

GARKANE ENERGY COOPERATIVE

ELECTRIC SERVICE
CONSOLIDATED RETAIL RATE SCHEDULE "C"
For Service to Qualifying Large Loads

Approved _____

Proposed Effective Date:

APPLICABLE FOR QUALIFYING LARGE INDUSTRIAL AND COMMERCIAL
LOADS

A. Availability and Applicability.

Service under this Rate Schedule "C" will be available to a Consumer for retail electric service to any load described below ("Schedule "C" Load" as defined below) provided Consumer has applied for, executed and delivered appropriate membership agreement(s) for service from and/or interconnection with facilities of the Cooperative.

All retail power, energy, distribution, and related service(s) provided to any customer for the purpose of serving any Rate Schedule "C" Load (or any portion thereof) shall be served under this Rate Schedule "C" or pursuant to a valid negotiated contract for rates and terms of service (a "Negotiated Contract"), which Negotiated Contract must be duly authorized by the Cooperative's governing board and signed by Cooperative's President & CEO to be effective. The rates and terms of any such Negotiated Contract will be negotiated between the Cooperative and the Consumer on a case-by-case basis. In the event of any conflict in terms between this Rate Schedule "C" and any other Rate Schedule or tariff, the rates and terms set forth in this Rate Schedule "C" shall govern. In the event of any conflict in terms between this Rate Schedule "C" and the rates and express terms set forth pursuant to any duly executed and effective Negotiated Contract, the rates and terms set forth in such Negotiated Contract shall govern; otherwise the rates and terms of this Rate Schedule "C" shall govern with respect to any term not expressly set forth in such Negotiated Contract.

As used herein the term "Rate Schedule "C" Load" shall mean any Large Industrial and Commercial Load served by any Member, unless and solely to the extent that wholesale electric service associated with service to any such load (or aggregation of loads) is served under a valid, binding and effective Negotiated Contract in accordance with the provisions of this Rate Schedule "C" and consistent with the terms and conditions of any Member Wholesale Power Contract.

As used herein the term "Large Industrial and Commercial Load" shall mean and include

any Industrial and Commercial Load which has met, or which Deseret determines in its good faith judgment, will likely meet the Large Load Threshold during any calendar month as set forth herein below.

“Industrial and Commercial Load” shall mean and include any retail load or loads which are under common ownership, control, or which operate, in the reasonable judgment of Deseret, as a related logical unit, and which, in aggregate is reasonably anticipated to exceed the Large Load Threshold in any calendar month, on a non-coincided basis, after aggregating each/all metered points of delivery/points of interconnection for any load(s) in question. Notwithstanding the foregoing, in no event shall any retail load which Deseret, in its reasonable judgment, deems to be primarily agricultural, governmental, or charitable in nature, be included in any aggregation or otherwise be deemed to constitute a Large Industrial and Commercial Load.

“Large Load Threshold” shall mean 2,500 kW peak demand (or greater) determined on a non-coincided basis for all metered points of delivery/points of interconnection for any load(s) in question. Any retail load(s) which, through growth, change in character or operation, or any combination thereof is reasonably anticipated to exceed the threshold size set forth herein shall be deemed and treated to have exceeded the Large Load Threshold as of the beginning with the first day of the first calendar month in which the load (or aggregated load) is reasonably anticipated to exceed the threshold.

“Restructured Industrial and Commercial Load” or “Restructured Load” shall mean and include any portion(s) of any retail load which, at any time during the preceding 36 month period previously formed any material portion of a load which constituted (or which would have constituted, when aggregated with the portion(s) of load in question) a Large Industrial and Commercial Load pursuant to the terms of this Rate Schedule “C” but which, for reasons determined by Deseret to be beyond the reasonable control of either the Member and/or any owner(s) or controlling interest(s) in any such load(s) in question, is no longer under common ownership, control or otherwise no longer continues to operate as a related logical unit with other portion(s) of such load (as previously constituted or operated).

