

SIERRA ELECTRIC COOPERATIVE, INC.
THIRD REVISED RATE NO. 7
CANCELING SECOND REVISED RATE NO. 7
CANCELING FIRST REVISED RATE NOS. 8, 9, 10 AND 11

RECEIVED

STANDARD TARIFF FOR ELECTRICITY PURCHASES FROM
AND SALES TO QUALIFYING FACILITIES
(X Numerous Changes)

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Dec 31 10 50 AM '02

1. APPLICABILITY:

This standard tariff ("Tariff") implements 17 NMAC 10.570 ("NMPRC Rule 570"), is applicable to a Qualifying Facility ("QF") as defined in NMPRC Rule 570.3(h) within Cooperative's service area. For QFs of 10kW or smaller rule 571 provisions will apply.

2. ALL-REQUIREMENTS SUPPLIER:


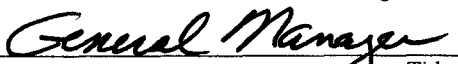
Cooperative is a member of and has a Federally-approved all requirements power purchase contract with Tri-State Generation and Transmission Cooperative Association, Inc. ("Supplier"), the address of which is 1100 West 116th Avenue, Westminster, Colorado 80234 (mailing: P.O. Box 33695, Denver, CO 80233-0695; telephone (303) 452-6111), and must comply also with Supplier's requirements. To comply with Supplier's requirements and as permitted in event of transfer of purchase obligation pursuant to NMPRC Rule 570.33, Supplier arranges for interconnections with, any corollary wheeling service for and purchases of electricity from QFs with greater than 25 kW nameplate capacities in accordance with Supplier's policies and rules. When making application for interconnection of a QF designed to have a nameplate capacity greater than 25 kW, applicant must apply to Supplier, meet Supplier's interconnection standards for QFs and assume payment of the Supplier's interconnection costs; in such cases, Cooperative will retain the responsibility for electric service to the QF and may have additional interconnection costs for which QF shall be responsible. Subject to change by Supplier and NMSA 1978, 62-6-4D, Supplier has a standard rate based on its class A member composite rate, as approved by Rural Utilities Service ("RUS") and periodically determined by Supplier, for purchases of electricity from QFs having installed capacity of 1,000 kW or less and greater than 25 kW; rates for purchases from QFs having greater nameplate capacity are negotiated.

3. INTERCONNECTION:

Cooperative shall interconnect or cause interconnection with a QF, which meets the conditions of NMPRC Rule 570.05 and will have installed capacity of 25kW or smaller, within the time period specified in NMPRC Rule 570.6. QF must submit an application substantially in the form appearing in section 14 of this Tariff, execute a contract ("Contract") substantially in the form appearing in section 15 of this Tariff and meet the requirements of NMPRC Rule 570 and this

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EFFECTIVE	
FOR	SERVICE ON
- JAN 2 2003	
BY	60-3693
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Tariff. Cooperative may require certification that applicant's facility is or will be a qualifying facility under 18 CFR, Part 292.

4. ELECTRICITY SALES AND PURCHASES:

Subject to the role of Supplier described in section 2 of this Tariff, Cooperative shall purchase or cause the purchase of electricity from a QF according to this Tariff and the Contract. Cooperative shall provide electric service to QF in accordance with any contract with QF, the rules and regulations of Cooperative and the tariff's applicable to the class of customers to which QF would be assigned absent its own generation, unless QF's load and cost characteristics are significantly different. If the owner/operator of QF is a member of Cooperative, Cooperative's articles of incorporation and bylaws shall also govern the relationship between Cooperative and such member.

5. RATES FOR PURCHASES BY THE COOPERATIVE:

Unless a capacity credit or different rate is negotiated with QF and set forth in the Contract or QF selects the load displacement metering option under section 6 of this Tariff, energy delivered by QF at delivery point designated by the Contract shall be paid at the same rate ("Standard Rate") for each kilowatt-hour delivered as the energy portion of the wholesale rate paid to the Supplier as adjusted for line losses experienced during the prior calendar year. Any negotiated agreements for a different rate than the Standard Rate must comply with the NMPRC Rule 570 and negotiations may be initiated by either QF or Cooperative. The current Standard Rate will be shown on a schedule filed annually with the New Mexico Public Regulation Commission ("NMPRC").

6. METERING OPTIONS:



In the Contract, QF shall designate one of the following metering options:

A. Load displacement metering. The interconnection will be with a single meter installed to measure flow from Cooperative to QF. QF will not be paid for any electricity delivered by QF and the terms and conditions of electric service by Cooperative will not be affected.

B. Net Metering: The interconnection will be with meter installed to measure separately the energy generated and delivered by QF, and the net energy delivered to or by QF will be calculated. The terms and conditions of electric service by Cooperative will not be affected except that charges for

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the billing period will be reduced or offset by energy delivered by QF at the Standard Rate. The net energy supplied by QF above that delivered by Cooperative shall be purchased at the Standard Rate.

C. Separate load (simultaneous buy/sell) metering: The interconnection will be with a meter installed to measure separately all power and energy delivered by and to QF respectively. The terms and conditions of electric service by Cooperative shall not be affected. The energy delivered by QF shall be purchased at the Standard Rates.

In the event that QF shall select a metering option other than load displacement (A), a customer charge of \$5.00 per monthly billing period, to cover the added costs of billing and administration, shall be applicable. Any payment to QF may be reduced by the amount of such customer charge. To the extent that payment to QF under the Standard Rates does not cover the customer charge for any billing period, the deficiency may be added to and be payable with Cooperative's billing for service to QF or, at Cooperative's (Supplier's) option, be carried forward as a reduction for energy delivered by QF during future billing periods.

7. REQUIRED COOPERATIVE SALES TO QFs:


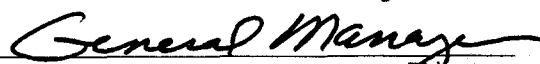
If timely requested by QF, and subject to NMPRC Rule 570.26, Cooperative will provide supplementary power, backup power, maintenance power and interruptible power, as defined by NMPRC Rules 570.3 (j), (b), (e) and (d) respectively, in accordance with NMPRC Rule 570.20 and this Tariff.

