

FOR All Counties Served

PSC KY NO. 9
Original SHEET NO. 500

Shelby Energy Cooperative, Inc.
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____
SHEET NO. _____

RATES SCHEDULE CS — COMMUNITY SOLAR POWER GENERATION

(N)

APPLICABLE

In all territory served by Shelby Energy Cooperative, Inc. ("Shelby Energy").

AVAILABILITY OF SERVICE

Community Solar Power is available to Shelby Energy's End-Use Cooperative Members ("Customer") on a voluntary basis, upon request, and on a first-come, first-served basis up to the capacity available to Shelby Energy from East Kentucky Power Cooperative ("EKPC").

LICENSE ARRANGEMENT

Each Customer participating in this program shall enter into a Community Solar Farm Solar Panel License Agreement ("License Agreement") with Shelby Energy, for a percentage of a solar generating facility for a term of 25 years. Each such Customer shall pay to Shelby Energy a license fee upon entering into a License Agreement for a portion of the capacity of the solar generating facility. The license fee shall equal the net present value of the capital and financing costs of each participating Customer's percentage of the solar generating facility.

The Customer may offset up to one hundred percent (100%) of his or her energy consumption based on the average annual consumption of electricity from the previous three (3) years. If the previous three (3) year consumption data is not available, the data that is available will be used to determine the maximum number of solar panels the Customer will initially be able to license.

METERING

DATE OF ISSUE January 31, 2017
MONTH / DATE / YEAR

DATE EFFECTIVE March 02, 2017
MONTH / DATE / YEAR

ISSUED BY: *Debra J. Martin*
SIGNATURE OF OFFICER

TITLE: President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
Talina R. Mathews EXECUTIVE DIRECTOR <i>Talina R. Mathews</i>
EFFECTIVE 3/2/2017 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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PSC KY NO. 9
Original SHEET NO. 500.1

Shelby Energy Cooperative, Inc.
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____
SHEET NO. _____

EKPC shall provide metering services, without any cost to the Shelby Energy or Customer for metering equipment, through a standard kilowatt-hour metering system that will be located at the point of delivery of electricity generated by the solar generation facility. For purposes of determining the amount of energy generated by the Customer's licensed percentage of the solar generation facility, the total net energy output of the solar generation facility shall be multiplied by the Customer's proportional licensed interest in the solar generation facility. (N)

PANEL PRODUCTION CREDITS

Participating Customers will be credited monthly by Shelby Energy for the electric power produced by solar panels licensed by the participating Customer at the value of the real-time locational marginal price for energy set by PJM Interconnection, LLC ("PJM") at the EKPC Office Substation node during each hour of the day. A participating Customer shall also be entitled to receive the value of capacity payments received by EKPC as determined in the applicable PJM Base Residual Auction for the portion of the community solar farm licensed to the participating Customer.

A participating Customer shall elect whether any Solar Renewable Energy Credits or any other environmental attributes ("SRECs") associated with energy generated by the solar generation facility shall be sold by EKPC or retired. A participating Customer who elects to sell the SRECs will receive a corresponding credit on his or her electric bill from Shelby Energy. The credit for those SRECs will accumulate over a calendar year and will be credited to the Customer in equal installments over a twelve (12) month period beginning on April 1st of the following year, along with interest accrued at the rate set forth by the Commission for customer deposits.

Costs for operating, maintaining, insuring and paying taxes on the solar generating facility will be determined in aggregate on an annual basis and netted against the Panel Production Credit as set forth below. In the event that any significant investment (i.e. a replacement of an inverter) occurs during the term of a License Agreement, the cost of the investment will be amortized over the remaining term of the License Agreement.

DATE OF ISSUE January 31, 2017
MONTH / DATE / YEAR
DATE EFFECTIVE March 02, 2017
MONTH / DATE / YEAR
ISSUED BY: *Debra J. Martin*
SIGNATURE OF OFFICER
TITLE: President & CEO
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY
PUBLIC SERVICE COMMISSION
Talina R. Mathews
EXECUTIVE DIRECTOR
Talina R. Mathews
EFFECTIVE
3/2/2017
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Original SHEET NO. 500.2

Shelby Energy Cooperative, Inc.
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____
SHEET NO. _____

The net amount of the Panel Production Credit will be determined by taking the sum of the capacity credit, energy credit and SREC credit (if applicable) and subtracting from said sum operations and maintenance expense. (N)

At no time shall Shelby Energy be required to convert the Panel Production Credit to cash. Any excess Panel Production Credits can be carried forward to offset a later billed amount.

