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John P. Bethel
Director
(501) 682-1794

May 9, 2012

Mr. David Ferguson
Executive Secretary
Arkansas Legislative Council
Room 315, Arkansas State Capitol Building
Little Rock, Arkansas 72201

Dear Mr. Ferguson:

I am responding to your letter to Chairman Colette Honorable dated April 24, 2012. You indicated that the Arkansas Legislative Council (ALC), during its April 20, 2012 meeting, requested that the Arkansas Public Service Commission provide a report on the issue of net metering for consideration at the ALC's next meeting. A net metering report responsive to the ALC's request is enclosed. I will be present at the next ALC meeting to respond to any questions regarding the report. If you require any additional information, please contact me.

Sincerely,

John P. Bethel

Cc: Hon. Mary Anne Salmon
Hon. Tommy L. Baker
Hon. David Burnett

Enclosure

Net Metering Report

Provided by the Arkansas Public Service Commission

To the Arkansas Legislative Council

May 9, 2012

Net Metering Report

The Arkansas Public Service Commission provides the following report to the Arkansas Legislative Council pursuant to the Council's request at its April 20, 2012 meeting.

The Arkansas Net Metering Law

Net metering in Arkansas is provided pursuant to the Arkansas Renewable Energy Development Act of 2001 which was adopted as Act 1781 of 2001 and was amended in Act 1026 of 2007. The Arkansas Renewable Energy Development Act is codified as Ark. Code Ann. §23-18-601 *et seq.* A copy of the Arkansas net metering statute is included as Attachment 1 of this report.

Standard metering of electricity consumption includes a meter at the customer's residence or business that measures the kilowatt hours (kWh) of electricity delivered to the customer. The meter reading forms the basis for the customer's monthly bill from the electric utility. With net metering, the customer owns a generating source. The customer-owned generating source supplies all or part of the customer's need. Any excess generation from the customer's generating source above the customer's need is delivered back to the utility. The meter runs backward to "measure" the kWh delivered from the customer to the utility. The customer's monthly bill reflects the "net" of the kWh purchased from the electric utility and the kWh produced by the customer's

generating source and consumed by the customer or delivered back to the electric utility.

Under the Arkansas statutes, a customer owned generating source must be a renewable resource in order to qualify for net metering. The generating source must be solar, wind, hydroelectric, geothermal, biomass, etc. The Arkansas net metering law establishes the maximum size to be eligible for net metering of 25 kilowatts (kW) for generating sources owned by residential customers and 300 kW for generating sources owned by non-residential customers. The customer owned generating source eligible for net metering is intended to offset all or part of the customer's requirements for electricity. The law provides that the customer retains any renewable energy credit associated with the generating facility.

The Arkansas net metering law requires electric utilities to offer net metering. The law empowers the Commission to establish the rates, terms, and conditions for net metering service. The utilities may, in some circumstances, assess fees for additional costs associated with net metering. Any generation from the customer's qualifying net metering facility is credited against the customer's usage at the full retail rate. The net metering law provides that a customer may carry any excess generation balance for up to one year. Any balance of excess generation from prior months may be used to offset consumption during subsequent months in any given year.

The Commission's Net Metering Rules

As directed in the net metering law, the Commission adopted net metering rules in 2002. Those rules were revised in 2007 following the adoption of Act 1781 of 2007. Act 1781 revised two provisions of the net metering law. That Act increased the maximum size for non-residential generating sources from 100 kW to 300 kW. The Act also increased the period over which a customer can carry any excess generation balance from one month to one year. The Commission's Net Metering Rules set forth the general requirements for providing net metering by the jurisdictional Arkansas electric utilities. The Net Metering Rules also include the standard interconnection agreement and the standard utility tariff or rate schedule. A copy of the Commission's Net Metering Rules is included as Attachment 2 to this report.

The standard interconnection agreement establishes the specific requirements to ensure that the customer-owned generating source is connected to the electric utility system in a manner that is consistent with safe and reliable utility service. The interconnection agreement provides that the customer's generating source operates in parallel with the utility's system and that the interconnection is constructed to prevent any back-feeding of electricity to the utility's system in the event of an outage. The net metering facility must be equipped with a manual disconnect switch that is available to the utility. These provisions are to prevent harm to electric utility personnel working to maintain utility facilities or to restore service during any outage. The standard

interconnection agreement requires that all net metering facilities comply with the standards set forth in the National Electric Code, the National Electric Safety Code, and the Institute of Electrical and Electronics Engineers, and the Underwriters Laboratories.

The standard tariff or rate schedule in the Net Metering Rules ensures that each utility has a comparable rate schedule and service offering. The rate schedule addresses the availability of net metering service. The standard rate schedule also establishes the provisions for monthly billing for net metering customers.

Net Metering Facilities in Arkansas

The Commission requires the electric utilities to file annual reports listing the number and fuel type of all net metering facilities in their service territories. Attachment 3 of this report presents a summary of the information provided by the utilities. As of December 31, 2011, there were 214 net metering installations in Arkansas. All of the net metering facilities are fueled by either solar or wind power with most being solar powered. Of the 214 facilities, 188 have a generating capacity of 10 kW or less; 23 have a capacity between 10 kW and 25 kW; 2 have a capacity of between 25 kW and 75 kW; and 1 has a capacity of between 75 kW and 100 kW.