B. Character of Service; Conditions of Service: Single-phase is not available under this Rate Schedule “C”. Three-phase Service at available secondary voltages. Phase loading must be maintained within 3% of being balanced under all operating conditions.

C. Rates.

1. Demand and Energy Rates:

1. Schedule “C” Energy Rate:	For all amounts of Billing Energy in any hour (the “Schedule “C” Billing Energy”):
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	\$0.0278/kWh for the Billing Period during which any service is furnished under this Rate Schedule "C."
2. Schedule "C" Demand Rate:	For all amounts of Billing Demand in each Billing Period ("Schedule "C" Billing Demand"): \$31.72 per kW-month or portion thereof (year-round)

2. Facility Charge: a monthly charge of \$20.00 per kVA of transformer capacity installed to serve the load will be added to each monthly invoice.
3. Minimum Monthly Charge: a minimum monthly charge will apply to each Rate C Load served as follows:

Estimated Monthly Peak Demand	Monthly Min. Charge
200 kW to 500 kW	\$15,000 per month
500 kW to 1000 kW	\$30,000per month
1000 kW to 2500 kW	\$75,000 per month
2500 kW to 5000 kW	\$150,000 per month
5000 kW to 15,000 kW	\$450,000 per month
15,000 kW to 50,000 kW	\$1,500,000 per month
above 50,000 kW	\$2,000,000 per month

4. Interconnection Fee: In addition to all other rates and charges, costs incurred by the Cooperative for: (a) interconnection, including upgrades/extension of lines and transformation capacity (including adequate reserve for distribution planning purposes); metering and/or sub-metering equipment installed to meter and measure Schedule C Billing Energy and/or Schedule C Billing Demand at each point of interconnection (or within loads receiving both Schedule C and service under other applicable rate schedules); and (c) investigation, remediation or protection for power factor requirements and/or harmonic requirements. In each of the forgoing cases, additional charges for cost recovery shall include the Cooperative's full costs of design, acquisition, planning, installation, operation, maintenance, calibration, communications or data gathering, and repair/replacement, together with a reasonable allocation of administrative expense.

Notwithstanding the foregoing, the Cooperative may, but only in the case of a Negotiated Contract duly executed in writing by the Cooperative in advance of service received for any Schedule "C" Load, provide monthly credit(s) as

discounts to any Consumer against the Schedule “C” Billing Energy and/or Schedule “C” Billing Demand and/or other charges as determined on a case by case basis by the Cooperative in its business judgment for service on account of a Rate Schedule “C” Load where such load is placed under long term (generally 3 years or longer) contract with substantial take-or-pay provisions for targeted demand and energy, and the load furnishes for the benefit of the Cooperative, and its wholesale power provider, adequate credit assurance satisfactory to the Cooperative in Cooperative’s sole, unfettered discretion.

D. Application of Rate Schedule “C” Service.

Any Consumer receiving any wholesale service to any Rate Schedule “C” Load shall take all power and energy for service to such Rate Schedule “C” Load under this Rate Schedule “C.” Except as expressly prohibited by terms of any Negotiated Contract, which Negotiated Contract must be executed at least 60 days prior to taking service thereunder, the rates set forth in this Rate Schedule “C” shall apply to any sub-metered portion of any load of any Consumer where such sub-metered portion of load constitutes or otherwise would qualify (by itself or aggregated with similar portion(s) of load under common ownership or control) for service hereunder.