FUEL ADJUSTMENT CLAUSE

The fuel adjustment clause is not applicable to the Community Solar Power Generation program.

ENVIRONMENTAL SURCHARGE

The environmental surcharge is not applicable to the Community Solar Power Generation program.

TRANSFER/TERMINATION

If the Customer moves to a new location within Shelby Energy's service territory the credit may be transferred to the new location. If the Customer moves to a new location outside Shelby Energy's service territory or his or her membership in Shelby Energy is terminated for any reason, the Customer may transfer the license and credits to another Customer within Shelby Energy's service territory within sixty (60) days following the termination of membership or service. If the license is not transferred within sixty (60) days, the license shall be terminated and Shelby Energy may license the Customer's panel(s) to another customer. If, however, the Customer owes an outstanding balance to Shelby Energy at the time of termination of membership or service, Shelby Energy may continue to accrue the Panel Production Credit to reduce and eliminate the outstanding balance prior to making any designated transfer of the license to a different service address or customer. The Customer is responsible for informing Shelby Energy of any changes in the service location for which the credits are to be associated.

DATE OF ISSUE January 31, 2017
MONTH / DATE / YEAR
DATE EFFECTIVE: March 02, 2017
MONTH / DATE / YEAR
ISSUED BY: *Debra J. Martin*
SIGNATURE OF OFFICER
TITLE: President & CEO
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY
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Talina R. Mathews
EXECUTIVE DIRECTOR
Talina R. Mathews
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PSC KY NO. 9
Original SHEET NO. 500.3

Shelby Energy Cooperative, Inc.
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____
SHEET NO. _____

COMMUNITY SOLAR FARM SOLAR PANEL LICENSE AGREEMENT

(N)

Any Customer desiring to license one or more solar panels in the Community Solar Farm must first enter into the License Agreement (a copy of which is attached hereto and incorporated herein by reference as if set forth fully herein) and tender to Shelby Energy the requisite license fee. The license fee shall thereafter be transferred to EKPC within three (3) business days.

DATE OF ISSUE January 31, 2017
MONTH / DATE / YEAR
DATE EFFECTIVE March 02, 2017
MONTH / DATE / YEAR
ISSUED BY: *Debra J. Martin*
SIGNATURE OF OFFICER
TITLE: President & CEO
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
Talina R. Mathews EXECUTIVE DIRECTOR <i>Talina R. Mathews</i>
EFFECTIVE 3/2/2017 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

COMMUNITY SOLAR FARM SOLAR PANEL LICENSE AGREEMENT

This License Agreement ("Agreement") is made and entered into this ____ day of ____, 20__ by and between Shelby Energy Cooperative, Inc., with its principal place of business at 620 Old Finchville Road, Shelbyville, Kentucky 40065 ("Cooperative"), and the following identified person ("Customer"), who is a Member of Cooperative:

Customer/Licensee: _____

Mailing Address: _____

Service Address: _____

Telephone Number: _____ Email Address: _____

Account Number: _____

1. License.

1.1. Subject to the terms and conditions set forth in this Agreement, Cooperative hereby grants to Customer a license (each, a "License") to receive the Panel Production Credits (as defined below) allocated to each of the following solar panels identified by Serial Number (each, a "Solar Panel") during the Term:

Serial Number: _____	Serial Number: _____
Serial Number: _____	Serial Number: _____
Serial Number: _____	Serial Number: _____
Serial Number: _____	Serial Number: _____
Serial Number: _____	Serial Number: _____

(If additional panels are licensed, attach additional sheets listing the Serial Number(s) as necessary.)

1.2. The foregoing solar panel(s) will be in service at East Kentucky Power Cooperative, Inc.'s ("EKPC") Community Solar Facility ("Solar Facility") located at 4775 Lexington Road, Winchester, Kentucky. Cooperative, as a Member of EKPC has been granted the right to license said panels. Customer acknowledges and agrees that EKPC retains sole ownership, possession and control of each Solar Panel, and will have the exclusive right to maintain and operate such Solar Panel. Customer also acknowledges that EKPC may ~~change~~ ^{change} Solar Panel with any make, model, brand or type of solar panel as EKPC may Elect, in its sole discretion, on notice to Cooperative of such change. In the event a Solar Panel is changed, updated information, including the new Serial Number, make, model and specifications of the Solar Panel will be provided to Cooperative by EKPC. Cooperative *Jalina R. Matthews* is new information to Customer.

