

FOR All Territory Served
Community, Town or City

P.S.C. KY. NO. 9

Original SHEET NO. 321

Shelby Energy Cooperative, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. 5

Original SHEET NO. 96

RATES SCHEDULE NM—NET METERING

AVAILABILITY OF NET METERING SERVICE

Net Metering is available to eligible member-generators in Shelby Energy Cooperative’s service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity of one percent (1%) of the Shelby Energy Cooperative’s single hour peak load during the previous year. If the cumulative generating capacity of net metering systems reaches 1% of a supplier's single hour peak load during the previous year, upon Commission approval, Shelby Energy Cooperative’s obligation to offer net metering to a new member-generator may be limited. An eligible member-generator shall mean a member retail electric member of Shelby Energy Cooperative with 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 member's premises;
- 4) Is owned and operated by the member;
- 5) Is connected in parallel with Shelby Energy Cooperative’s electric distribution system; and
- 6) Has the primary purpose of supplying all or part of the member's own electricity requirements.

At its sole discretion, Shelby Energy Cooperative may provide Net Metering to other member- generators not meeting all the conditions listed above on a case-by-case basis.

METERING

Shelby Energy Cooperative shall provide net metering services, without any cost to the Member for metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. This provision does not relieve Member of his or her responsibility to pay metering costs embedded in the Shelby Energy Cooperative’s Commission approved base rates. Net metered electricity shall be measured in accordance with standard metering practices established by Shelby Energy Cooperative using metering equipment capable of measuring and recording energy flows, on a kWh basis, from Shelby Energy Cooperative to the member-generator and from the member-generator to Shelby Energy Cooperative with each directional energy flow recorded independently. If time-of-day or time-of-use

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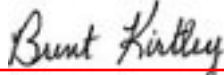
DATE EFFECTIVE February 5, 2016
Month / Date / Year

ISSUED BY *Debra F. Martin*
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 2/5/2016 <small>PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</small>

FOR All Territory Served
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P.S.C. KY. NO. 9

Original SHEET NO. 321.1

Shelby Energy Cooperative, Inc.
 (Name of Utility)

CANCELLING P.S.C. KY. NO. 5

Original SHEET NO. 97

RATES SCHEDULE NM—NET METERING

METERING (continued)

metering is used, the electricity fed back to the electric grid by the member-generator shall be metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-day and time-of-use billing agreement currently in place.

Any additional meter, meters, or distribution upgrades needed to monitor the flow in each direction shall be installed at the Member's expense.

BILLING AND PAYMENT

For charges collected on the basis of metered registration, Shelby Energy Cooperative shall, for each monthly billing period, determine the net meter registration of the member-generator by comparing the directional energy flow in each direction. If the net meter registration shows that the deliveries of energy in kWh from the member-generator to Shelby Energy Cooperative exceed the deliveries of energy in kWh from Shelby Energy Cooperative to the member-generator, the net meter registration in kWh will be carried forward to the next monthly billing period as a Net Metering Credit, expressed in kWh. If the member-generators carried over a Net Metering Credit from one of more prior months, the net meter registration from the current month shall be added to the Net Metering Credit that exists from prior months.

If the net metering registration shows that deliveries of energy in kWh from the Cooperative to the member-generator exceed the deliveries of energy in kWh from the member-generator to the Cooperative, the member-generator shall pay the Cooperative for the net amount of energy delivered by the Cooperative after application of any Net Metering Credit carried forward from previous months at the current rate applicable to its type or class of electric service.

The member shall be responsible for payment of any applicable member charge or other applicable charges.

At no time shall Shelby Energy Cooperative be required to convert the Net Billing Credit to cash. If a member-generator closes his account, no cash refund for residual Net Metering Credits shall be paid.

Net Metering Credits are not transferable between members or locations.