A. Supplementary Power: QF shall be charged for supplementary power under the same retail rate schedules that would be applicable to a retail customer having power requirements equal to the supplementary power requirements of QF. Any ratchet enforced through "billing demand" provisions of such retail rate schedules shall also apply to QF. Supplementary power shall be measured employing metering devices, which are adequate to determine that the power being charged for is supplementary power. The demand interval, where applicable, shall be the same as that contained in the retail rate schedule being applied.

B. Backup Power: QF shall be charged for back-up power for forced outages under the same retail rate schedule which would be applicable absent the generation of QF, but QF shall not be

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charged for demand charges for back-up power which might be otherwise applicable under such retail rate schedules in time periods when demand charges are not applicable to such retail rate schedules, or for any demand ratchets or power factor penalties which might otherwise be applicable under such retail rate schedules, unless Cooperative petitions and the NMPRC permits the allocable charges due to QF's operation. In the months or equivalent billing periods that back-up power is not utilized, the back-up power rate shall include a reservation fee equal to 10% of the monthly or equivalent billing period demand charge contained in the retail rate schedule applicable to QF absent its generation, except this reservation fee shall not be charged while QF is taking back-up power or charges resulting from a power factor and/or demand ratchet is being imposed pursuant to NMPRC Rule 570.22(a).

C. Maintenance Power: QF shall be charged for maintenance power under the same retail rate schedules which would be applicable absent the generation of QF. However, the maintenance power demand charge shall be determined by multiplying the applicable retail rated demand charge by the ratio of the number of weekdays in which the maintenance power was taken to the number of weekdays in the month. No demand charge shall apply for maintenance power taken during off peak hours, which unless identified in an applicable time-of-use tariff, are defined for the purposes of this rate schedule as 11:00 p.m. to 7:00 a.m. weekdays, and 24 hours per day on weekends and holidays. Maintenance power must be rescheduled in advance with Cooperative's concurrence, in accordance with the following schedule.

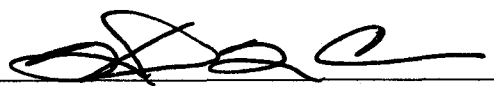
Length of Outage	Advance Notice
1 Calendar day	5 Calendar days
2 to 5 Calendar days	30 Calendar days
6 to 30 Calendar days	90 Calendar days.


Maintenance power shall be available to QF for a minimum of thirty days per year, scheduled outside the three-month period covering the peak month together with the preceding and succeeding months.

D. Interruptible Power: Until there is a lower cost associated with the provision of interruptible service hereunder, the rate charged for such services will be under the same rate schedule which would be applicable absent the generation of QF plus an additional monthly customer charge of \$10 to cover the additional administrative costs incurred in the provision of such service.

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QF shall also pay additional charges, in the form of a facilities fee, for meters, monitoring and other facilities property added and dedicated to provide a QF with one or more of these services. Provisions of these services is subject to all rates, terms, conditions, rules and forms that apply to such rate schedules including, but not limited to, fuel and purchased power adjustments, debt cost adjustments, tax adjustments, line extension charges, deposits, meter charges, disconnection charges, reconnection charges and all other such charges that are allowable under the Public Utility Act, NMPRC Rules and applicable tariff, rules and regulations of Cooperative.

8. WHEELING--TRANSFER:

Cooperative has transferred, with Supplier's acceptance, its purchase obligation with respect to QFs of greater than 25kW (see section 2 of this Tariff) and may transfer more of its purchase obligation to Supplier if Supplier accepts the transfer and, with QF's consent, to another entity in accordance with NMPRC Rules 570.32 and 570.33.

9. PERIODS DURING WHICH PURCHASES AND SALES ARE NOT REQUIRED:


Cooperative, at its option, may disconnect QF from its system if, in its sole opinion, continued operation of the QF in connection with the Cooperative's (or Supplier's) system may create or contribute to a system emergency, unsafe condition or interference with the service of other customers. Cooperative (or Supplier) may discontinue purchases during any period which, due to operational circumstances, purchases from QFs will result in costs greater than those which Cooperative (or Supplier) would incur if it did not make such purchases, but instead generated an equivalent amount of energy itself. Disconnection and discontinuance of purchases pursuant to this section 9 shall be subject to NMPRC Rule 570.30. The amounts of electricity purchased by Supplier are subject to the capability of Supplier to accept delivery, as determined solely by Supplier.


10. INTERCONNECTION AND SAFETY STANDARDS:

The following minimum standards govern the installation, operation, and maintenance of the protective equipment required to integrate the QF into Cooperative's system:

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General Manager

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A. QF shall install, operate and maintain adequate safety and protective devices, as approved by the Cooperative, on QF's side of the delivery point to protect the respective systems from adverse conditions on the other's system, to protect the equipment, contractors, and personnel of QF, Cooperative and Supplier, and to protect family members, employees, agents, contractors, licensees, and invitees of QF. QF shall comply with the National Electric Code, the National Electrical Safety Code, Occupational Safety and Health Act requirements and any applicable utility service standards, including those of RUS. In addition, QF's design construction and operation must meet Supplier's interconnection standards. The Contract may specify particular additional standards.

B. QF shall furnish complete descriptive and technical data on its qualify facilities prior to any interconnection, and the plans, specifications, and operating characteristics for QF and interconnection must be approved by Cooperative (or Supplier). Included should be a complete set of electrical diagrams, a site plan, complete listing of electrical parameters, a description of protective equipment, a range of settings and fuse characteristics, maximum power rating, expected kWh production and available information on the expected use of the generator as it pertains to end use, seasonal availability patterns, wind regime average monthly data or solar insolation patterns that may be helpful in preparing load curves. QF shall notify Cooperative (or Supplier) prior to, and shall maintain a log of, any startup, testing or operation of the facility, and shall not make any modification without Cooperative's (or Supplier's) prior approval.



C. Interconnections shall be made in such a manner that if voltage from Cooperative or Supplier is interrupted or absent, the electric interconnection is immediately broken. QF must not be capable of energizing Cooperative's (Supplier's) line when that line is dead.

D. The interconnection will be at the service voltage and phases available at QF or at such voltage and phases as may be required due to the electric capability of QF. The interconnection voltage and phases shall be limited to those provided in Cooperative's standard service practices or such higher voltages as may be required.