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- 1.3. During the Term (as defined below), Customer will receive the Panel Production Credit for each Solar Panel as a credit on Customer's monthly bill for electricity provided by Cooperative at the Service Address set forth above (the "Service Address"), which address must be located within Cooperative's service territory.

Only metered residential, commercial and industrial accounts will be permitted to receive the Panel Production Credit. Exterior lighting accounts are not eligible to participate in the program. A separate License Agreement with a Customer is required for each specific Service Address.

The License granted to the Customer hereunder is limited to the receipt of the Panel Production Credits referred to above, and includes no other rights except as specified herein.

2. **Consideration.** As consideration for the License granted to Customer pursuant to this Agreement, the Customer will pay to Cooperative a license fee in the sum of \$460.00, per Solar Panel listed above. Said fee shall be delivered and payable to Cooperative, upon the execution of this Agreement, (the "License Fee").
3. **Term.** Each License shall be effective beginning on the date of this Agreement, and will continue for a period of twenty-five (25) years ("the "Term"), subject to early termination as provided in this Agreement.
4. **Cooperative Obligations.** Cooperative agrees to:
 - 4.1. Provide Customer with any updates in the event of any changes pursuant to Section 1.2 of this Agreement.
 - 4.2. Relay any necessary information to Customer regarding the operation and maintenance of the community solar facility it receives from EKPC. Cooperative will not be the owner or operator or provide any maintenance on the community solar facility and is only able to offer participation to its customers because of its Membership status with EKPC. Each solar panel subject to this License will remain the sole property of EKPC. EKPC will be the sole loss payee listed on any insurance policies related to the solar panel(s) listed in this Agreement.
5. **Panel Production Credits.** The Panel Production Credit for each Solar Panel will be defined, calculated and distributed as follows:
 - 5.1. For each solar panel licensed by the Customer, the Customer shall receive a monthly Panel Production Credit consisting of: A) the sum of: 1) the Final Energy Production Credit; 2) the Panel Capacity Credit; and, 3) if elected, the Solar Renewable Energy Credit ("SREC"); minus B) an Operations and Maintenance Debit. Each of these components shall be based upon the panel production and costs attributable to the Customer's licensed solar panels.

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- 5.2. **Final Energy Production Credit:** The actual electric energy production for the entire Community Solar Facility will be recorded in kilowatt hours on a monthly basis (“Facility Power Production”). This Facility Power Production will then be allocated to each Solar Panel by dividing the Facility Power Production by the total number of active solar panels in the Community Solar Facility to determine the Final Energy Production Credit. This Final Energy Production Credit is the basis for the energy portion of the Panel Production Credit applied to the Customer’s bill. The monthly credit applied to Customer’s bill will be the Final Energy Production Credit for each Solar Panel licensed by Customer pursuant to this Agreement multiplied by the value of the real-time locational marginal price for energy at the EKPC Office Substation node during each hour of the day as established by PJM Interconnection, LLC (“PJM”).
- 5.3 **Panel Capacity Credit:** The capacity value of the entire Community Solar Facility shall be determined by the applicable PJM Base Residual Auction for capacity and associated rules and tariffs of PJM. The capacity value of the entire Community Solar Facility shall be divided by the total number of active panels in the Community Solar Facility to determine the Panel Capacity Credit. The Panel Capacity Credit shall be determined on an annual basis and credited to the Customer in twelve equal installments.
- 5.4 **Solar Renewable Energy Credit:** Customer understands and agrees that EKPC will sell or retire (choose one) any SRECs associated with the solar panel(s) covered under this Agreement. The value of any SRECs sold in a calendar year that are attributable to the entire Community Solar Facility will be credited in an amount proportional to the Customer’s licensed capacity in the Community Solar Facility, in equal monthly amounts, to the Customer’s electric utility bill the following calendar year, starting April 1 of the following year through March 31 of the next year. (For example, any SRECs sold or retired in 2016 would be credited to the Customer’s account on a monthly basis beginning April 1, 2017 through March 31, 2018.). The Customer shall be paid interest on the accumulated SREC sales at the rate established by the Kentucky Public Service Commission for customer deposits. *If the Customer elects to have the SRECs retired, the Customer will not receive the SREC credit. If the Customer elects to sell the SRECs, the Customer forfeits the right to claim production of solar energy.*
- 5.5 **Operations and Maintenance Debit:** Costs for operating, maintaining, insuring and paying taxes on the solar generation facility will be determined in aggregate on an annual basis and netted against the Panel Production Credit as set forth above. In the event that any significant investment (i.e. replacement of an inverter) occurs during the term of a License Agreement, the cost of the investment will be amortized over the remaining term of the License Agreement.
- 5.6 The Panel Production Credit will be set forth each month as a credit on the Customer’s bill, beginning with the bill covering the next full billing cycle *Talina R. Mathews* after of: A) the date of execution of this Agreement; or B) the date the solar generating facility is deemed operational by EKPC. At no time shall Cooperative be required to convert

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the Panel Production Credit to cash. Any excess Panel Production Credit can be carried forward to offset a later billed amount.

