

ARKANSAS PUBLIC SERVICE COMMISSION

2nd Revised	Sheet No.	37		
Replacing 1st Revised	Sheet No.	37	Issued	08/20/98
Name of Company: <u>THE EMPIRE DISTRICT ELECTRIC COMPANY</u>				
Kind of Service: <u>Electric</u>		Class of Service: <u>All</u>		
Issue Date: _____		Effective Date: <u>02-03-10</u>		

Part III. Rate Schedule No.: 18

Title: **INTERRUPTIBLE SERVICE** (Rider IR)

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18. INTERRUPTIBLE SERVICE

18.1. APPLICATION:

This rider is available to Commercial or Industrial Customers on General Power Service (GP) or Transmission Service (PT) rates, with a minimum monthly billing demand of 200 kilowatts (kW), and a minimum load curtailment capability of 200 kW. Customers must enter into an Interruptible Rider (IR) contract incorporating the provisions of this Rider for a term of from one to five years. Availability is further subject to the economic and technical feasibility of the installation of required Company equipment. The Company reserves the right to limit the total Interruptible load eligible to take service under this Rider. The total kilowatts contracted for by The Empire District Electric Company (Company) shall not be greater than ten (10) megawatts annually.

PURPOSE:

This Rider is designed to reduce Customer load during peak periods upon request by Company.

TERM OF CONTRACT:

IR contracts shall be for a one-year, three-year or five-year term. Thereafter, Customers may enter into a new IR contract for a term of one, three or five years subject to the terms and conditions of this Rider as may be modified from time to time. Upon expiration of the initial term of the contract, the contract will automatically be renewed for the term of equal length unless termination notice is given by either the Customer or Company at least 30 days prior to the expiration date.

CURTAILMENT YEAR:

The Curtailment Contract Year shall be June 1 through May 31.

CURTAILMENT HOURS:

Curtailment will typically occur during the hours of 12:00 noon through 10:00 p.m., Monday through Friday during the Curtailment Year, but may occur outside of this window to address a system reliability driven event. The curtailment Hours associated with a Curtailment Event will be established at the time of Curtailment Notification.

CURTAILMENT LIMITS:

The number of Curtailments Events in a Curtailment Year shall be no more than ten (10). Each Curtailment Event shall be no less than two or no more than eight consecutive hours and no more than one occurrence will be required per day unless needed to address a system reliability event. The cumulative hours of curtailment per Customer shall not exceed eighty hours (80) during the Curtailment Year.

CURTAILMENT NOTIFICATION:

Customers will receive curtailment notification a minimum of four (4) hours prior to the start time of a Curtailment Event. Company may use either phone or electronic notification procedures to contact a participating Customer of a curtailment. Customers participating in this program shall be required to acknowledge the Company's notification of curtailment in writing via fax, email or by utilizing a portal provided by the Company at its webpage (www.empiredistrict.com) within one (1) hour of the Company's notification of a Curtailment Event. The specific method of communication used to provide notification of curtailment and customer acknowledgement of curtailment shall be specified in the IR contract.

CURTAILMENT EVENT:

A "Curtailable Event" is defined as an actual customer curtailment request made by Empire.

NEED FOR CURTAILMENT:

Curtailment can be requested for operational or economic reasons. Operational curtailments may occur when physical operating parameters approach becoming a constraint on the generation, transmission, or distribution systems, or to

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maintain the Company's capacity margin requirement. Economic curtailment may occur when the opportunity to sell the energy in the wholesale market affords the Company the opportunity to increase off system sales margins-net of the additional compensation paid (\$/kW of ID per hour for actual curtailment) which in turn is reflected in the Fuel Adjustment Clause.

DETERMINATION OF DEMANDS

CUSTOMER PEAK DEMANDS:

An appropriate level of demand at the time of the Company's system peak during the Contract Year shall be determined for each Customer taking service under this Rider. This Customer Peak Demand ("CPD") shall be either the Customer's historical actual maximum measured kilowatts ("kW") demand during a peak period, or an amount determined based upon the specific circumstances involving a Customer's actual or expected operations, and agreed upon between Company and Customer. The CPD shall be specified in the IR contract.

