

**AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF
QUALIFYING COGENERATION OR SMALL POWER PRODUCTION FACILITIES
GREATER THAN 25 KW BUT LESS THAN 1 MW**

This Agreement (“Agreement”) dated as of _____, by and between Paulding-Putnam Electric Cooperative, Inc., an Ohio nonprofit corporation (the “Power Company”), and _____ (the “Consumer” together with the Power Company, individually, a “Party” and, collectively, the “Parties”);

WITNESSETH:

WHEREAS, the Consumer has or will install on the Premises certain Consumer-owned electric generating facilities greater than 25 kW but less than 1 MW in the aggregate, which electric generating facilities are more particularly described in Exhibit E attached hereto; and

WHEREAS, the Electric Generating Facility is a certified qualifying cogeneration or small power production facility under PURPA; and

WHEREAS, the Consumer desires to interconnect the Electric Generating Facility to the Power Company’s electric distribution system;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein contained, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 -- DEFINITIONS

Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Agreement for Electric Service. Whenever used in this Agreement, the following terms shall have the following meanings:

“Agreement for Electric Service” shall mean the Agreement for Electric Service of even date herewith between Power Company and the Consumer.

“Buckeye” shall mean Buckeye Power, Inc. and its successors and assigns.

“Electric Generating Facility” shall mean the Consumer’s electric generating units identified in Exhibit E hereof, the output of which is greater than 25 kW but less than 1 MW in the aggregate or is reasonably anticipated to exceed the annual electric energy requirements of Consumer’s electric consuming facilities located on the Premises.

“Emergency” shall mean a condition or situation (i) that in the judgment of Power Company or Consumer is imminently likely to endanger life or property, (ii) that in the sole judgment of Power Company is imminently likely to adversely affect or impair the Power Company Distribution System or the electrical or transmission systems of others to which the Power Company Distribution System is directly or indirectly connected, including, without

limitation, the transmission system of Transmission Owner, or (iii) that in the sole judgment of the Consumer is imminently likely to adversely affect or impair the Electric Generating Facility.

“Good Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant proportion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of acceptable practices, methods or acts.

“Interconnection Facilities” shall mean all facilities presently in place or presently proposed to be installed, as identified in Exhibit A hereof, or facilities which are later installed, in order to interconnect the Electric Generating Facility to the Power Company Distribution System, including System Protection Facilities.

“Interconnection Service” shall mean the services provided by the Power Company to interconnect the Electric Generating Facility with the Power Company Distribution System pursuant to the terms of this Agreement.

“Metering Equipment” shall mean the single meter currently installed at the Point of Interconnection or to be installed at the Point of Interconnection as described in Exhibit B hereof.

“NERC” shall mean the North American Electric Reliability Council, and any successor thereto.

“Point of Interconnection” shall mean the point or points, shown in Exhibit A hereof, where the Consumer’s Interconnection Facilities interconnect with the Power Company Distribution System.

“Power Company Distribution System” shall mean all electric distribution facilities owned or controlled by Power Company on Power Company’s side of the Point of Interconnection, including, without limitation, Power Company’s Interconnection Facilities.

“Reliability First” shall mean Reliability First Corporation, one of the regional reliability councils of NERC formed to promote reliability and adequacy of bulk power supply of the electric utility systems in North America, and any successor thereto.

“System Protection Facilities” shall mean the equipment required to protect (a) the Power Company Distribution System, the systems of others directly or indirectly connected to the Power Company Distribution System, including, without limitation, the transmission system of Transmission Owner, and Power Company’s customers from faults or other electrical disturbances occurring at the Electric Generating Facility or otherwise on Consumer’s side of the Point of Interconnection, and (b) the Electric Generating Facility from faults or other electrical disturbances occurring on the Power Company Distribution System or on the systems of others

to which the Power Company Distribution System is directly or indirectly connected, including, without limitation, the transmission system of Transmission Owner.

“Transmission Owner” shall mean Paulding-Putnam Electric Cooperative and/or American Electric Power, owning transmission facilities to which the Power Company Distribution System is interconnected, and its successors and assigns.

“Transmission Provider” shall mean Paulding-Putnam Electric Cooperative and/or Buckeye Power, providing transmission service through facilities owned by Transmission Owner, and its successors and assigns.

ARTICLE 2 -- INTERCONNECTION SERVICE

Subject to the terms and conditions of the Agreement for Electric Service and this Agreement, Power Company shall provide Consumer with Interconnection Service for the Electric Generating Facility for the term of the Agreement for Electric Service.

