW
Intermediate Solar	Solar projects greater than 10 kW and equal to or less than 200 kW

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Micro Wind	Wind projects of at least 3 kW and equal to or less than 10 kW
Intermediate Wind	Wind projects of greater than 10 kW and equal to or less than 200 kW
Phase II Biomass	Biomass projects of at least 100 kW and equal to or less than 1 MW

2. Available Capacity

A. Phase I:

The total capacity available under this Rate is limited to 30 MW with no single technology exceeding 50% of the 30 MW cap; provided, however, 700 kW of the 30 MW cap is specifically allocated and reserved for solar projects of less than 10 kW capacity and 300 kW of the 30 MW cap is specifically allocated and reserved for wind projects of less than 10 kW capacity. Projects that were in the project queue for Phase I, but are approved after the commencement of Phase II shall be treated as Phase I projects. However, the Customer will be bound by the interconnection agreement and renewable power purchase agreement (“RPPA”) currently in effect at the time both are executed.

B. Phase II:

The total capacity available under this Rate is limited to 16 MW as follows:

Technology	Phase II MW Available
Micro Solar	2
Intermediate Solar	8
Micro Wind	1
Intermediate Wind	1
Phase II Biomass	4
Total	16

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3. Qualifying Facilities

A. Phase I:

The Facility shall be a single arrangement of equipment located on a single site of Customer no less than 5 kW and no greater than 5 MW, for the production of electricity through the use of 100% renewable resources or fuels, which shall include the following Renewable Energy Resources:

1. energy from wind; solar energy;
2. photovoltaic cells and panels;
3. dedicated crops grown for energy production;
4. organic waste biomass, including any of the following organic matter that is available on a renewable basis:
 - a. agricultural crops;
 - b. agricultural wastes and residues;
 - c. wood and wood wastes, including wood residues, forest thinnings, and mill; residue wood;
5. animal wastes;
6. animal byproducts;
7. aquatic plants; algae;
8. energy from waste to energy facilities; and
9. new hydropower facilities with capacities up to 1 MW .

The Company may make available this Rate to Customers with a Facility less than 5 kW at the Company's discretion.

In no event shall any one Customer's, including Customer's affiliates and the combination of Customer's total premises, total capacity subscribed under this Rate exceed 5 MW.

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B. Phase II:

The Facility shall be a single arrangement of equipment located on a single site of Customer no less than 5 kW (or 3 kW for Micro Wind) and no greater than 1 MW (or 200 kW for Intermediate Wind or Intermediate Solar), for the production of electricity through the use of 100% renewable resources or fuels, which shall include the following Renewable Energy Resources:

1. energy from wind; solar energy;
2. photovoltaic cells and panels;
3. dedicated crops grown for energy production;
4. organic waste biomass, including any of the following organic matter that is available on a renewable basis:
 - a. agricultural crops;
 - b. agricultural wastes and residues;
 - c. wood and wood wastes, including wood residues, forest thinnings, and mill; residue wood;
4. animal wastes;
5. animal byproducts;
6. aquatic plants; algae; and
7. energy from waste to energy facilities.

The Company may make available this Rate to Customers with a Facility less than 5 kW (or 3 kW for Micro Wind) at the Company's discretion.

In no event shall any one Customer's, including Customer's affiliates and the combination of Customer's total premises, total capacity subscribed under this Rate exceed 1 MW.

C. Applicable to both Phase I and Phase II:

The Customer shall be solely responsible for compliance with applicable federal laws and regulations.

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APPENDIX A

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CHARACTER OF SERVICE

An eligible Customer with a Facility whose account is not more than thirty (30) days in the arrears and who does not have any legal orders outstanding pertaining to any account with the Company is qualified as an eligible Facility in good standing.

For Phase II projects each individual project shall require a distinct service address. The project may not have the same address as or add to a project participating in Phase I.

The Customer shall sell the total production of the Facility to the Company and shall receive service for their load separately at the appropriate retail rate; provided, however, a Customer may elect to utilize up to 1 MW of its production for its own load at the same site or Premise as defined in the Company's General Rules and Regulations, subject to the terms and conditions of Rider 680 – Net Metering, and the portion of such capacity sold to the Company under this Rate shall only be counted against the appropriate system-wide and technology specific caps under this Rate.