E. Termination of Rate Schedule “C” Service; Change in Ownership of Portions of Load(s).

1. Any Member receiving any wholesale service under this Rate Schedule “C” pertaining to service to any Rate Schedule “C” Load may not receive any wholesale service pertaining to any such Rate Schedule “C” Load under a Negotiated Contract within a period of the next 12 months after first receiving wholesale service hereunder related to such load. In addition, any Rate Schedule “C” Load may not terminate service under this Rate Schedule “C” nor begin to receive service pertaining to any such Rate Schedule “C” Load under a Negotiated Contract except and unless such service under a Negotiated Contract begins on either April 1st or October 1st after the conclusion of the first 12 month period of service hereunder, unless such time period is shortened by Deseret in its sole unfettered discretion upon good cause shown by the Member as pertains to the load(s) in question. Without limiting the foregoing, and in all events, except as waived in writing executed by Deseret, no wholesale service shall be provided for service to any Rate Schedule “C” Load under the terms of a Negotiated Contract without at least sixty (60) days advance written notice from the Member that the Member has entered into a valid, binding Negotiated Contract with Deseret for wholesale service pertaining to such load on terms consistent with the requirements of this Rate Schedule “C”.
2. Notwithstanding any provision of this Rate Schedule “C” and subject further to the provisions of Part D.3 below, for any Restructured Industrial and Commercial Load, there shall be an additional charge (the “Restructured Load Adjustment”) added to each periodic invoice for service(s) related to the Restructured Load

equal to the amount reasonably determined by Deseret for each billing period as follows: the positive difference between:

- (a) the total aggregate invoice amounts that would have applied for services provided to the Member during such billing period that would have related to the Restructured Load and one or more Rate Schedule “C” Load(s) (or equivalent load(s) that would have constituted one or more Rate Schedule “C” Loads) had the Restructured Load remained and been aggregated with such Rate Schedule “C” Load(s) (or equivalent loads) for the billing period in question (the “UnRestructured Charges”);

minus

- (b) the aggregate invoice(s) for services rendered to such loads for the billing period pursuant to the provisions of this Wholesale Rate Schedule “C” (without regard to the Restructured Load Adjustment).

- 3. For any Restructured Load which previously formed any portion of load(s) served pursuant to one or more Negotiated Contract(s) with Deseret (which Contract satisfied the requirements for a Negotiated Contract as set forth pursuant to this Wholesale Rate Schedule “C”) the Restructured Load Adjustment set forth pursuant to Part D.2 above shall apply except that the UnRestructured Charges shall be based on the aggregate amounts that would have been invoiced for the billing period under rates and charges set forth pursuant to the terms of the Negotiated Contract(s).

- F. Billing Demand; Billing Energy; Initial Block Charge; Initial Quantity; Line Loss Factor.

“Billing Demand” in any calendar month shall mean the highest coincident demand in any 15-minutes time period during the calendar month, expressed in kW and calculated as the sum of the Rate Schedule “C” Load demand meters for each metered time interval, coincident with one another (not the Cooperative coincident peak), during the calendar month. Billing Demand shall be adjusted to reflect losses from the Metering Point(s) for such load to the Cooperative’s Point of Delivery from its wholesale supplier by grossing up the metered (measured) demand as described herein using the Line Loss Factor (defined below).

“Billing Energy” for each Billing Period shall mean: the total amount of electrical energy supplied to any Rate Schedule “C” Load during such period, expressed in kWh, and measured at the Metering Point(s) (defined in Section H below) and voltage level(s) specified pursuant to this Rate Schedule “C”. Billing energy shall be adjusted to reflect losses from the Metering Point(s) for such load to the Cooperative’s Point of Delivery from its wholesale supplier by grossing up the metered (measured) energy as described herein using the Line Loss Factor (defined below).

“Line Loss Factor” shall be equal to 1.090.

G. Power Factor.

The rates set forth pursuant to this Rate Schedule “C” are based on the Consumer maintaining at all times a power factor of 95% (lagging) or higher as determined by measurement. Leading Power Factors are not permitted. Should the power factor, as metered at the points of interconnection, not be maintained within such limits, Cooperative shall notify the Consumer and request that the power factor be corrected. If the Consumer has not begun corrective action at the end of 30 days, corrective action may be taken and the Consumer shall be obligated to compensate Cooperative for all sums expended.