- 5.7 Unless the Customer agrees, in writing, to transfer the Panel Production Credit arising from this Agreement to another approved address in accordance with Section 8 of this Agreement, the Panel Production Credit will remain associated with the Service Address identified in Section 1.3 regardless of occupancy or ownership changes at that location. In the event the applicable service location associated with this Agreement is removed and/or not in service, the Customer must contact Cooperative to determine the service address to which the Panel Production Credits will be assigned. Until the Panel Production Credits are assigned, any accruing Panel Production Credits will be forfeited.
6. **Solar Panel License Cancellation and Termination.** In the event that the: A) Customer ceases to be a Member of Cooperative and fails to timely transfer this Agreement to another member of Cooperative in accordance with Section 8 of this Agreement; or B) Customer's service is disconnected for any lawful reason, Cooperative may elect to cancel the License for one or more of the Customer's licensed solar panels. Such cancellation will occur as follows:
- 6.1. Cooperative will notify Customer of Cooperative's election to exercise its cancellation right, and such notification will include the Solar Panel Serial Number for each License to be cancelled (the "Cancellation Notice"). The Cancellation Notice shall be set forth in writing.
- 6.2. Cooperative shall refund the license fee paid by the Customer in an amount of the license fee multiplied by a factor of 0.92^n , where n is the number of full plus partial years the license was in effect prior to cancellation. The Customer shall also be entitled to any accrued Panel Production Credits that existed as of the date of cancellation. However, if there is any outstanding balance owed to Cooperative, then Cooperative may retain the license fee and continue to accrue Panel Production Credits to reduce and eliminate the outstanding balance.
- 6.3. The cancellation shall be effective as of the date that the Cancellation Notice is delivered by Cooperative.
- 6.4. At the end of the twenty-five (25) year Term, this Agreement shall terminate without further action by either Party and the Customer shall not be entitled to any cancellation refund.
- 6.5. Upon cancellation of a license or the termination of this Agreement, Cooperative will have no further obligations to Customer with regard to the Community Solar Facility, the Solar Panel(s) or the Panel Production Credits.
7. **Additional Acknowledgements.** The Parties further acknowledge and agree that

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EXECUTIVE DIRECTOR

Talina R. Mathews

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- 7.1. Customer will not have access to the Community Solar Facility or any Solar Panel, for any purpose, unless otherwise agreed to in advance by Cooperative and EKPC in their sole discretion. EKPC will have sole ownership, possession and control of each Solar Panel, and will have the exclusive right to maintain and operate such Solar Panel.
- 7.2. Customer may license multiple Solar Panels, provided, however, that the Service Address cannot be credited with more than one hundred percent (100%) of its energy consumption based on the average annual consumption of electricity from the previous three (3) years. If the previous three (3) year consumption data is not available, the data that is available will be used to determine the maximum number of solar panels the Customer will initially be able to license.
- 7.3. Customer may not require Cooperative to repurchase the License for any Solar Panel. In the event Customer desires to assign or transfer the License for one or more Solar Panels), Cooperative may provide Customer with reasonable assistance in finding an assignee or transferee for such License, but Cooperative is under no obligation to provide such assistance, to find an assignee, or to permit Customer to assign the License other than in compliance with this Agreement.
- 7.4. Except as expressly provided in this Agreement, Customer may not sell, assign, gift, bequeath or otherwise transfer any License for a Solar Panel to any other individual or entity.
- 7.5 **Disclaimer and Force Majeure.** Customer understands and acknowledges that the generation of solar energy and the sale of solar energy, generation capacity and SRECs is dependent upon numerous factors, including many which are beyond the control of Cooperative or EKPC. Neither Cooperative nor EKPC shall be responsible for any disruption or prevention on the production of solar energy from the licensed Solar Panels that is attributable to: (a) natural events such as acts of God, landslides, lightning, eclipses, weather patterns, earthquakes, fires, storms or the like; (b) interruption and/or curtailment of transmission facilities of third-parties; (c) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (d) governmental actions such as necessity for compliance with any court or administrative order, law, statute, ordinance, regulation, order, or policy having the effect of law promulgated by a governmental authority having jurisdiction.