E. QF shall at all times operate any equipment and keep each of the phases balanced as far as practicable so as not to adversely affect service and voltage to other consumers. The harmonics, power factor, and frequency of QF will be such as to not adversely affect Cooperative's (Supplier's) system. Any corrective devices required (including future modification and additions

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as may be required, such as harmonic filtering, complex relaying schemes, power factor correction and SCADA due to large penetrations of small power producers) shall be installed and maintained by QF.

F, A manually-operated generator disconnect switch provided by QF must be accessible and may be used, whether or not QF is present or given notice, to remove QF from the line in an emergency situation as determined by Cooperative's (and Supplier's) system conditions.


G. Cooperative (or Supplier) may disconnect and lockout QF whenever it, in its sole judgment, has determined that disconnection is warranted under section 9 of this Tariff.

11. INTERCONNECTION COSTS:


The reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs incurred by Cooperative (and its Supplier) directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with QF (to the extent such costs are in excess of the corresponding costs which Cooperative (or Supplier) would have incurred if it had not engaged interconnected operations, but instead generated an equivalent amount of electric energy itself or purchased an equivalent amount of electric energy or capacity from other sources), exclusive of any costs included in the calculation of the Standard Rate, shall be borne by and be the responsibility of the QF. To the extent practicable, Cooperative (or Supplier) shall furnish QF, prior to installation, an estimate of the interconnection costs. Where additions or alterations Cooperative's (Supplier's) system are required during the term of the Contract due to the collective presence of the consumer's qualifying facilities and one or more other consumer-owned qualifying facilities operating in parallel with Cooperative's (and Supplier's) system, the cost of such additions or alterations shall be shared by QF and consumer-owners of such other qualifying facilities upon an equitable basis determined by Cooperative, subject to NMPRC Rule 570. The Contract shall provide for the times and manner of payment of interconnection costs, which shall be reimbursed to Cooperative (Supplier) as soon as practicable but in no instance over a period of time greater than two years. The unpaid balance of interconnection costs shall bear interest at the same rate per annum as is required by law for consumer deposits. Delinquency is ground for discontinuance of purchases.

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12. BILLING:

The billing period for transactions hereunder shall be approximately a calendar month, unless a different period is specified in the Contract. The exact period shall be based from time to time upon Cooperative's (Supplier's) meter reading schedule. Billings may be increased by an amount equal to the sum of taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes), payable by the Cooperative and levied or assessed by any tribal or governmental authority on the service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service. QF shall not charge gross receipts tax on its sale of electricity to Cooperative (or Supplier) for resale by the Cooperative in the ordinary course of business.

13. OTHER PROVISIONS:

The following provisions shall additionally govern interconnection and purchases:


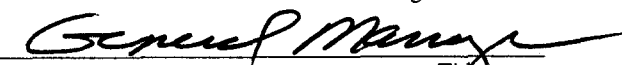
A. QF shall provide, without cost, all privileges, easements, licenses, or other rights to enable Cooperative (Supplier) to purchase energy from the QF.

B. Cooperative (Supplier) may, but assumes no duty to, inspect QF's lines, wiring, generator, apparatus, or other facilities, and QF assumes all responsibility for electric power and energy on QF's side of the Delivery Point. Neither inspection nor the failure to inspect, nor approval of QF's plans and specifications shall either (a) waive any of Cooperative's (Supplier's) rights or QF's duties and liabilities hereunder, or (b) constitute any assumption of liability by or otherwise subject Cooperative (or Supplier) to any liability to QF or any third party.

C. Metering equipment installed shall be tested and maintained at intervals as may be required by the proper regulatory authority, or at such other times as Cooperative (Supplier) may elect, and any inaccuracy disclosed by such tests shall be corrected. QF's representatives shall be afforded an opportunity to be present at all official inspection and tests. Meters shall be calibrated to maintain 100% accuracy as far as practicable. If a meter is found to be inaccurate by more than 2%, fast or slow, an adjustment shall be made in settlement to compensate for the effect of such inaccuracy over a preceding period, starting from the date the meter registration became in error, if it can be determined or if not, for a period equal to 50% of the time elapsed since the meter was installed or since the previous test, whichever interval is less, but all adjustments hereunder shall be limited to the preceding six months. Payment to QF, based upon the Standard Rate, may be adjusted, at

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Cooperative's option, if Cooperative receives a refund or other credit reducing the cost of the energy portion of its average cost upon which the Standard Rate is based.

14. FORM OF APPLICATION:

"APPLICATION"

The undersigned (Applicant) being ☐ an individual ☐ a married couple ☐ a sole proprietorship ☐ a _____ partnership organized under the laws of the State of _____ and consisting of the persons and entities the names and principal addresses of whom appear on an attachment hereto, ☐ a _____ corporation (company) organized under the laws of the State of _____ and the names and principal addresses of the statutory agent for and the officers of which appear on the attachment hereto, hereby certifies that Applicant ☐ owns or will own ☐ operates ☐ owns and operates or will own or operate a ☐ cogeneration facility ☐ small power production facility which meets the criteria for qualification contained in 18 C.F.R. Section 292.203 (Qualifying Facility or QF) and makes application for purposes of 17 NMAC 10.570 (New Mexico Public Regulation Commission ("NMPRC") Rule 570) and in accordance with that Rule and the Cooperative's implementing Tariff.

(1.) The identity of the person to whom communications are to be addressed:

Name: _____

Mailing Address: _____

Street Address: _____

City, State, Zip Code: _____

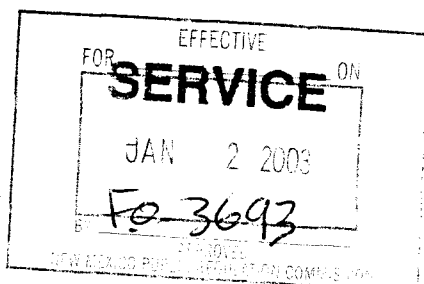
Telephone Number: _____

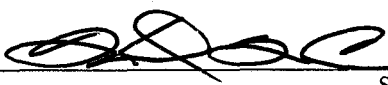
Facsimile: _____

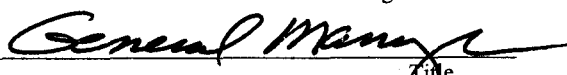
e-mail: _____

Relationship to Applicant: _____

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(2.) Detailed Description of QF: _____

(with attachments if necessary)

(3.) The design capacity of the QF is _____ kW.