A Customer may not simultaneously qualify any one unit of capacity for this Renewable Feed-In Tariff and Rider 678 – Purchases from Cogeneration and Small Power Production Facilities either in combination with or apart from the provisions of Rider 680 – Net Metering.

Before the Company will allow interconnection with the Facility, and before production may begin, the Customer shall be required to enter into an interconnection agreement applicable to the Facility as set forth in Rider 679 – Interconnection Standards, the applicable requirements of 170 IAC 4-4-3, and the National Electric Safety Code.

Interconnection costs from the Facility to the Company's distribution or transmission system, along with required system upgrades in order to provide this service shall be borne by the Facility.

The Facility shall install, operate, and maintain in good order such relays, locks and seals, breakers, automatic synchronizer, and other control and protective apparatus as shall be designated by the Company for operation parallel to its system. The Facility shall bear full responsibility for the installation and safe operation of this equipment.

Breakers capable of isolating the Facility from the Company shall at all times be immediately accessible to the Company. The Company may isolate the Facility at its own discretion if the Company believes continued parallel operation with the Facility creates or contributes to a system emergency. System emergencies causing discontinuance of parallel operation are subject to verification by the Commission.

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AVAILABILITY

1. Phase II Capacity Allocation
 - a. All Phase II capacity for Micro Solar, Micro Wind and Intermediate Wind shall be available at the beginning of Phase II.
 - b. For Intermediate Solar, one-half (1/2) of the available capacity (4 MW) in Phase II shall be available during Allocation I, with the remaining one-half (1/2) of the capacity (4 MW) being available during Allocation II.
 - c. For Phase II Biomass, one-half (1/2) of the available capacity (2 MW) in Phase II will be offered in Allocation I at a fixed rate as outlined in the Purchase Rate section below. The remaining one-half (1/2) of the Phase II Biomass capacity (2 MW) plus any capacity remaining after Allocation I shall be made available during Allocation II through allocations of 1 MW, with the first Phase II Biomass Allocation consisting of 1 MW plus any capacity from Allocation I.

2. Allocation II Phase II Biomass capacity shall be subject to a reverse auction whereby:
 - a. Each reverse auction shall consist of one Phase II Biomass Allocation.
 - b. A "bid" equals the rate plus the applicable escalation rate (1.0% per year for contracts executed during Allocation II).
 - c. Each project requires a separate request.
 - d. Each project must include a non-refundable application fee of \$25 plus \$1 for each kW of capacity included in the project.
 - e. Each bid must be accompanied by a refundable surety performance fee of \$300 per kW, which will be returned to the bidder after (i) the Commencement Date; or (ii) failure of the bidder to secure capacity. A bidder who is successful in the reverse auction and cancels the project before the Commencement Date shall forfeit the surety performance fee.
 - f. The lowest bid wins the contracted capacity. If the winning bid is for less than the Phase II Biomass Allocation, the unallocated capacity rolls forward to the next Phase II Biomass Allocation. If a project is subsequently canceled, the capacity will be offered in the next Phase II Biomass Allocation. However, if there is excess capacity after the second Phase II Biomass Allocation is complete, no additional Phase II Biomass Allocation will be offered.
 - g. Each bid shall consist of two public bids
 - i. First Bidding Period: an opening bid that must be submitted within 30 days of opening the Phase II Biomass Allocation
 - ii. Second Bidding Period: a second bid due within five days of the end of the First Bidding Period
 - h. An unsuccessful bid during one Phase II Biomass Allocation may be preserved for the next Phase II Biomass Allocation (if available).
 - i. The winning bidder will follow the remainder of the interconnection process.

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AVAILABILITY (Cont'd)