FIRM POWER LEVEL:

This shall be the maximum level of demand that the Customer can place on the system during a Curtailment Event, and will be at least 200 kW lower than the Customer's CPD. The IR contract shall also specify an amount of kW demand, which the Customer can curtail or otherwise not cause to be placed on the Company's system during a Curtailment Event. The maximum level of demand or Maximum Firm Demand ("MFD") of the Customer shall be specified in the IR contract. For verification purposes, the Customer shall be required to demonstrate, at the Company's request, its ability to curtail its operations to the MFD level. The Company may also use a Test Curtailment to establish the MFD for the Customer.

INTERRUPTIBLE DEMAND:

The difference between the CPD and the MFD, to be known as the Interruptible Demand ("ID"), expressed in kW, shall be the demand upon which credits under this Rider shall be available to the Customer. For all Customers under an IR Contract, the ID specified must be 200 kW or greater. The ID shall represent that portion of a Customer's CPD that the Customer is willing and able to commit for curtailment during a Curtailment Event, and that the Company agrees to accept for curtailment. The ID shall be the same amount for each month of the IR contract. Under no circumstances will the ID be less than 200 kW. The Minimum Billing Demand will be no less than the contracted ID during the Curtailment Year(s).

PEAK DEMAND MODIFICATIONS:

The Company may review and, if necessary, adjust the Customer's CPD, MFD and ID levels based upon evidence that the Customer's actual peak demand has changed, or will change, significantly from the demand levels being used to calculate the Customer's ID. If a change in the Customer's demand levels results in a change in the ID, the Customer shall lose and/or repay its curtailment compensation proportional to the number of days curtailment was not available and for the change in ID.

FIRM POWER LEVEL MODIFICATION:

Between September 30 and May 1, and upon ninety (90) days written notice by the Customer to the Company, the MFD may be modified to reflect significant change in Customer load, subject to verification and approval by the Company. At any time the Company may adjust the Customer's MFD downward based upon evidence the Customer's actual annual demand has dropped, or will drop, significantly from the CPD. Any adjusted MFD shall continue to provide for an ID of at least 200 kW. Future Customer participation compensation under this Rider will be adjusted accordingly. Additionally, for any change in MFD that decreases the ID for the Customer shall result in a re-evaluation of all curtailment compensation to the Customer, including any payment or credits made in advance of the Curtailment Year. The Customer shall repay the Company for prior payments/credits made in excess of the curtailment compensation due based on the decreased level of ID.

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BILLING DEMAND:

The minimum monthly billing demand for all Customers on this rider shall never be less than 200 kW or the contracted interruptible demand (ID), whichever is greater.

CUSTOMER COMPENSATION:

Customer compensation shall be defined within each IR contract and will be based on contract term, the maximum number of Curtailment Events and the number of actual Curtailment Events per Curtailment Year. Timing of all payments/credits shall be specified in the IR contract with each Customer. Compensation shall be paid to the Customer in the form of a check or bill credit as specified in the IR contract. Any payment/credits shall be applied before any applicable taxes. All other billing, operational, and related provisions of other applicable rate schedules shall remain in effect.

PROGRAM PARTICIPATION PAYMENTS:

For each Curtailment Year, a Customer shall receive a payment/credit based upon the IR contract term. The Monthly Program Participation Payment per kW of ID is shown in the table below.

Contract Term	\$/kW of ID per month
One year	\$0.51
Three years	\$1.27
Five years	\$2.02

The Customer shall receive a credit on the monthly bill during each month of the Contract Year for the ID kW multiplied by the credit amount specified in this Rider, providing that all conditions of this schedule are met. The IR Customer shall receive Additional Compensation equal to \$0.30 per kW of ID for each hour of actual curtailment during the Curtailment Year.

All Additional Compensation payments of \$0.30 per kW of ID shall be included in FERC Account 555 to be recovered through the Company's Fuel Adjustment Clause, subject to prudence review. Monthly Program Participation Payments, \$/kW or ID per month, shall be included in the Energy Efficiency Cost Recovery ("EECR") Tariff.