(4.) The QF when constructed and operated, will meet the requirements of the ☐ National Electrical Code, ☐ National Electrical Safety Code, ☐ Institute of Electrical and Electronic Engineers, ☐ Underwriters Laboratories and ☐ any other applicable safety and implementing standards established by local and national governmental entities and organizations. The QF will meet or exceed the standards set forth in section 10 of this Tariff except:

_____.

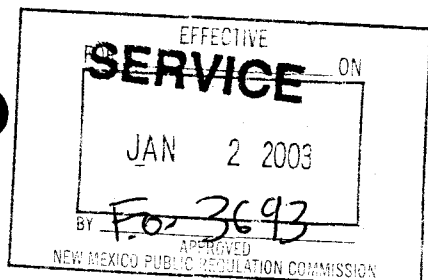
(5.) The specifications and drawings of the QF attached hereto are accurate and will, when the QF is constructed and operated, be accurate and correct.

(6.) The point of interconnection will be: _____

(7.) The map attached hereto is of suitable scale to show the exact location of a clearly labeled, securable load break disconnect switch is in a visible outside, readily accessible location, which will be operated and maintained by the Applicant in accordance with applicable requirements, including ingress and egress to the Cooperative (and/or its wholesale supplier) being provided at all times by Applicant.

(8.) Description of necessary rights-of-way and easements for Cooperative to access the QF: _____

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(9.) The date of expected completion of the QF is _____, 200__.

(10.) The licensed professional electrical engineer who will certify that the design of the QF and its interconnecting equipment comply with utility requirements and with reasonable interconnection safety and design standards and prudent electrical practices is _____, whose business address is _____, whose telephone and fax numbers are _____ and _____ and whose e-mail address is _____. Cooperative ☐ may ☐ may not communicate with _____ such engineer independent of communicating with Applicant's representative identified above.

(11.) The metering option preferred is _____.

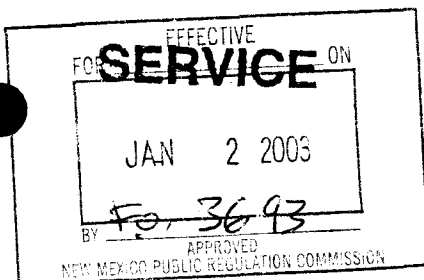
(12.) Applicant desires Cooperative to provide ☐ supplemental, ☐ back-up, ☐ maintenance and/or ☐ interruptible power in accordance with NMPRC Rule 570 and Cooperative's applicable Tariff.



(13.) If Applicant plans a QF with a design capacity of 25 kW or less, Applicant, ☐ does ☐ does not desire to negotiate a contract different than that prescribed by NMPRC Rule 570.7(b) and, if so, in what respect: _____.

(14.) The manner by which interconnection costs will be paid is: _____

(15.) Applicant ☐ will ☐ will not procure and maintain the insurance recommended by NMPRC Rule 570.7(f). If so, the carrier will be: _____

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(16.) Applicant, if qualified in accordance with Cooperative's articles of incorporation and bylaws, desires to [] apply [] not apply for membership and if Applicant becomes a member, or agrees to abide by and comply with Cooperative's bylaws (a copy of which is available from the Cooperative) and other lawful requirement applying to its members.

Applicant: _____

Dated: _____, 20 "

15. FORM OF STANDARD CONTRACT:

"STANDARD
INTERCONNECTION AGREEMENT

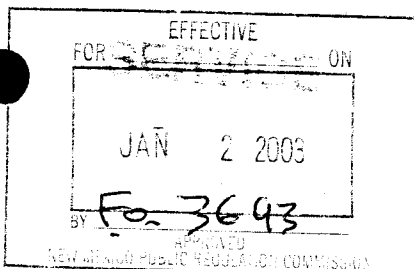
FOR QUALIFYING FACILITIES WITH A DESIGN
CAPACITY OF 25 KILOWATTS OR LESS


Preamble


This Agreement is made as of the ____ day of _____, 20____, by and between _____ [a _____ partnership] [a single person] [husband and wife] [a _____ corporation] [a limited liability company] ("Producer") and _____, ("Utility" or "Distribution Cooperative") hereinafter referred to collectively as "Parties" and singularly as "Party".

WHEREAS, the Producer receives electric service from Distribution Cooperative, which is a member of Tri-State Generation and Transmission Association, Inc. ("G&T"), receives its full-requirements wholesale electric service from G&T and has retained all rights and obligations concerning continued electric service to the Producer;

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Signature


The

SIERRA ELECTRIC COOPERATIVE, INC.
THIRD REVISED RATE NO. 7
CANCELING SECOND REVISED RATE NO. 7
CANCELING FIRST REVISED RATE NOS. 8, 9, 10 AND 11

STANDARD TARIFF FOR ELECTRICITY PURCHASES FROM
AND SALES TO QUALIFYING FACILITIES
(X Numerous Changes)

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WHEREAS, Distribution Cooperative is subject to the plenary jurisdiction of the New Mexico Public Regulation Commission ("NMPRC"), and the Producer desires to [sell] [provide] all the electric energy produced by the Qualifying Facility ("QF") that is not consumed by the Producer, and the NMPRC has adopted 17 NMAC 10.570 ("NMPRC Rule 570") governing this transaction and Distribution Cooperative has filed its Tariff thereunder, a copy of which is annexed hereto and incorporated herein by reference and is subject to change by the NMPRC; and

WHEREAS, the Producer represents and warrants that the facility is a QF as defined by NMPRC Rule 570.3(h) having an installed capacity of 25 kilowatts or less.

NOW, THEREFORE, for and in consideration of the mutual undertakings herein contained and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Producer and Utility agree as follows:

SECTION 1
Definitions

Whenever used in the Agreement, the following words and phrases shall have the following meanings:

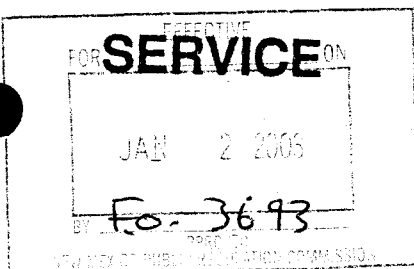
Section 1.1.