ARTICLE 3 -- OPERATION AND MAINTENANCE

3.1 Operation, Maintenance and Control of the Electric Generating Facility. The Consumer shall own, operate, maintain and control the Electric Generating Facility and Consumer’s Interconnection Facilities (a) in a safe and reliable manner, (b) in accordance with Good Utility Practice, (c) in accordance with applicable operational and reliability criteria, protocols, and directives, including those of NERC, Reliability First, the Power Company, Transmission Owner and Transmission Provider (including, without limitation, those requirements of Power Company set forth in Exhibit C hereof and those requirements, if any, of Transmission Owner or Transmission Provider set forth in Exhibit D hereof), and (d) in accordance with the provisions of this Agreement. Consumer may operate the Electric Generating Facility in parallel and in synchronization with the electric power and energy provided by Power Company to Consumer pursuant to the Agreement for Electric Service, as an auxiliary or supplement to such electric power and energy, and may use the output of the Electric Generating Facility to meet the requirements of Consumer’s electric consuming facilities located on the Premises. Any output of the Electric Generating Facility in excess of the requirements of Consumer’s electric consuming facilities located on the Premises shall be sold to Buckeye Power, Inc. in accordance with the Agreement to Purchase Power and Energy from Qualifying Cogeneration or Small Power Production Facilities Greater than 25 KW but less than 1 MW of even date herewith between the Consumer and Buckeye Power, Inc. (“Agreement for Purchase of Power and Energy from Qualifying Facility”).

3.2 Protection and System Quality. Consumer shall, at its expense, provide, install, own, operate and maintain System Protection Facilities, including such protective and regulating devices as are required by NERC, Reliability First, the Power Company, Transmission Owner or Transmission Provider, or by order, rule or regulation of any duly-constituted regulatory authority having jurisdiction, or as are otherwise required by Good Utility Practice in order to protect persons and property and to minimize deleterious effects to the Power Company Distribution System and the transmission system of Transmission Owner. Any such protective or

regulating devices that may be required on Power Company's or Transmission Owner's facilities in connection with the operation of the Electric Generating Facility shall be installed by Power Company or Transmission Owner, as the case may be, at Consumer's expense. Power Company reserves the right to modify or expand its requirements for protective devices in conformance with Good Utility Practice, as long as such modifications or expansions of requirements are compatible with the design of the Electric Generating Facility and the Interconnection Facilities.

3.3 Inspection. Power Company shall have the right, but shall have no obligation or responsibility to (a) observe Consumer's tests and inspections of any of Consumer's protective equipment, (b) review the settings of Consumer's protective equipment, and (c) review Consumer's maintenance records relative to the Electric Generating Facility and Consumer's protective equipment. The foregoing rights may be exercised by Power Company from time to time as deemed necessary by the Power Company upon reasonable notice to Consumer. However, the exercise or non-exercise by Power Company of any of the foregoing rights of observation, review or inspection shall be construed neither as an endorsement or confirmation of any aspect, feature, element, or condition of the Electric Generating Facility or Consumer's protective equipment or the operation thereof, nor as a warranty as to the fitness, safety, desirability, or reliability of same.

3.4 Disconnection. Upon termination of the Agreement for Electric Service by its terms, Consumer shall disconnect the Electric Generating Facility from the Power Company Distribution System. Power Company shall have the right to disconnect, or to require the Consumer to disconnect, the Electric Generating Facility immediately and without prior notice if, in the Power Company's sole opinion, an Emergency exists and immediate disconnection is necessary to protect persons or property from injury or damage. Power Company shall have the right to disconnect, or to require the Consumer to disconnect, the Electric Generating Facility with no less than seven days prior notice if, in the Power Company's sole opinion, such disconnection is required in order for the Power Company to conduct maintenance, repairs or replacements of its facilities or the Power Company Distribution System. Consumer shall disconnect the Electric Generating Facility immediately if an Emergency exists and immediate disconnection is necessary to protect persons or property from injury or damage.

ARTICLE 4 -- EMERGENCIES

The Consumer agrees to comply with NERC, Reliability First, Power Company, Transmission Owner and Transmission Provider Emergency procedures, as applicable, with respect to Emergencies (including, without limitation, those of requirements of the Power Company set forth in Exhibit C hereof and those requirements, if any, of Transmission Owner or Transmission Provider set forth in Exhibit D hereof). The Consumer shall provide the Power Company with oral notification that is prompt under the circumstances of an Emergency which may reasonably be expected to affect the Power Company Distribution System or the transmission system of Transmission Owner, to the extent the Consumer is aware of the Emergency. To the extent the Consumer is aware of the facts of the Emergency, such notification shall describe the Emergency, the extent of the damage or deficiency, its anticipated duration, and the corrective action taken or to be taken, and shall be followed as soon as practicable with written notice. In the event of an Emergency, the party becoming aware of the

Emergency may, in accordance with Good Utility Practice and using its reasonable judgment, take such action as is reasonable and necessary to prevent, avoid, or mitigate injury, danger, damage or loss.