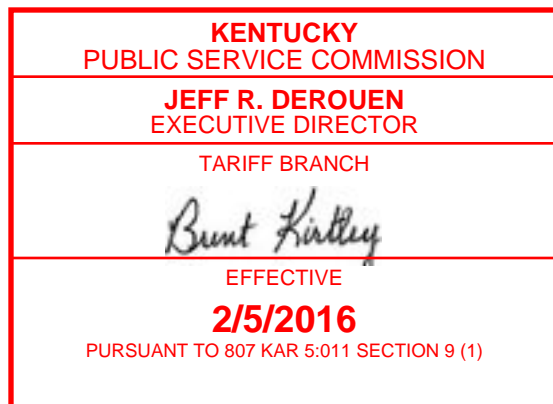
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Original SHEET NO. 321.2

Shelby Energy Cooperative, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. 5

Original SHEET NO. 98

RATES SCHEDULE NM—NET METERING

APPLICATION AND APPROVAL PROCESS

The Member shall submit an Application for Interconnection and Net Metering ("Application") and receive approval from Shelby Energy Cooperative prior to connecting the generator facility to Shelby Energy Cooperative's system.

Applications will be submitted by the Member and reviewed and processed by Shelby Energy Cooperative according to either Level 1 or Level 2 processes defined in this tariff.

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

Members may contact Shelby Energy Cooperative to check on status of an Application or with questions prior to submitting an Application. Contact information is provided on the Application form and is listed on Shelby Energy Cooperative's website.

LEVEL 1 AND LEVEL 2 DEFINITIONS

LEVEL 1

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).

Shelby Energy Cooperative will approve the Level 1 Application if the generating facility also meets all of the following conditions:

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KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 2/5/2016 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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P.S.C. KY. NO. 9

Original SHEET NO. 321.3

Shelby Energy Cooperative, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. 5

Original SHEET NO. 99

RATES SCHEDULE NM—NET METERING

LEVEL 1 (continued)

- 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, 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 Shelby Energy Cooperative distribution lines, the generator shall appear as a phase-to-phase connection at the primary Shelby Energy Cooperative distribution line.
- 5) If the generating facility is to be connected to three-phase, four wire primary Shelby Energy Cooperative distribution lines, the generator shall appear to the primary Shelby Energy Cooperative distribution line as an effectively grounded source.
- 6) The interconnection will not be on an area or spot network.
- 7) Shelby Energy Cooperative does not identify any violations of any applicable provisions of IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems."
- 8) No construction of facilities by Shelby Energy Cooperative on its own system will be required to accommodate the generating facility.

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**KENTUCKY
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN
EXECUTIVE DIRECTOR**

TARIFF BRANCH

Brent Kirtley

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PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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Original SHEET NO. _____ 321.4

Shelby Energy Cooperative, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____ 5

Original SHEET NO. _____ 100

RATES SCHEDULE NM—NET METERING

LEVEL 1 (continued)

If the generating facility does not meet all of the above listed criteria, Shelby Energy Cooperative in its sole discretion, may either: 1) approve the generating facility under the Level 1 Application if Shelby Energy Cooperative determines that the generating facility can be safely and reliably connected to Shelby Energy Cooperative's system; or 2) deny the Application as submitted under the Level 1 Application.

Shelby Energy Cooperative shall notify the member within 20 business days whether the Application is approved or denied, based on the criteria provided in this section.

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

When approved, Shelby Energy Cooperative will indicate by signing the approval line on the Level 1 Application Form and returning it to the Member. The approval will be subject to successful completion of an initial installation inspection and witness test if required by Shelby Energy Cooperative. Shelby Energy Cooperative's approval section of the Application will indicate if an inspection and witness test are required. If so, the Member shall notify Shelby Energy Cooperative within 3 business days of completion of the generating facility installation and schedule an inspection and witness test with Shelby Energy Cooperative to occur within 10 business days of completion of the generator facility installation or as otherwise agreed to by Shelby Energy Cooperative and the Member. The Member may not operate the generating facility until successful completion of such inspection and witness test, unless Shelby Energy Cooperative expressly permits operational testing not to exceed two hours. If the installation fails the inspection or witness test due to non-compliance with any provision in the Application and Shelby Energy Cooperative approval, the Member shall not operate the generating facility until any and all non-compliance issues are corrected and re-inspected by Shelby Energy Cooperative.

If the Application is denied, Shelby Energy Cooperative will supply the Member with reasons for denial. The Member may resubmit under Level 2 if appropriate.