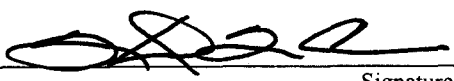
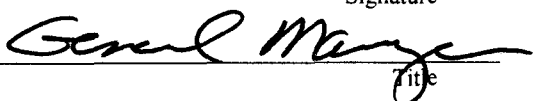
"Agreement" shall mean this Agreement and all schedules, tariffs, attachments, exhibits, and appendices attached hereto and incorporated herein by reference.

Section 1.2.

"Interconnection Facilities" shall mean all machinery, equipment, and fixtures required to be installed solely to interconnect and deliver power from the QF to the Utility's system, including, but not limited to, connection, transformation, switching, metering, relaying, line and safety equipment and shall include all necessary additions to, and reinforcements of, the Utility's system.

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Section 1.3.

"Prudent Electrical Practices" shall mean those practices, methods and equipment, as changed from time to time, that are commonly used in prudent electrical engineering and operations to operate electric equipment lawfully, and with safety, dependability, efficiency and economy.

Section 1.4.

"Qualifying Facility" (QF) means a cogeneration facility or a small power production facility of an installed capacity of 25 kilowatts or less which meets the criteria for qualification contained in 18 C.F.R. Section 292.203.

Section 1.5.

"Interconnection Costs" means those costs set forth in NMPRC Rule 570.3(c).

Section 1.6.

"Point of Delivery" means the geographical and physical location described on Exhibit B hereto. Such exhibit depicts the location of the QF's side of Interconnection Facilities where Producer is to [sell and] deliver electric energy pursuant to this Agreement or pursuant to a separate wheeling agreement.

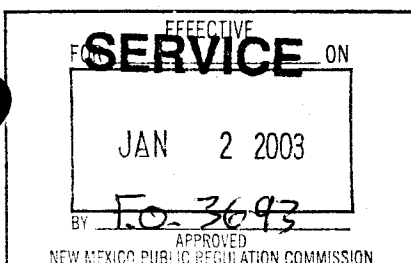
Section 1.7.



"Termination" means termination of this Agreement and the rights and obligations of the Parties under this Agreement, except as otherwise provided for in this Agreement.

Section 1.8

"Suspension" means suspension of the obligation of the Distribution Cooperative to interconnect with and purchase electricity from the Producer.

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SECTION 2
Facilities to be Provided

Unless otherwise provided for herein, Utility will [purchase] [accept] and the Producer will [sell] [provide] all the electric energy produced by the QF that is not consumed by the Producer. Upon execution of this Agreement, the Producer shall, at its expense, design, construct, install operate, and maintain to and at the Point of Delivery the QF which is described in Exhibit A, attached hereto and hereby incorporated by reference.

The Point of Delivery shall be located as described on Exhibit B, attached hereto and hereby incorporated by reference, which shall include the following information:

_____.

The QF shall meet all applicable Federal, state and local codes, including but not limited to all provisions of the National Electrical Code and the National Electrical Safety Code, as such codes now exist, and all Prudent Electrical Practices.

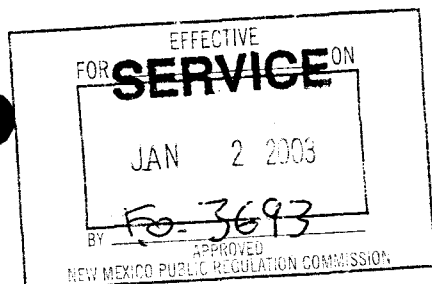
The Producer shall submit all specifications and drawings of its proposed QF to Utility for tentative written approval prior to connecting the QF to the Utility's system. Review of the Producer's specifications and drawings will be provided within a reasonable time.


Tentative approval shall not be construed as permission to operate the facilities without written authorization from Utility after inspection of the completed facilities.

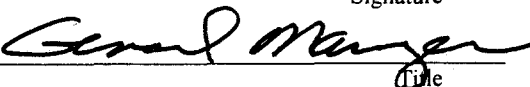
Within 60 days of the execution of this Agreement and receipt of necessary rights-of-way, easements and materials, unless such period is extended by the NMPRC, Utility shall design, construct, install, operate, and maintain the Interconnection Facilities described on Exhibit C, attached hereto and hereby incorporated by reference. The Producer shall reimburse _____ for all costs incurred by _____ for Interconnection Costs, an estimate of which costs is set out on Exhibit C attached hereto. Terms of reimbursement shall be _____.

The Producer shall furnish, install and maintain a clearly labeled load break disconnect switch in a visible outside, readily accessible location for the purpose of isolating Producer's generation from the Utility's system. The load break disconnect switch must disconnect the Producer's generator from the Utility's system without interrupting other types of service to the Producer. The Producer

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shall provide a map of suitable scale showing the exact location of the switch. Such map shall be included in Exhibit B attached hereto and incorporated herein by reference. The switch shall be a securable type switch. Ingress and egress to this switch by G&T's or Distribution Cooperative's personnel shall be provided at all times by the Producer. The load break disconnect switch must comply with the Interconnection and Safety Standards attached as Exhibit D hereto and incorporated herein by reference.

Utility's review of the Producer's specifications, drawings and maps, inspection of or authorization to operate QF or approval of any modification thereto shall be construed neither as its confirmation or endorsement of the design of QF nor as an endorsement, warranty, guarantee or representation concerning the safety, operating characteristics, durability or reliability of the QF. Notwithstanding such review, inspection, authorization or approval, or the failure to make the same, G&T and/or the Distribution Cooperative shall not be responsible or liable for the strength, details of design, defects, outages, adequacy, operation or capacity of the QF to Producer or any third party[ies].

SECTION 3
Terms of Agreement

The original term of this Agreement shall be for a period of five (5) years from the date of the execution of this Agreement and shall continue thereafter from year to year until terminated as herein provided.

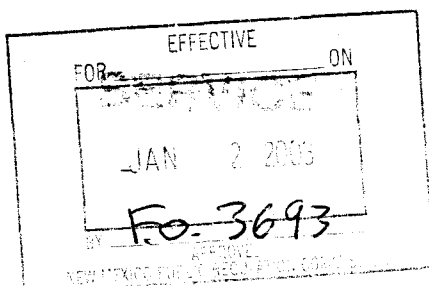
Section 3.1.