H. Harmonics.

For purposes of this Rate Schedule “C,” "Excessive harmonics" shall mean levels of current or voltage distortion at the point of interconnection (Metering Point) between the distribution system of the Cooperative and the Consumer load which exceeds 10% Current THD and or 5% Voltage THD

1. Consumer shall notify the Cooperative as soon as practicable after it becomes aware or has reason to know that it is experiencing problems caused by harmonics.
2. Consumer shall grant reasonable access to Consumer’s facilities, including electronics, motors, or other equipment, to measure and/or investigate any potential harmonic conditions and to ascertain compliance with the requirements set forth in this Section G.
3. If and when the Cooperative becomes aware that the Consumer load has created excessive harmonics under the standard set forth in this Section G or which otherwise causes or are reasonably likely to cause another customer to receive unsafe, unreliable or inadequate electric service, the Cooperative will provide written notice to the Consumer describing the excessive harmonics. Upon receipt of such notice, Consumer shall undertake, without delay and at Consumer’s sole expense, to remedy the harmonics to the satisfaction of the Cooperative. Alternatively, the Cooperative may, but is not obligated, to cure the problem and assess the repair costs to the Consumer. In all events, any remedy undertaken by the Consumer must be completed within a reasonable time and in all events within the time specified in the notice issued by the Cooperative.
4. Failure of the Consumer to remedy the problem may require the Cooperative to disconnect the Consumer's service.

I. Negotiated Contracts.

Notwithstanding anything in this Rate Schedule “C,” nothing herein shall be construed or deemed to waive, alter, or diminish any obligation of any Member to enter into a Negotiated Contract with Deseret for service to any Rate Schedule “C” Load, as set forth pursuant the Member Wholesale Power Contracts. Any Negotiated Contract executed during an initial period of 12 months after first receiving wholesale service hereunder (the “Rate Schedule “C” Service Year”) related to such load shall include rates, terms and conditions that reflect the equivalent economics to the rates and charges that would have applied as if service to such load had been furnished under this Rate Schedule “C” during at least one (1) entire Rate Schedule “C” Service Year.

J. Power Factor.

The rates set forth pursuant to this Rate Schedule “C” are based on the Member maintaining at all times a power factor of 95% (lagging) or higher as determined by measurement. Should the power factor, as metered at the points of interconnection, not be maintained within such limits, Deseret shall notify the Member and request that the power factor be corrected. If the Member has not begun corrective action at the end of 30 days, corrective action may be taken and the Member shall be obligated to compensate Deseret for all sums expended.

K. Metering and Billing Determinant Determinations.

Cooperative shall, at Consumer’s expense, install, or cause to be installed, and Cooperative shall own metering and appurtenant equipment, including, as the case may require, any sub-metering of portion(s) of loads receiving service qualifying as Rate Schedule “C” Load hereunder, and any replacements thereof, at a metering point determined and designated by Cooperative in Cooperative’s commercially reasonable discretion for each Rate Schedule “C” Load (or portion(s) of load, with each such point a “Metering Point”) which is capable of reliably measuring the Demand and Energy supplied to such load. Except as provided expressly below, Cooperative shall, at its expense, test, calibrate and read, or cause to be read, the metering and appurtenant equipment at the Metering Points. Cooperative or its agent shall make the determination, in any commercially reasonable manner, whether any meter or metering equipment is operating within acceptable parameters and, if so, the metering equipment shall be deemed accurate. Cooperative shall be granted access to the Metering Points in order to maintain or test and calibrate metering equipment. Consumer shall provide such access to its own facilities and equipment at no charge to Cooperative and shall ensure that access is also provided to Cooperative, at no cost, for any meter equipment located on properties of any Rate Schedule “C” Load or other entities.

Consumer shall allow Cooperative, at its option, to maintain, augment, modify, and/or replace communication equipment and any associated arrangements so as to provide

Cooperative the ability to economically and reliably interrogate the meters at the Metering Points in time intervals as determined by the Cooperative, including intervals of approximately five (5) minutes (as determined by Cooperative), from communications equipment located at the Metering Point or from the Internet. Consumer shall bear its cost associated with the installation, maintenance, and operation of such communications equipment and arrangements and shall reimburse Cooperative for any of its associated out-of-pocket costs.