ARTICLE 5 – MODIFICATIONS AND CONSTRUCTION

5.1 Modifications. Either party may undertake modifications to its facilities; provided, that Consumer shall not increase the output of the Electric Generating Facility or make other material change or modification to the configuration or operation of the Electric Generating Facility without the prior written consent of Power Company and Buckeye. In the event that the Consumer plans to undertake a modification that reasonably may be expected to impact the Power Company's facilities, the Consumer shall provide the Power Company and Buckeye with sufficient information regarding such modification so that the Power Company and Buckeye can evaluate the potential impact of such modification prior to commencement of the work.

5.2 Construction.

5.2.1 Land Rights. Consumer shall furnish at no cost to Power Company any necessary access, easements, licenses, and/or rights of way upon, over, under, and across lands owned or controlled by Consumer and/or its affiliated interests for the construction, operation and maintenance by Power Company of necessary lines, substations, and other equipment to accomplish interconnection of the Electric Generating Facility with the Power Company Distribution System under this Agreement and the provision of electric service to the Consumer under the Agreement for Electric Service, and shall, at all reasonable times, give the Power Company, and its agents, free access to such lines, substations, and equipment. An accessible, protected and satisfactory site selected upon mutual agreement by the Parties and located on the Consumer's premises shall be provided by and at the Consumer's expense for installation of necessary metering equipment, unless Power Company elects to install the metering equipment on a location controlled by it.

5.2.2 Electric Generating Facility and Equipment Design and Construction. Consumer shall, at its sole expense, design, construct, and install the Electric Generating Facility and all equipment needed to interconnect the Electric Generating Facility with the Power Company Distribution System, except for any Interconnection Facilities to be constructed by Power Company pursuant to Exhibit A hereof. The Consumer's Interconnection Facilities and equipment shall satisfy all requirements of applicable safety and engineering codes, including the Power Company's, and further, shall satisfy all requirements of any duly-constituted regulatory authority having jurisdiction and the requirements of Transmission Owner and Transmission Provider (including, without limitation, those of requirements, if any, of Transmission Owner or Transmission Provider set forth in Exhibit D hereof). Consumer shall submit all specifications for Consumer's Interconnection Facilities and equipment, including System Protection Facilities, to the Power Company for review at least ninety (90) days prior to interconnecting such Interconnection Facilities and equipment with the Power Company Distribution System. Power Company's review of Consumer's specifications shall be construed neither as confirming nor as endorsing the design, nor as any warranty as to fitness, safety, durability or reliability of Consumer's interconnection facilities or equipment. Power Company shall not, by reasons of

such review or failure to review, be responsible for strength, details of design, adequacy or capacity of Consumer's Interconnection Facilities or equipment, nor shall Power Company's acceptance be deemed to be an endorsement of any facility or equipment. Consumer agrees to make changes to its Interconnection Facilities and equipment as may be reasonably required to meet the requirements of the Power Company. In the event it becomes necessary for Power Company to alter, add to, relocate or rearrange the Interconnection Facilities or to rearrange or relocate existing Power Company-owned facilities which are not Interconnection Facilities to continue to conduct interconnected operations in accordance with Good Utility Practice, then Consumer shall pay for such work.

ARTICLE 6 -- METERING

Power Company shall purchase and install Metering Equipment to meter the electric service provided by the Power Company to the Consumer. Power Company shall own, operate and maintain the Metering Equipment. All costs associated with the purchase, installation, ownership, operation and maintenance of Metering Equipment, as more fully described in Exhibit B hereof shall be borne by Consumer.

ARTICLE 7 -- INFORMATION REPORTING

Consumer shall promptly provide to the Power Company all relevant information, documents, or data regarding the Consumer's facilities and equipment that have been reasonably requested by the Power Company.