Termination by the Producer. Termination of this Agreement during and after the original term requires written notice to the Utility that this Agreement will terminate in ninety (90) days. The Producer may terminate this Agreement without showing good cause.


Section 3.2.

Termination by the Utility. Termination of this Agreement during and after the original term requires written notice to the Producer that this Agreement will terminate in ninety (90) days, unless otherwise provided. The Distribution Cooperative, in the exercise of this right, must show good cause for the termination. Good cause shall include, but is not limited to the specific provisions contained in Sections 3.3, 3.4, 4.4, and 12.

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Section 3.3.

At any time the QF is sold, leased, assigned, or otherwise transferred, the seller or lessor of the QF shall notify Utility and this Agreement may be terminated at Utility's option regardless of whether such transfer occurs during the original term or any renewal thereof. Such termination may be made with five- (5) days written notice by Utility.

Section 3.4.

Should the Producer default in the performance of any of the Producer's obligations hereunder, Utility may suspend interconnection, purchases, or both and if the default continues for more than 90 days after written notice by Utility to the Producer, Utility may terminate this Agreement. Termination or suspension shall not affect the obligation of Utility to pay for energy already delivered or of the Producer to reimburse interconnection costs, or any cost the accrued. Upon termination, all amounts owed to Utility will become payable immediately.

SECTION 4
Easements and Rights-of-Way

Section 4.1.

The Producer hereby agrees to grant at no expense to G&T and the Distribution Cooperative, all easements and rights-of-way necessary for G&T and the Distribution Cooperative to install, operate, maintain, replace, and remove G&T's and the Distribution Cooperative's metering and Interconnection Facilities, including, but not limited to, adequate and continuous access rights to property owned by the Producer.

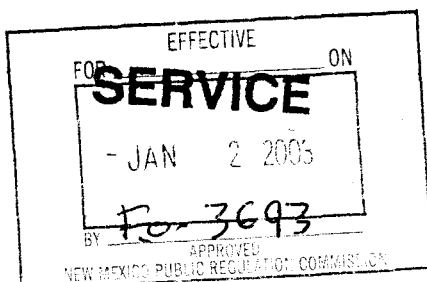
Section 4.2.

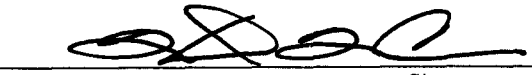
The Producer agrees to execute and deliver all documents G&T and Distribution Cooperative shall deem necessary to enable them to obtain and record such easements and rights-of-way.


Section 4.3.

If any part of the Interconnection Facilities is to be installed on property owned by any person who is not a party to this Agreement, the Producer shall, at its expense, obtain from the owner of such

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property in the name of G&T and/or the Distribution Cooperative, and in a form satisfactory to G&T and/or the Distribution Cooperative, all necessary easements and rights-of-way for G&T and/or the Distribution Cooperative to install, operate, maintain, replace, and remove the Interconnection Facilities.

Section 4.4.

Utility shall have no duty or responsibility to acquire any easements or rights-of-way necessary to connect the QF to G&T's and/or Distribution Cooperative's systems. If necessary easements and rights-of-way are not obtained on terms agreeable to G&T and the Distribution Cooperative, this Agreement may be terminated by giving written notice of such intention to the Producer within a reasonable time from the date of this Agreement.

SECTION 5
Meter Installation

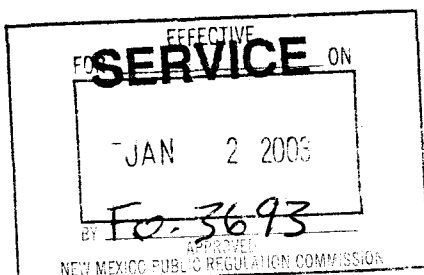
The Producer will be metered by a meter or meters as determined by Utility. Utility may install, at its option and expense, magnetic tape recorders in order to obtain load research information. The Producer shall supply, at its own expense, a suitable location for all meters and associated equipment. Such location must conform to G&T's and/or the Distribution Cooperative's meter location policy.

The following metering options will be offered by Utility:

Load Displacement Option. Utility will interconnect with the customer using a single meter, which will be ratcheted and would only measure the flow of energy to the Producer. Billing to the Producer will be at Distribution Cooperative's approved tariff rate applicable to the service provided to the QF. There will be no additional customer charge and no payment by Utility for any excess power, which might be generated by the QF.

Net Metering Option. Utility may install an additional meter to measure separately the energy generated by the Producer and then calculate net energy consumed or supplied by the Producer. The Producer will be paid for energy supplied above the amount consumed at Utility's energy rate for such

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purchases, as filed with the approved by the NMPRC. Utility will be paid for energy consumed by the Producer in excess of the amount supplied by the Producer at its approved tariff rate applicable to the service provided to the Producer. An additional customer charge to cover the added costs of billing and administration may be included in the tariff.

Simultaneous Buy/Sell Option. Utility will install [an] additional meter(s) to measure separately all the power produced and consumed by the Producer. Utility will purchase all power produced at its energy rate for such purchases, as filed with and approved by the NMPRC. The Producer shall purchase all power produced consumed at its normally applicable rate. An additional customer charge to cover the added costs of billing and administration may be included.

All meter standards and testing shall be in compliance with Utility's rules and regulations as approved by the NMPRC.

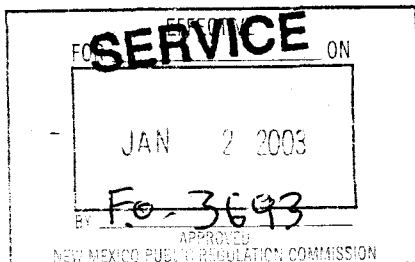
The metering configuration shall be one of G&T's and/or Distribution Cooperative's standard metering configurations as set out in Exhibit E and mutually agreeable to the parties or any other metering configuration mutually agreeable to the parties. The agreed upon configuration is shown on Exhibit A. Service by the Distribution Cooperative to the Producer shall be in accordance with the Distribution Cooperative's articles, bylaws and regulations and in accordance with its tariffs filed with the NMPRC, the terms and conditions of which shall be unaffected by this Agreement.



SECTION 6
Operation

The Producer shall notify Utility before the initial energizing and start-up testing of the Facility, and G&T and/or the Distribution Cooperative shall have the right to have a representative present at such test. In the event the QF and the Producer are in compliance with all provisions of the Agreement, Utility shall give written authorization to the Producer to operate the QF.