PENALTIES:

The failure of a Customer to interrupt the full amount of the ID or to keep its demand at or below the MFD, for any reason, during a Curtailment Event shall result in the following:

1. The Customer's contract ID shall be adjusted to equal the amount of ID which the Company could utilize during the Curtailment Event;
2. The Customer's contracted MFD shall be adjusted to equal the amount of demand actually placed on the Company's system by the Customer during the Curtailment Event;
3. The adjustments to the Customer's ID or MFD described in paragraphs 1 and 2 above shall remain at those adjusted levels for the remainder of the IR contract term, except that in the event of additional adjustments to the ID or MFD due to the Customer's failure to meet the adjusted ID and MFD levels will result in further adjustments to the levels of ID and MFD, as specified in paragraphs 1 and 2 above;
4. In addition to the adjustments in ongoing ID and MFD levels setout above, the Customer shall refund the Company all credits or payments previously received under the current contract in an amount equal to the change in ID multiplied by 150% of the contract demand rate for the remaining months of the contract period. This refund calculation shall be based on the portion of the ID that the Customer failed to meet during the Curtailment Event. The Company shall include an amount covering the return of the excess Program Participation Payments on a future bill to the Customer.

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- Any Customer who fails to reduce load to its MFD during three or more Curtailment Events during a Contract Year shall be ineligible for this Rider for a period of two-years from the date of the third failure.

TEST CURTAILMENT:

The Company reserves the right to request a Test Curtailment of no less than one (1) hour and no more than two (2) hours once each year and/or within three months after a Customer's failure to reduce load to its IR contract MFD during a Curtailment Event. Test Curtailments do not count toward the Maximum Number of Curtailment Events. Customers will not be compensated for Test Curtailments.

CURTAILMENT CANCELLATION:

The Company reserves the right to cancel a scheduled Curtailment Event prior to the start time of such Curtailment Event. If cancellation occurs with less than two hours of the notification period remaining prior to the commencement of a Curtailment Event, the canceled Curtailment Event shall be counted as an actual Curtailment Event with a zero-hour duration.

SPECIAL CONDITIONS OF SERVICE:

- This Rider requires that the Customer execute an IR contract with a minimum term of one year, which specifies the Customer's applicable CPD, MFD, and ID. The ID shall not be less than 200 kW.
 - For one-year IR contracts, the Company shall notify the Customer before May 1 of each IR contract period of the amount of interruptible credit that the Company will make available to the Customer. Such offer may be made by the Company as early as November 1 of the year preceding the proposed IR contract term.
 - For three-year and five-year IR contracts, the Company shall notify the Customer before May 1 in the year the IR contract is due for renewal, or as early as November 1 of the preceding IR contract year.
 - Customers electing to enter into an IR contract, must reach agreement with the Company and execute the contract no later than seven calendar days following the Customer's receipt of the IR contract requiring the Customer signature, unless such deadline is extended at the sole discretion of the Company.
 - IR contracts shall normally begin on June 1 and terminate on May 31 of the expiration year, unless the Company deems it necessary to allow a different term of IR contract.
 - No IR contract shall be less than one year in length nor longer than five years in length.
 - These IR contracts may be cancelled upon mutual agreement of the Company and the Customer.
- The Company reserves the right, through inquiry and inspection, to assure itself that any ID subject to curtailment has a reasonable probability of being on the Company's system during periods of the Company's peak demand and that the Customer's load can be readily reduced to the MFD level.
- The Customer will be responsible for monitoring his or her load in order to comply with the terms of the IR contract.
- The Company shall have no liability to the Customer or to any other person, firm, association, trust, governmental unit, or corporation, of any kind, for any loss, damage or injury by reason of any interruption or curtailment of the Customer's load as provided herein.
- For purposes of personnel safety and equipment protection, a Customer, prior to the installation of a generator, shall notify the Company to insure conformity to the Company's standards for connection.

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6. In order to insure timely verification of the Customer's ID, any Customer on an IR contract will provide an acceptable communication path for retrieval of meter data. Such communication path shall be in place prior to the effective date of the IR contract, unless an alternative deadline is agreed to in writing by the Company.

NON-ANNUAL CONTRACT INTERRUPTIBLE CREDITS:

In addition to the credits available under this rider, any Customer operating under an IR contract shall also be eligible for the non-annual contract interruptible credit under the following conditions:

1. If the Company has already required the Customer to reduce demand by 80 hours or ten (10) Curtailment Events in a Contract Year, the Company may nevertheless request the Customer to curtail load on a voluntary basis.
2. The Company may also request that any existing IR Customer voluntarily reduce load in excess of the ID amount specified in the Customer's IR contract.
3. If the Customer agrees to curtail load under those circumstances, the Company shall apply compensation equal to \$0.30 per kW of ID for each hour of actual voluntarily curtailed load by the Customer and apply those credits/payments to the Customer's next bill