ORIGINAL

AJO IMPROVEMENT COMPANY ("AIC")

NET METERING TARIFF

Applies to: The Ajo Improvement Company Certificated Service Area
Pima County, Arizona

AVAILABILITY

This rate schedule is available in the Company's certificated service area at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served.

APPLICATION

This rate schedule is offered to all customers with metered kWh usage with a Net Metering Facility that uses Renewable Resources, a Fuel Cell, or Combined Heat and Power (CHP) to produce electricity.

Definitions of key terms are as follows:

- Combined Heat and Power (CHP) – A system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility. A.A.C. R14-2-2302.4.
- Customer Supply – Energy (kWh) from a customer-owned Net Metering Facility that exceeds the customer's load at a point in time and is fed back into the Company's electric system, as metered by the Company.
- Customer Purchase – Energy (kWh) that is provided from the Company to the customer to serve the load that is not being supplied by a customer-owned Net Metering Facility, as metered by the Company.

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ISSUED BY:
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- Excess Generation – Equals the Customer Supply (kWh) less the Customer Purchase (kWh) over a monthly billing period.

- Fuel Cell – A device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. For purposes of this rate schedule, the source of the chemical reaction must be derived from Renewable Resources. A.A.C. R14-2-2302.8.

- Net Metering – Service to an AIC customer under which electric energy generated by or on behalf of that customer from a Net Metering Facility and delivered to AIC's facilities may be used to offset electric energy provided by AIC to the customer during the applicable billing period. A.A.C. R14-2-2302.11.

- Net Metering Customer – Any customer of AIC who chooses to take Net Metering electric service under this Tariff, which is in accordance with the Arizona Corporation Commission Net Metering Rules at A.A.C. R14-2-2301 through R14-2-2308. A.A.C. R14-2-2302.12.

- Net Metering Facility – A facility for the production of electricity that:

    - Is operated by or on behalf of a Net Metering Customer and is located on the Net Metering Customer's premises and;

    - Is intended primarily to provide part or all of the net metering customer's requirement for electricity and;

    - Uses Renewable Resources, a Fuel Cell, or CHP to generate electricity and;

    - Has a generating capacity less than or equal to 125% of the net metering customer's total connected load, or in absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and

    - Is interconnected with and can operate in parallel and in phase with the Company's existing distribution system.

  A.A.C. R14-2-2302.13.

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- Renewable Resources – Natural resources that can be replenished by natural processes, including: biogas, biomass, geothermal, hydroelectric, solar or wind. A.A.C. R14-2-2302.14.

Other terms are defined in and are pursuant to the Commission's Net Metering Rules at A.A.C. R14-2-2302 and approved in Decision No. 70657 (October 23, 2008).

TYPE OF SERVICE

Electric sales to the Company must be single phase or three phase, 60 Hertz, at one standard voltage as may be selected by customer (subject to availability at the premises).

BILLING

A. During the billing period for: (1) Customer Purchases in excess of Customer Supply, the Company shall bill the customer for the net kWh supplied by the Company in accordance with the Rates in AIC's Electric Rate Schedule GS-1 – Sheet No. 1.0 (Effective August 1, 2019); (2) Customer Supply in excess of Customer Purchases (Excess Generation), the Company shall credit the customer the Excess Generation kWh in subsequent billing periods.

B. Basic Service Charges and, if applicable, Demand Charges (either metered or by contract) will continue to apply in full.
Each calendar year for the customer bills produced in September (August usage) or for the last billing period at the time the customer discontinues taking service under this rate schedule – the Company shall issue a billing credit to the customer for any remaining Excess Generation balance. In the event the customer's electric service is terminated, after applying a billing credit for any Excess Generation up to the amount the customer owes the Company, the Company shall issue a check for the remaining value of the Excess Generation

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balance. The billing credit or payment will be determined at the Company's actual cost of purchase power over the past 12 months (through May) of 5.423 cents per kWh.

CONTRACT PERIOD

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

METERING

Customers served under this rate schedule will require a bi-directional meter that will register and accumulate the net electrical requirements of the customer. The Company will install such a meter at the customer's Net Metering Facility if proper metering is not already present. The initial incremental metering costs for bi-directional metering and the facility meter will be incurred by the Company.
A bi-directional meter may not be required if the generating capacity of the Net Metering Facility is less than 10 percent of the customer's lowest billing demand over the previous 12 months, or as otherwise determined by the Company through available information – and if the customer agrees that they do not intend to net any Excess Generation on their monthly bill.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's approved Tariffs for Electric Service.

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