- a. A bidder may split capacity between Allocation I (fixed rate, 1.5% per year escalation) and Allocation II (reverse auction, 1.0% per year escalation). However, the rate and capacity determined by the reverse auction shall be the rate paid for that amount of capacity first before paying the higher rate (i.e., if 400 kW is contracted under Allocation I at \$0.0918/kWh and 600 kW is contracted under Allocation II at \$0.0800/kWh, the first 600 kW will be paid at \$0.0800). In addition, all capacity shall be subject to the lower escalation rate (1.0% per year).
3. Micro Wind, Micro Solar, Intermediate Wind, Intermediate Solar and Allocation I of Phase II Biomass shall be subject to a lottery process as follows:
 - a. Request forms shall begin being accepted by Company no later than 30 days after the commencement of Phase II.
 - b. Request forms shall be accepted for a period of 60 days from the date applications begin to be accepted.
 - c. Each request must include a non-refundable application fee of \$25 plus \$1 for each kW of capacity included in the project.
 - d. Each project must have its own request form.
 - e. Company shall review forms within seven calendar days of receipt and return the form to the requestor if information is incomplete or the request does not meet the requirements set forth in this Renewable Feed-In Tariff. Once a form is accepted by Company, a number will be assigned to that request.
 - f. Requestors shall have up to 90 days from the date applications begin to be accepted to resubmit any returned forms.
 - g. For technologies where there are more requests than there is available capacity, no later than 14 days from the 90th day described in Section 3(d) above, a drawing will be held and each request will be ranked according to the drawing. Each request will be notified of its place in the queue and whether or not there is currently capacity available to meet the request.
 - h. If the lottery results mean only a portion of a request can be fulfilled, that Customer shall be provided the opportunity to determine whether to accept the available capacity.
 - i. For technologies where there are fewer requests than there is available capacity, all requests that meet the requirements set forth in this Renewable Feed-In Tariff will be notified of the acceptance of the request and the next steps in the process.
 - j. Approved Customers shall follow the remainder of the interconnection process.

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AVAILABILITY (Cont'd)

- a. If there is unsubscribed capacity:
 - i. For Micro Wind, Micro Solar, and Intermediate Wind, capacity shall be available on a first come, first serve basis until capacity is fully subscribed.
 - ii. For Intermediate Solar, any unsubscribed capacity from Allocation I shall be made available under Allocation II.
 - iii. That becomes available after the conclusion of the Allocation II lottery, such capacity shall be available on a first come, first serve basis until capacity is fully subscribed.
- b. For Intermediate Solar, a second lottery will be held with Company beginning to accept forms at a date posted on its Website and no later than two years following the commencement of Phase II. The remainder of the process outlined in Section 3 b. through 3 j. shall be followed.

PURCHASE RATE - ENERGY

The Rate the Company will pay for energy purchased from the Facility inclusive of all environmental attributes, including Renewable Energy Credits ("RECs"), carbon credits, greenhouse gas offsets, or any other environmental credit that may be associated with the production of renewable energy from the Facility shall be as follows:

For Phase I Projects:

Wind

For Facility Capacities less than or equal to 100 kW	\$0.1700 per kWh
For Facility Capacities greater than 100 kW and less than or equal to 2 MW	\$0.1000 per kWh

Solar

For Facility Capacities less than or equal to 10 kW	\$0.3000 per kWh
For Facility Capacities greater than 10 kW and less than or equal to 2 MW	\$0.2600 per kWh

Biomass

For Facilities of all Capacities up to and including 5 MW	\$0.1060 per kWh
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New Hydro

For New Facility Capacities less than or equal to 1 MW	\$0.1200 per kWh
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PURCHASE RATE - ENERGY (Cont'd)

With the exception of Biomass, for a Facility with a capacity greater than 2 MW and less than or equal to 5 MW or an energy from waste or dedicated crop facility, a formula rate shall apply based upon Appendix A to this Renewable Feed-In Tariff and subject to the Company's reasonable discretion in review of the Customer's information necessary to calculate the applicable purchase rate. In no event shall the purchase rate calculated under Appendix A be in excess of those stated above by technology; in addition, the purchase rate for an energy from waste or dedicated crop facility shall in no event be in excess of the stated rate for Biomass. Customer shall provide information to Company to calculate the applicable purchase rate based upon such formula application. The purchase rate shall be in per kWh units.

For all Facility RPPAs the purchase rate for energy shall also be subject to a 2% per year escalator.

For Phase II Projects (for contracts executed during Allocation I):

Wind:

For Micro Wind Facility Capacities	\$0.2500 per kWh
For Intermediate Wind Facility Capacities	\$0.1500 per kWh

Solar:

For Micro Solar Facility Capacities	\$0.1700 per kWh
For Intermediate Solar Facility Capacities	\$0.1500 per kWh

Biomass:

For Phase II Biomass Capacities up to and including 4 MW	\$0.0918 per kWh
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For Biomass Facility RPPAs, the purchase rate for energy shall also be subject to a 1.5% per year escalator. There shall be no escalator for other technologies.