ARTICLE 8 -- INDEMNITY AND LIABILITY

Consumer agrees to fully indemnify, release, and hold Power Company, its members, trustees, officers, managers, employees, agents, representatives, and servants, Power Company's affiliated and associated companies, and their respective members, trustees, shareholders, directors, partners, stakeholders, officers, managers, employees, agents, representatives, and servants, and Power Company's successors and assigns, harmless from and against any and all claims, demands, liabilities, losses, damages, costs and expenses (including attorneys' fees and other costs of defense) of any nature or kind whatsoever, including, but not limited to, claims, demands and/or liabilities for personal injury to (including death of) any person whomever (including payments and awards made to employees or others under any workers' compensation law or under any plan for employees' disability and death benefits) and for damage to any property whatsoever (including Consumer's Electric Generating Facility, the Power Company Distribution System, and the transmission system of Transmission Owner) arising out of or otherwise resulting from the use, ownership, maintenance, or operation of the Electric Generating Facility or the Interconnection Facilities, regardless of whether such claims, demands or liability are alleged to have been caused by negligence or to have arisen out of Power Company's status as the owner or operator of facilities involved; provided, however, that the foregoing shall not apply to the extent that any such personal injury or property damage is held to have been caused by the gross negligence or intentional wrongdoing of Power Company or its agents or employees. Neither party shall be liable in statute, contract, in tort (including negligence), strict liability, or otherwise to the other party, its agents, representatives, affiliated

and associated companies, or assigns, for any incidental or consequential loss or damage whatsoever, including, but not limited to, loss of profits or revenue, resulting from any party's performance or non-performance of an obligation imposed on it by this Agreement.

ARTICLE 9 -- INSURANCE

9.1 Consumer shall obtain and maintain the following policies of insurance during the term of this Agreement:

(a) Workers' Compensation Insurance which complies with the laws of the State of Ohio and Employers' Liability insurance with limits of at least \$ 1,000,000; and

(b) Comprehensive or Commercial General Liability insurance with bodily injury and property damage combined single limits of at least \$5,000,000 per occurrence. Such insurance shall include, but not necessarily be limited to specific coverage for contractual liability encompassing the indemnification provisions in Article 8, broad form property damage liability, personal injury liability, explosion and collapse hazard coverage, products/completed operations liability, and, where applicable, watercraft protection and indemnity liability; and

(c) Excess Umbrella liability insurance with a single limit of at least \$5,000,000 per occurrence in excess of the limits of insurance provided in subparagraphs (a), (b), and (c) above.

9.2 The amounts of insurance required in Section 9.1 above may be satisfied by the Consumer purchasing primary coverage in the amounts specified or by buying a separate excess Umbrella Liability policy together with lower limit primary underlying coverage. The structure of the coverage is the Consumer's option, so long as the total amount of insurance meets Power Company's requirements.

9.3 The coverages requested in Section 9.1(b) above and any Umbrella or Excess coverage should be "occurrence" form policies. In the event Consumer has "claims-made" form coverage, Consumer must obtain prior approval of all "claims-made" policies from Power Company.

9.4 Consumer shall cause its insurers to amend its Comprehensive or Commercial General Liability and, if applicable, Umbrella or Excess Liability policies with the following endorsement items (a) through (e); and to amend Consumer's Workers' Compensation, and Auto Liability policies with endorsement item (e):

(a) Power Company, and its directors, officers, and employees are additional Insureds under this Policy; and

(b) This insurance is primary with respect to the interest of Power Company, and its directors, officers, and employees and any other insurance maintained by them is excess and not contributory with this insurance; and

(c) The following cross liability clause is made a part of the policy: “In the event of claims being made by reasons of (i) personal and/or bodily injuries suffered by any employee or employees of one insured hereunder for which another insured hereunder is or may be liable, or (ii) damage to property belonging to any insured hereunder for which another insured is or may be liable, then this policy shall cover such insured against whom a claim is made or may be made in the same manner as if separate policies have been issued to each insured hereunder, except with respect to the limits of insurance; and

(d) Insurer hereby waives all rights of subrogation against Power Company, and its officers, directors and employees; and

(e) Notwithstanding any provision of the policy, this policy may not be canceled, non-renewed or materially changed by the insurer without giving thirty (30) days prior written notice to Power Company. All other terms and conditions of the policy remain unchanged.

9.5 Consumer shall cause its insurers or agents to provide Power Company with certificates of insurance evidencing the policies and endorsements listed above. Failure of Power Company to obtain certificates of insurance does not relieve Consumer of the insurance requirements set forth herein. Failure to obtain the insurance coverage required by this Article 9 shall in no way relieve or limit Consumer’s obligations and liabilities under other provisions of this Agreement.

ARTICLE 10 – BUCKEYE, TRANSMISSION OWNER AND TRANSMISSION PROVIDER CONSENT

The consent of Buckeye, the Transmission Owner and/or Transmission Provider, if the Power Company determines that such consent is required, shall be required prior to any interconnection of the Consumer’s Electric Generating Facility with the Power Company Distribution System.