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JEFF R. DEROUEN EXECUTIVE DIRECTOR
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Original SHEET NO. 321.5

Shelby Energy Cooperative, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. 5

Original SHEET NO. 101

RATES SCHEDULE NM—NET METERING

LEVEL 2

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.

Shelby Energy Cooperative will approve the Level 2 Application if the generating facility meets Shelby Energy Cooperative’s technical interconnection requirements, which are based on IEEE 1547.

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

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

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TARIFF BRANCH <i>Brent Kirtley</i>
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Original SHEET NO. _____ 321.6

Shelby Energy Cooperative, Inc.
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CANCELLING P.S.C. KY. NO. _____ 5

Original SHEET NO. _____ 102

RATES SCHEDULE NM—NET METERING

LEVEL 2 (continued)

If the Application lacks complete information, Shelby Energy Cooperative shall notify the Member that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the 30-business-day target to process the Application.

The Interconnection Agreement will contain all the terms and conditions for interconnection consistent with those specified in this tariff, inspection and witness test requirements, description of and cost of construction or other changes to Shelby Energy Cooperative’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 Member may not operate the generating facility until an Interconnection Agreement is signed by the Member and Shelby Energy Cooperative 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 may be charged by Shelby Energy Cooperative for Level 1 Applications.

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

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Original SHEET NO. 321.7

Shelby Energy Cooperative, Inc.
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CANCELLING P.S.C. KY. NO. 5

Original SHEET NO. 103

RATES SCHEDULE NM—NET METERING

TERMS AND CONDITIONS FOR INTERCONNECTION

To interconnect to Shelby Energy Cooperative's distribution system, the Member's generating facility shall comply with the following terms and conditions:

- 1) Shelby Energy Cooperative shall provide the Member 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 Member requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Member's expense.
- 2) The Member shall install, operate, and maintain, at Member's sole cost and expense, any control, protective, or other equipment on the Member's system required by Shelby Energy Cooperative's technical interconnection requirements based on IEEE 1547, the 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 Shelby Energy Cooperative's electric system. Member shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from Shelby Energy Cooperative, the Member shall demonstrate generating facility compliance.
- 3) The generating facility shall comply with, and the Member shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Shelby Energy Cooperative's rules, regulations, and Service Regulations as contained in Shelby Energy Cooperative's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, Member shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.

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KENTUCKY
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN
EXECUTIVE DIRECTOR

TARIFF BRANCH

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2/5/2016

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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Original SHEET NO. _____ 321.8

Shelby Energy Cooperative, Inc.
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CANCELLING P.S.C. KY. NO. _____ 5

Original SHEET NO. _____ 104

RATES SCHEDULE NM—NET METERING

TERMS AND CONDITIONS FOR INTERCONNECTION (continued)

- 4) Any changes or additions to Shelby Energy Cooperative’s system required to accommodate the generating facility shall be considered excess facilities. Member shall agree to pay Shelby Energy Cooperative for actual costs incurred for all such excess facilities prior to construction.
- 5) Member 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 Shelby Energy Cooperative’s electric system. At all times when the generating facility is being operated in parallel with Shelby Energy Cooperative’s electric system, Member shall operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Shelby Energy Cooperative to any of its other members or to any electric system interconnected with Shelby Energy Cooperative’s electric system. Member shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Shelby Energy Cooperative’s ability to meet its primary responsibility of furnishing reasonably adequate service to its members.
- 6) The Member shall be responsible for protecting, at Member's sole cost and expense, the generating facility from any condition or disturbance on Shelby Energy Cooperative’s electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that Shelby Energy Cooperative shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of Shelby Energy Cooperative.
- 7) After initial installation, Shelby Energy Cooperative shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to the Member, Shelby Energy Cooperative 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 this tariff.

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JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
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Shelby Energy Cooperative, Inc.
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CANCELLING P.S.C. KY. NO. _____ 5

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RATES SCHEDULE NM—NET METERING

TERMS AND CONDITIONS FOR INTERCONNECTION (continued)

- 8) For Level 1 and 2 generating facilities, an eligible Member shall furnish and install on the Member's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Member's energy generating equipment from Shelby Energy Cooperative's electric service under the full rated conditions of the Member's generating facility. The external disconnect switch (EDS) shall be located adjacent to Shelby Energy Cooperative'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 Member 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 Shelby Energy Cooperative personnel at all times. Shelby Energy Cooperative 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 Shelby Energy Cooperative's safety and operating protocols.