Written authorization to operate the QF or approval of any modification thereto shall be construed neither as a confirmation or endorsement of the design of the QF nor as an endorsement, warranty, guarantee or representation concerning the safety, operating characteristics, durability or reliability of the QF. Notwithstanding such authorization, or the failure to give the same, G&T and/or the

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Distribution Cooperative shall not be responsible or liable for the strength, details of design, defects, outages, adequacy, operation or capacity of the QF to Producer or any third party[ies].

Each Party shall construct, operate and maintain its system and facilities in compliance with the Interconnection and Safety Standards as set out in Exhibit D.

Section 6.1. Suspension.

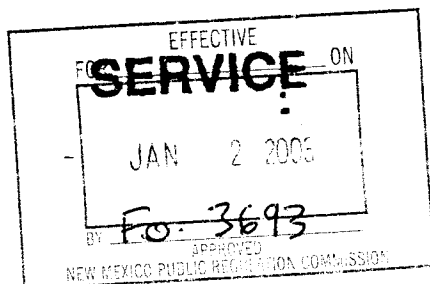
A. The load break disconnect switch provided by the Producer may be opened and secured with a G&T- and/or Distribution Cooperative-owned padlock by G&T and/or Distribution Cooperative without prior notice to the Producer in the event of:

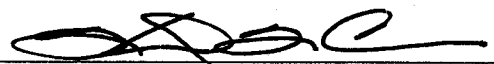

1. G&T and/or Distribution Cooperative systems emergency.
2. Evidence showing the Producer's QF to be hazardous to G&T's and/or the Distribution Cooperative's system or customers.

B. G&T and/or Distribution Cooperative will endeavor to notify the Producer of its intent to open the switch if:

1. There is evidence that the Producer's QF is interfering with service to other G&T's and/or Distribution Cooperative's customers or interfering with the operation of G&T's and/or Distribution Cooperative's equipment. The Producer may be reconnected by G&T and/or Distribution Cooperative when the Producer makes the necessary changes to comply with the standards required by this Agreement.
2. There is a failure of the Producer, to adhere to this Agreement.
3. It is necessary to assure safety of G&T's and/or Distribution Cooperative's personnel.
4. If suspension of service is otherwise necessary and allowed under Utility's Rules and Regulations as approved by the NMPRC.

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The Producer shall notify Utility prior to making any modifications to the QF or to the interconnection between the QF and Utility. The Producer must receive approval from Utility prior to proceeding with such modifications. As a result of such modifications, the Producer shall permit G&T and/or Distribution Cooperative, at any time to install or modify any equipment, facility or apparatus necessary to protect the safety of its employees or to assure the accuracy of its metering equipment. The cost of the above shall be borne by the Producer.

Approval of modification of a QF shall be construed neither as a confirmation or endorsement of the modification nor as an endorsement, warranty, guarantee or representation concerning the safety, operating characteristics, durability or reliability of the QF. Notwithstanding such approval, or the failure to give the same, G&T and/or the Distribution Cooperative shall not be responsible or liable for the strength, details of design, defects, outages, adequacy, operation or capacity of the QF to Producer or any third party[ies]. G&T and/or Distribution cooperative shall have the right to disconnect the QF if it has been modified without Utility's authorization.

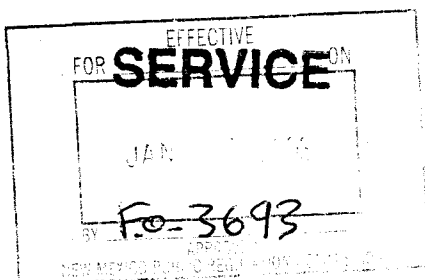
The Producer shall cooperate with load management plans and techniques as ordered or approved by the NMPRC, and the service to be furnished by the Utility hereunder may be modified as required to conform thereto.



SECTION 7
Force Majeure

"Force majeure" shall mean any cause beyond the control of the Party affected, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, and action or nonaction by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence, it shall be unable to overcome.

If either Party, because of force majeure, is rendered wholly or partly unable to perform its obligations under this Agreement, except for the obligation to make payments of money, that Party shall be excused from whatever performance is affected by the force majeure to the extent so affected, provided that:

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- (a) the non-performing Party, within a reasonable time after the occurrence of the force majeure, gives the other Party written notice describing the particulars of the occurrence;
- (b) the suspension of performance is of no greater scope and of no longer duration than is required by the force majeure; and
- (c) the nonperforming Party uses its best efforts to remedy its inability to perform. [This subparagraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.


SECTION 8
Indemnity

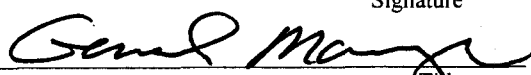
Each Party shall indemnify and save the other Party harmless from liability, loss, costs, and expenses on account of death or injury to persons or damage or destruction of property occasioned by the negligence of the indemnifying Party or its agents, officers, employees, contractors, licensees or invitees, or any combination thereof, except to the extent that such death, injury, damage, or destruction resulted from the negligence of the other Party. The indemnity in favor of Distribution Cooperative shall extend to and indemnify G&T, its officers, directors, agents, employees and contractors. Provided, however, that:

- (a) each Party shall be solely responsible for the claims or any payments to any employee or agent for injuries occurring in connection with their employment or arising out of any Workmen's Compensation Law or Occupational Disease Disablement Law;
- (b) G&T and the Distribution Cooperative shall not be liable for any loss of earnings, revenues, indirect or consequential damages or injury which may occur to the Producer as a result of interruption or partial interruption (single-phasing) in delivery of service from Producer by reason of any cause whatsoever, including negligence; and

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FOR	ON
SERVICE	
- JAN 2 1993	
BY	FG-3693
NEW MEXICO PUBLIC UTILITIES COMMISSION	



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(c) the provisions of this section on indemnification shall not be construed so as to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of any valid insurance policy.

The indemnifying Party shall pay all costs and expenses incurred by the other Party in enforcing the indemnity under this Agreement including reasonable attorney fees.

SECTION 9
Dedication

An undertaking by one Party to another Party under any provision of this Agreement shall not constitute the dedication of such Party's system or any portion thereof to the public or to the other Party and any such undertaking shall cease upon termination of the Party's obligations herein.