ARTICLE 11 – TERM

This Agreement shall begin on _____ and shall continue until the ten year anniversary of the commencement of the term of this Agreement unless extended, terminated or cancelled. This Agreement shall automatically extend for successive periods of one (1) year each, unless either party provides notice of termination at least 90 days prior to the end of the then current term, in which case the Agreement shall terminate at the end of the then current term. Consumer may terminate this Agreement at any time by providing no less than 60 days prior written notice of termination to Power Company. Power Company may terminate this Agreement at any time upon material breach by Consumer of its obligations under this Agreement. This Agreement shall automatically terminate upon the termination of the Agreement for Electric Service or the Agreement for Purchase of Power and Energy from Qualifying Facility.

ARTICLE 12 – MISCELLANEOUS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives and assigns; provided, however, this Agreement shall not be assigned by the Consumer without the prior written consent of the Power Company, any such assignment by the Consumer being null and void without such consent. This Agreement shall not be effective unless approved in writing by all governmental agencies from which approval is required. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, except for any conflicts of laws provisions. This Agreement may not be modified except in a writing signed by both parties hereto.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

By: _____

Name: _____

Title: _____

PAULDING-PUTNAM ELECTRIC COOPERATIVE, INC.

By: _____

Name: _____

Title: _____

EXHIBIT A
INTERCONNECTION FACILITIES

This Exhibit A is a part of the Agreement for Interconnection and Parallel Operation between Consumer and Power Company.

Point of Interconnection

The point of interconnection will be at the point where _____. See Drawing No. _____, dated _____, which drawing is attached hereto and made a part hereof.

Interconnection Facilities to be Furnished by Power Company

Power Company shall construct the following interconnection facilities:

Interconnection Facilities to be Furnished by Consumer

Consumer shall construct the following interconnection facilities:

Cost Responsibility

Consumer shall be solely responsible for all costs associated with Consumer's construction of Interconnection Facilities.

Consumer and Power Company hereby acknowledge and agree that the cost listed below is only an estimate and that Consumer hereby agrees to and shall reimburse Power Company for all actual costs, including any applicable taxes, associated with the Power Company's construction of Interconnection Facilities as set forth in this Exhibit A. The cost of the Power Company's Interconnection Facilities is estimated to be \$_____.

EXHIBIT B
METERING EQUIPMENT

This Exhibit B is a part of the Agreement for Interconnection and Parallel Operation between Consumer and Power Company.

The metering facilities are to be located _____.

Power Company, at Consumer's expense, will purchase, install, own, operate, and maintain the following metering instrumentation as required for on site metering and telemetering:

Metering will be accomplished using a single meter capable of registering the flow of electricity from the Power Company's electric distribution system to Consumer's electric consuming facilities located on the Premises. Maintenance of the meter(s) will be the responsibility of the Power Company, which will own the meter(s).

Consumer and Power Company hereby acknowledge and agree that the cost listed below is only an estimate and that Consumer hereby agrees to and shall reimburse Power Company for all actual costs, including any applicable taxes, associated with the Power Company's installation of Metering Equipment as set forth in this Exhibit B. The cost for the Metering Equipment is estimated to be \$_____.

EXHIBIT C
POWER COMPANY REQUIREMENTS

A visible and lockable disconnect switch for the generator must be accessible to power company personnel at all times. This disconnect switch must be able to interrupt the maximum output of the generator and the maximum load of the service connected to the power company. This switch is to be clearly labeled as a generator disconnect switch.

The customer must provide adequate space and equipment for metering. The location of the meter will be at the sole discretion of the power company.

A voltage study will be performed by the power company to determine the impact of the generator to the line drop compensation controls of voltage regulators.

Three phase generator systems will be connected to the utility as a grounded-wye system.

Lightning arrestors will be installed on the customer side of the service.

EXHIBIT D
TRANSMISSION OWNER AND/OR TRANSMISSION PROVIDER REQUIREMENTS

A transient stability study may be required before interconnection of the generation equipment. This study will determine the impact on the regional grid in the event of transmission faults and generator bus faults. This study, if required, will be at the expense of the generator owner.

A relay coordination study may be required before interconnection of the generation equipment. This study will calibrate the relays operating the transmission breakers for the change in fault currents and power flows. This study, if required, will be at the expense of the generator owner.

EXHIBIT E
ELECTRIC GENERATING FACILITY DESCRIPTION