If in Cooperative's commercially reasonable discretion, any meter at a Metering Point fails to register Demand or Energy, or if Cooperative determines it to be inaccurate, adjustments in the Billing Demand, Billing Energy, or both shall be made in accordance with the following:

1. For any meter determined to be inaccurate, Billing Demand and Billing Energy shall be adjusted for the ninety (90) days previous to such test in accordance with the percentage of inaccuracy determined by Cooperative in its reasonable judgment.
2. For any missing data, data from similar periods either before, after, or averaged from both before and after the period of missing data shall be used by Cooperative to reasonably estimate the missing data.
3. If such adjustments in Billing Demand, Billing Energy, or both result from the corrections of metering errors, Cooperative shall prepare a revised invoice for the billing period reflecting the corrected data and provide a charge or credit for the difference between the revised and original invoice on the invoice for the current billing period.

L. Billing Period; Billing and Payment.

1. On or before the tenth (10th) day of each month, or otherwise at intervals corresponding to Consumer's loads served in conjunction with the Rate Schedule "C" Load, Cooperative shall render to each Consumer a monthly billing statement for charges for services furnished during the previous month determined in accordance with this Rate Schedule. All bills are due and payable no later than 20 days after the invoice is prepared.
If all or a portion of a monthly billing statement is disputed, payment shall be made in full. Cooperative shall reimburse any amount determined to have been correctly disputed, with a simple interest charge thereon equal to one percent (1%) per month on the reimbursed amount, pro-rated by days, until such amount owed, including interest, is paid in full.

2. Late Payment Charge

A monthly late payment charge will be added by Cooperative when payments are not received within 20 days after the invoice is mailed to the Consumer. In the

event the Bills are not rendered by the tenth (10th) day of the month the final due date shall be twenty (20) days after the date on which the bill is issued. If the scheduled payment date falls on other than a business day, the payment is due on the next normal business day. The late payment charge for each day beyond the final due date shall be computed as the simple interest on the unpaid balance at a rate of 1 percent per month, pro-rated by days. The late payment charge will be added to the billing amount for the next month. Payments will be credited against the most delinquent charges.

3. Reasonable Estimates

In preparing and submitting any invoices for service hereunder, Cooperative may submit such invoices using any reasonable estimates and/or conventions and thereafter adjust subsequent invoices in a commercially reasonable manner to reflect actual data.

In the event of legal action or dispute resolution regarding any provision of this Rate Schedule "C" or otherwise commenced by either party to collect any amount due hereunder, the prevailing party shall be entitled to reasonable costs and attorney's fees in addition to any other relief or remedies set forth hereunder or awarded by a court of competent jurisdiction.

M. Security Deposit/Performance Assurance.

As a condition to receiving any Service hereunder, Consumer will transfer Performance Assurance to or for the benefit of Cooperative and Cooperative's wholesale power provider, in an amount equal to the Collateral Requirement, at least fifteen (15) days prior to commencement of any service hereunder, and shall at all times maintain Performance Assurance as a condition of continued service hereunder in an amount at least equal to the Collateral Requirement.

As used herein, "Performance Assurance" means a security deposit collateral in the form of (i) Cash (posted directly with Cooperative in a deposit account that Cooperative owns and directs), (ii) a standby Letter of Credit, or (iii) performance bond and/or other security in form and subject to terms and conditions that are acceptable to Cooperative in its sole and absolute discretion. Interest payments on Cash deposited into or otherwise held in a Deposit Account will constitute a part of the deposit account held as Performance Assurance, and will be added to the amount of the Collateral Requirement. For all purposes hereunder, Performance Assurance in the form of Cash is a margin payment within the meaning of the Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, including but not limited to sections 101(38), 362(b)(6), 546(e), 548(d), and 556 thereof.