For Phase II Projects (if capacity remains after Allocation I, for contracts executed during Allocation II):

Wind:

For Micro Wind Facility Capacities	\$0.2300 per kWh
For Intermediate Wind Facility Capacities	\$0.1380 per kWh

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PURCHASE RATE - ENERGY (Cont.)

Solar:

For Micro Solar Facility Capacities	\$0.1564 per kWh
For Intermediate Solar Facility Capacities	\$0.1380 per kWh

Biomass (subject to a reverse auction, with a rate not to exceed):

For Phase II Biomass Capacities up to and including 4 MW	\$0.0918 per kWh
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For Biomass Facility agreements, the purchase rate for energy shall also be subject to a 1.0% per year escalator. There shall be no escalator for other technologies.

For Phase I and Phase II Projects:

At Company's discretion, the Company and the Customer may negotiate terms and a rate for energy or capacity which differs from the tariff purchase rates set out above. The Company and the Customer may agree to increase or decrease the purchase rate in recognition of the following factors:

- (1) The extent to which scheduled outages of the Facility can be usefully coordinated with scheduled outages of the Company's generation facilities;
- (2) The relationship of the availability of energy from the Facility to the ability of the Company to avoid costs, particularly as is evidenced by the Company's ability to dispatch the Facility;
- (3) The usefulness of the Facility during system emergencies;
- (4) The impact of tax credits, grants and other financial incentives that when combined with the purchase rate would produce excessive profits for the Facility; and
- (5) Customer desire to retain any environmental attributes.

PURCHASE RATE – CAPACITY (Biomass)

In addition to the Purchase Rate – Energy payments set out above, the Company will pay Customer for demonstrated generating capacity for Biomass according to capacity component terms and conditions of the Company's Rider 678 – Purchases from Cogeneration and Small Power Production Facilities as may be in effect from time-to-time.

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CONTRACT

The Company and the Customer shall enter into a contract for a term not to exceed fifteen (15) years for purchases, and such contract shall be subject to approval of the Commission and the Commission's and Company's rules and regulations. Purchase rates and adjustments, if any, prescribed in the contract shall remain in effect notwithstanding changes made to the applicable Purchase Rate from time to time.

A Customer may elect to not enter into a contract for a term not to exceed fifteen (15) years, and in such instance, purchases from Customer's Facility are subject to the applicable and effective Purchase Rate provided in this Renewable Feed-In Tariff as it may be from time to time.

INTERCONNECTION PRIORITY

The Company shall maintain an interconnection queue for the purpose of prioritizing interconnections to its distribution system in accordance with Rider 679 – Interconnection Standards, and this queue shall determine eligibility for purposes of administering the total capacity available under this Renewable Feed-In Tariff.

A Customer shall place Facility into service no later than one year from the execution date of the contract or approval of the contract by the Commission, if required. Facilities not placed into service within one year shall forfeit their position in the interconnection queue unless otherwise agreed by the Company in its sole reasonable discretion based upon consideration of Customer's completion of project milestones and/or construction activity to place the Facility into service. Such a waiver by the Company shall not exceed 90 days in length, although the Customer may request additional extension(s) so long as each request does not exceed 90 days.

RULES AND REGULATIONS

Service hereunder shall be subject to the Company Rules and IURC Rules.

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APPENDIX A
(APPLICABLE TO PHASE I ONLY)

The purchase rate for energy for Phase I Projects subject to this Appendix A shall be derived from a twenty (20) year discounted cash flow analysis with a payback period of no more than ten (10) years, but in no case will the rate exceed the tariff purchase rate by technology, as applicable, stated in this Renewable Feed-In Tariff.

Unless specifically indicated, the following Customer Supplied data will be utilized in the analysis:

Inflation Rate (%)	<u>2%</u>
Effective Tax Rate (%)	_____
Tax Depreciation Rate (%)	_____
Investment Tax Credit Rate (%)	_____
Discount Rate (%)	<u>7%</u>
Technology Type	_____
Capacity (kW)	_____
Capital Cost of the Project (\$)	_____
Investment Tax Credit (%)	_____
Fixed Annual O&M Cost (\$)	_____
In Service Date	_____
Annual Capacity Factor (%)	_____
Annual Energy Production (kWh)	_____
REC Rate (\$/kWh)	_____

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