SECTION 10
Status of Producer

In performing under this Agreement, the Producer shall operate as or have the status of an independent contractor and shall not act as or be an agent, servant, or employee of G&T or the Distribution Cooperative.

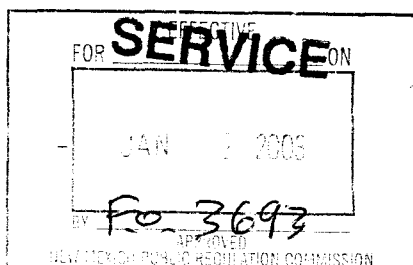
SECTION 11
Waiver

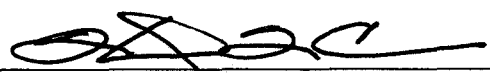
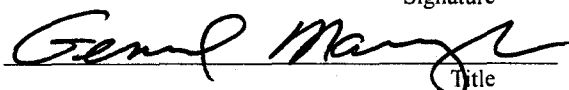
Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter.

SECTION 12
Assignment

This Agreement and all provisions hereof shall inure to and be binding upon the respective Parties hereto, their personal representatives, heirs, successors, and assigns. Producer shall not assign this Agreement or any part hereof without the prior written consent of the Utility, otherwise this Agreement may be terminated pursuant to Section 3.3 of this Agreement.

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SECTION 13
Notices

Any payments, notices, demands or requests required or authorized by this Agreement shall be deemed properly given if personally delivered or mailed postage prepaid to:

To or upon Producer:

_____, New Mexico _____
(Zip Code)

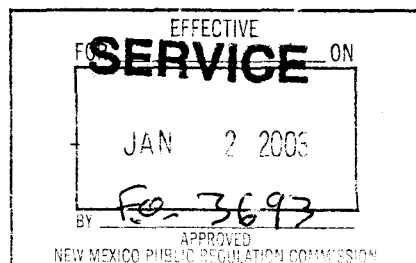
To or upon the Utility:


The designation of the persons to be notified, or the address thereof, may be changed by notice in writing by one Party to the other. Routine notices and notices during system emergency or operational circumstances may be made in person or by telephone.


SECTION 14
Energy Purchase Price and Metering Option

All electric energy delivered and service rendered hereunder shall be delivered and rendered in accordance with the applicable Rate Schedules and Tariffs attached hereto and made a part hereof by reference. Producer has selected _____ metering option which is more fully

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explained in Section 5. It is understood and agreed, however that said rates are expressly subject to change by any regulatory body having jurisdiction over the subject matter of the Agreement.

If a new rate schedule or tariff is approved by the proper regulatory body, the new rate schedule or tariff shall be applicable to this Agreement upon the effective date of such rate schedule or tariff.

SECTION 15
Insurance

In the event the NMPRC or other regulatory body allows its jurisdictional utilities to require the Producer to carry liability insurance covering the QF, the Producer agrees to obtain such insurance. If insurance is required, the same requirement will be invoked for all Producers in a non-discriminatory manner. ALL PRODUCERS ARE STRONGLY URGED TO OBTAIN LIABILITY INSURANCE TO COVER RISKS, LIABILITIES AND CONSEQUENCES WHICH MAY ARISE AS A RESULT OF INTERCONNECTING A QF TO A UTILITY SYSTEM.

SECTION 16
Miscellaneous

This Agreement and any amendments thereto, including any tariffs made a part hereof, shall at all times be subject to such changes or modifications as shall be ordered from time to time by any regulatory body or Court having jurisdiction to require such changes or modification.

This Agreement (and any Tariffs incorporated herein) contains all the agreements and representations of the Parties relating to the interconnection and purchases contemplated and no other agreement, warranties, understandings or representations relating thereto shall be binding unless set forth in writing as an amendment hereto.

In witness thereof, the Parties have executed this Agreement on the date set forth herein above.

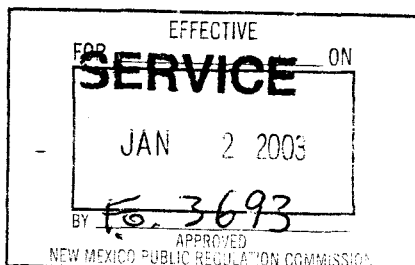
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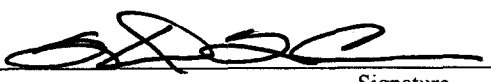

By: _____
Producer

Date: _____

By: _____

Advice Notice No. 49



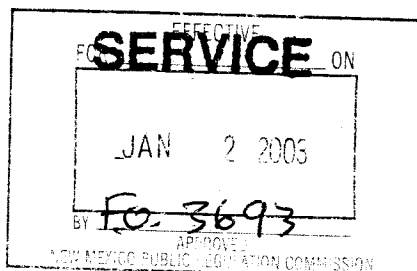

Signature

Title

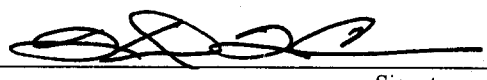

SIERRA ELECTRIC COOPERATIVE, INC.
THIRD REVISED RATE NO. 7
CANCELING SECOND REVISED RATE NO. 7
CANCELING FIRST REVISED RATE NOS. 8, 9, 10 AND 11

STANDARD TARIFF FOR ELECTRICITY PURCHASES FROM
AND SALES TO QUALIFYING FACILITIES
(X Numerous Changes)

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Signature

Title

**Sierra Electric Cooperative
2003 Energy Rate Schedule**

Month	Energy Purchase Rate <u>Cents/kWh</u>
January	1.923
February	1.923
March	1.923
April	1.923
May	1.923
June	1.923
July	1.923
August	1.923
September	1.923
October	1.923
November	1.923
December	1.923

Calculation of Energy Rate for January through December of 2003:

Wholesale Energy Rate + (Wholesale Energy Rate*(2002 Form 7 Purchases – 2002 Form 7 Sales))
2002 Form 7 Purchases

or

18.31 m/kWh + (18.31 m/kWh*(2002 Form 7 Purchases – 2002 Form 7 Sales))
2002 Form 7 Purchases

Purchases for 2002 are 58,105,711 kWh
Sales for 2002 are 55,176,936 kWh
Percent Losses for 2002 is 5.04%