- 9) Shelby Energy Cooperative shall have the right and authority at Shelby Energy Cooperative's sole discretion to isolate the generating facility or require the Member to discontinue operation of the generating facility if Shelby Energy Cooperative believes that: (a) continued interconnection and parallel operation of the generating facility with Shelby Energy Cooperative's electric system may create or contribute to a system emergency on either Shelby Energy Cooperative's or the Member's electric system; (b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability, or power quality of Shelby Energy Cooperative's electric system; or (c) the generating facility interferes with the operation of Shelby Energy Cooperative's electric system. In non-emergency situations, Shelby Energy Cooperative shall give the Member notice of noncompliance including a description of the specific noncompliance condition and allow the Member a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when Shelby Energy Cooperative is unable to immediately isolate or cause the Member to isolate only the generating facility, Shelby Energy Cooperative may isolate the Member's entire facility.

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RATES SCHEDULE NM—NET METERING

TERMS AND CONDITIONS FOR INTERCONNECTION (continued)

10) The Member shall agree that, without the prior written permission from Shelby Energy Cooperative, 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 Member shall protect, indemnify, and hold harmless the Shelby Energy Cooperative 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 Member or the Member's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the Member's generating facility or any related equipment or any facilities owned by Shelby Energy Cooperative except where such injury, death or damage was caused or contributed to by the fault or negligence of Shelby Energy Cooperative or its employees, agents, representatives, or contractors.

The liability of Shelby Energy Cooperative to the Member for injury to person and property shall be governed by the tariff(s) for the class of service under which the Member is taking service.

12) The Member shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy) for both Level 1 and Level 2 generating facilities. The Member shall, upon request, provide Shelby Energy Cooperative with proof of such insurance at the time that application is made for net metering.

13) By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Shelby Energy Cooperative does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any

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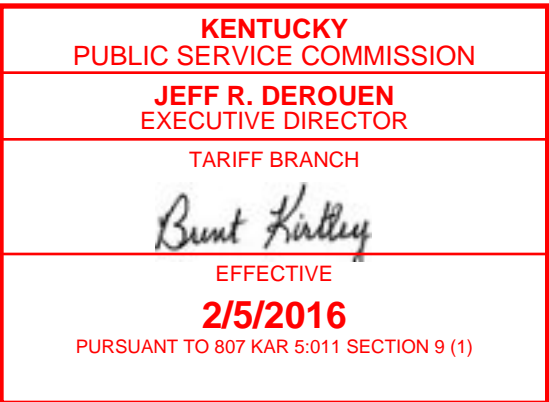
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 Original SHEET NO. 107

Shelby Energy Cooperative, Inc.
(Name of Utility)

RATES SCHEDULE NM—NET METERING

TERMS AND CONDITIONS FOR INTERCONNECTION (continued)

other characteristics, of the generating facility equipment, controls, and protective relays and equipment.


- 14) A Member's generating facility is transferable to other persons or service locations only after notification to Shelby Energy Cooperative has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, member, or location, Shelby Energy Cooperative will verify that the installation is in compliance with this tariff and provide written notification to the member(s) within 20 business days. If the installation is no longer in compliance with this tariff, Shelby Energy Cooperative will notify the Member in writing and list what must be done to place the facility in compliance.
- 15) The Member shall retain any and all Renewable Energy Credits (RECs) that may be generated by their 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) Member may terminate this Agreement at any time by giving Shelby Energy Cooperative at least sixty (60) days' written notice; (b) Shelby Energy Cooperative may terminate upon failure by the Member 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 or any rate schedule, tariff, regulation, contract, or policy of Shelby Energy Cooperative, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) Shelby Energy Cooperative may terminate by giving the Member 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 new law or statute.

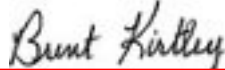
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