7.6 **Limitation of Liability.** EXCEPT AS MAY BE SET FORTH EXPRESSLY HEREIN, CUSTOMER UNDERSTANDS AND ACKNOWLEDGES THAT NEITHER COOPERATIVE NOR EKPC HAVE MADE ANY SPECIFIC OR GENERAL REPRESENTATIONS OR WARRANTIES REGARDING THE OPERATION, PRODUCTION, CONFIGURATION, LIFECYCLE OR ANY OTHER ASPECT OF THE LICENSED SOLAR PANEL(S) OR ANY OTHER WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. TO THE EXTENT ANY REPRESENTATIONS AND WARRANTIES HAVE BEEN MADE, UNLESS EXPRESSLY SET FORTH HEREIN, CUSTOMER

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UNDERSTANDS AND ACKNOWLEDGES THAT THEY ARE HEREBY EXPRESSLY DISCLAIMED. CUSTOMER ALSO UNDERSTANDS AND AGREES THAT HIS OR HER SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF A BREACH OF THIS AGREEMENT BY COOPERATIVE IS EXPRESSLY LIMITED TO THE RETURN OF THE LICENSE FEE(S) TENDERED TO COOPERATIVE IN AN AMOUNT PROPORTIONATE TO THE NUMBER OF YEARS REMAINING ON THE LICENSE GRANTED HEREIN.

8. **Transfer/Assignment.** Subject to the provisions of this Section 8, and with advance written notice to Cooperative, a Customer may elect to: (a) change the Service Address for which the Panel Production Credit for one or more Solar Panels will apply, provided such Service Address is within Cooperative's service territory and associated with the Customer, or (b) assign this Agreement to another individual or entity provided such assignee's Service Address is located within Cooperative's service territory and the individual or entity is a Member of Cooperative. Customer will notify Cooperative of such change or assignment in writing at least thirty (30) days prior to the effective date of such change. This notice shall include:

- Customer's name and mailing address;
- A copy of the original License Agreement;
- The Serial Number for each applicable Solar Panel;
- The current Service Address;
- The new Service Address (if applicable);
- The name of the individual or entity to whom Customer is assigning this Agreement, (if applicable);
- Acknowledgment of Customer's surrender of the applicable License and any further Panel Production Credits associated with the assigned Solar Panel(s); and
- The effective date of such assignment.

Upon assignment of any License for a Solar Panel, the Customer will surrender all right, title and interest in and to such License. Customer further acknowledges and agrees that such assignment does not extend the Term of the License or this Agreement.

In the event that a Customer's membership in Cooperative ceases, a transfer under this Section 8 shall be made within sixty (60) days of termination of membership. If a transfer does not occur within sixty (60) days, the license shall be terminated in accordance with Section 6 of this Agreement.

KENTUCKY
PUBLIC SERVICE COMMISSION
Timothy R. Matthews
EXECUTIVE DIRECTOR
Jalina R. Mathews

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9. **Notice.** All notices, requests, consents, and other communications required under this Agreement shall be in writing and will be mailed to the mailing address for each party as set forth above. Notices will be deemed delivered upon the earlier of: (a) the date of actual receipt, with a copy thereof being sent concurrently by certified or registered mail, return receipt requested; (b) three business days after being deposited in certified or registered mail, return receipt requested, postage prepaid; or (c) the following business day after being delivered to a reputable overnight courier service. If for any reason, a Party's mailing address should change, that Party must notify the other Party in writing of the change of address for notices to be sent.

10. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous proposals, both oral and written, negotiations, representations, commitments, writings and all other communications between the parties. This Agreement may not be released, discharged, or modified except by an instrument in writing signed by a duly authorized representative of each of the parties.

11. **Governing Law.** This Agreement shall be deemed to have been made in, and shall be construed under, the internal laws of the State of Kentucky, without regard to the principles of conflicts of laws thereof.

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

Shelby Energy Cooperative, Inc.

 CUSTOMER NAME (please print)

 SHELBY ENERGY COOPERATIVE, INC.
 REPRESENTATIVE NAME AND TITLE
 (please print)

 CUSTOMER SIGNATURE

 SIGNATURE