As used herein, "Collateral Requirement" means an amount (not less than zero) calculated by Cooperative from time to time as follows: 100% of the amount to be paid pursuant to the terms of this Rate Schedule "C" for all deliveries of electric power and energy and other services or charges to Consumer hereunder for a period of forty-five

(45) days, based on Cooperative's reasonable estimate of the rates and charges expected to be incurred for service to Consumer on account of all Rate Schedule "C" Loads hereunder.

To the extent Cooperative is holding (directly or indirectly) any Performance Assurance posted by Consumer and/or by any Rate Schedule "C" Load on account of any service to Consumer under any expired or terminated Negotiated Contract for any Rate Schedule "C" Load, Cooperative shall retain and apply such Performance Assurance, up to the amount of the Collateral Requirement, against the requirement to transfer Performance Assurance under this Rate Schedule "H." To the extent Consumer has not transferred sufficient Performance Assurance as required hereunder, Cooperative may withhold and retain any and all amounts of rebates or other distributions, capital credit rotations, or other payments that would otherwise be paid to Consumer from time to time and apply such amounts as additional Performance Assurance hereunder, up to the amount of any deficiency in the Collateral Requirement hereunder.

By taking service under this Rate Schedule "H," Consumer is deemed to have granted a security interest in and to all Performance Assurance, in favor of Cooperative, to secure each and any obligation, performance, payment, collection, or other liability of Consumer for rates, charges, fees, costs, or other expenses for service hereunder or for any other amount(s) then owing to Cooperative (the "Obligations"). Cooperative may, in addition to exercising any other right, remedy, or privilege available to it:

4. Set off any Performance Assurance held by or for the benefit of Cooperative against and in satisfaction of any amount payable by Consumer and/or by any Rate Schedule "C" Load in respect of any of its Obligations;
5. Draw the full undrawn face amount of each outstanding letter of credit issued for its benefit as part of any Performance Assurance;
6. Transfer or cause to be transferred all Performance Assurance held in trust or otherwise to an account of Cooperative or otherwise to or for the benefit of the Cooperative and/or the Cooperative's wholesale power provider;
7. Liquidate any Performance Assurance held by or for the benefit of Cooperative, free from any claim or right of any nature whatsoever of Consumer and/or any Rate Schedule "C" Load, and to apply the proceeds received to the payment of (1) all costs and expenses relating to the sale of any Performance Assurance and collection of amounts owing hereunder, including reasonable attorneys' fees and disbursements and the just compensation of Cooperative for services rendered in connection therewith or in connection with any proceeding to sell if a sale is not completed, and (2) all charges, expenses and advances incurred or made by Cooperative in order to protect any right, privilege, lien or encumbrance in and to the Performance Assurance; (3) all of the Obligations owed by Consumer and/or the Rate Schedule "C" Load to Cooperative hereunder or obligations of the Cooperative under the Wholesale Power Contract between Cooperative and its

wholesale power provider in such order as Cooperative and/or its wholesale power provider may elect; and (4) all of the other Obligations of the Consumer.

N. General Provisions.

1. Service under this Schedule will be in accordance with and subject to the Electric Service Regulations of the Cooperative as amended from time to time.
2. The rates and charges specified in this Retail Rate Schedule "C" may be revised from time to time by Cooperative's Board of Trustees.
3. In the absence of a Negotiated Contract for service to Consumer for any Rate Schedule "C" Load, the delivery of electric service by Cooperative and the acceptance thereof by Consumer in any amount(s) or quantit(ies) to permit or allow Consumer to provide service to any Rate Schedule "C" Load shall be deemed to constitute an agreement by and between the Consumer and Cooperative to provide and to receive such electric service pursuant to the rates, terms and conditions set forth herein.
4. Nothing in this Wholesale Rate Schedule "C" shall constitute any waiver, limitation, modification, or amendment of any obligation of Consumer to Cooperative under any written agreement duly authorized and executed between Consumer and Cooperative.