Pending Rulemaking Proceeding

In January of 2012, the Commission initiated a rulemaking proceeding to consider modifications to its Net Metering Rules. The primary issue in the proceeding is consideration of potential modifications to the standard

interconnection agreement to address the indemnification provision in the agreement in light of a recent Arkansas Court of Appeals decision issued in *Entergy Ark., Inc. v. Ark. Pub. Serv. Comm'n, 2011 Ark. App. 453* (2011). The Court affirmed a Commission determination, regarding an analogous indemnification provision in another utility service agreement, that Article 12, §12 of the Arkansas Constitution prohibit the state from assuming or paying the debt or liability of any party or corporation. Consequently, the Court found that the indemnification provision in the other agreement to be barred by the Arkansas Constitution.. Consequently, the Commission initiated the current proceeding to address that issue, and the Commission requested that the parties to the proceeding identify any other issues that it should consider. Other issues raised by the parties to the proceeding include meter aggregation, capacity limits for net metering facilities, forfeiture of net excess generation, and compensation for renewable energy generation. The Commission held a public hearing on April 10, 2012. The Commission has not issued an order addressing the proposed modifications to the Net Metering Rules.

Attachment 1

23-18-601. Title.

This subchapter shall be known and cited as the "Arkansas Renewable Energy Development Act of 2001".

HISTORY: Acts 2001, No. 1781, § 1.

23-18-602. Legislative findings and declarations.

(a) Net energy metering encourages the use of renewable energy resources and renewable energy technologies by reducing utility interconnection and administrative costs for small consumers of electricity. More than thirty (30) other states have passed similar laws or regulations in support of net energy metering programs. Increasing the consumption of renewable resources promotes the wise use of Arkansas' natural energy resources to meet a growing energy demand; increases Arkansas' use of indigenous energy fuels while reducing dependence on imported fossil fuels; fosters investments in emerging renewable technologies to stimulate economic development and job creation in the state, including the agricultural sectors; reduces environmental stresses from energy production; and provides greater consumer choices.

(b) Arkansas has actively encouraged the manufacture of new technologies in the state through promotion of the Arkansas Emerging Technology Development Act of 1999, § 15-4-2101 et seq. Net metering would help to further attract energy technology manufacturers, to provide a foothold for these technologies in the Arkansas economy, and to make it easier for customer access to these technologies.

(c) Therefore, the General Assembly finds that it is in Arkansas' long-term interest to adopt this subchapter.

HISTORY: Acts 2001, No. 1781, § 2.

23-18-603. Definitions.

As used in this subchapter:

(1) "Commission" means the Arkansas Public Service Commission or other appropriate governing body for an electric utility as defined in subdivision (2) of this section;

(2) "Electric utility" means a public or investor-owned utility, an electric cooperative, municipal utility, or any private power supplier or marketer that is engaged in the business of supplying electric energy to the ultimate consumer or any customer classes within the state;

(3) "Net excess generation" means the amount of electricity that a net-metering customer has fed back to the electric utility that exceeds the amount of electricity used by that customer during the applicable period;

(4) "Net metering" means measuring the difference between electricity supplied by an electric utility and the electricity generated by a net-metering customer and fed back to the electric utility over the applicable billing period;

(5) "Net-metering customer" means an owner of a net-metering facility;

(6) "Net-metering facility" means a facility for the production of electrical energy that:

(A) Uses solar, wind, hydroelectric, geothermal, or biomass resources to generate electricity, including, but not limited to, fuel cells and micro turbines that generate electricity if the fuel source is entirely derived from renewable resources;

(B) Has a generating capacity of not more than twenty-five kilowatts (25 kW) for residential use or three hundred kilowatts (300 kW) for any other use;

(C) Is located in Arkansas;

(D) Can operate in parallel with an electric utility's existing transmission and distribution facilities; and

(E) Is intended primarily to offset part or all of the net-metering customer requirements for electricity; and

(7) "Renewable energy credit" means the environmental, economic, and social attributes of a unit of electricity, such as a megawatt hour, generated from renewable fuels that can be sold or traded separately.

HISTORY: Acts 2001, No. 1781, § 3; 2007, No. 1026, § 1.

23-18-604. Authority of Arkansas Public Service Commission.

(a) An electric utility shall allow net-metering facilities to be interconnected using a standard meter capable of registering the flow of electricity in two (2) directions.

(b) Following notice and opportunity for public comment, the Arkansas Public Service Commission:

(1) Shall establish appropriate rates, terms, and conditions for net-metering contracts, including a requirement that metering equipment be installed to both accurately measure the electricity supplied by the electric utility to each net-metering customer and also to accurately measure the electricity generated by each net-metering customer that is fed back to the electric utility over the applicable billing period;

(2) May authorize an electric utility to assess a net-metering customer a greater fee or charge of any type, if the electric utility's direct costs of interconnection and administration of net metering outweigh the distribution system, environmental, and public policy benefits

of allocating the costs among the electric utility's entire customer base;

(3) Shall require electric utilities to credit a net-metering customer with any accumulated net excess generation in the next applicable billing period;

(4) May expand the scope of net metering to include additional facilities that do not use a renewable energy resource for a fuel or may increase the peak limits for individual net-metering facilities, if so doing results in desirable distribution system, environmental, or public policy benefits; and

(5) Shall provide that:

(A) Any net excess generation credit remaining in a net-metering customer's account at the close of an annual billing cycle shall expire; and

(B) Any renewable energy credit created as the result of electricity supplied by a net-metering customer is the property of the net-metering customer that generated the renewable credit.

HISTORY: Acts 2001, No. 1781, § 4; 2007, No. 1026, § 2.

Attachment 2

ARKANSAS
PUBLIC SERVICE COMMISSION

NET METERING RULES

Approved by Order #4 Docket No. 02-046-R (7-26-2002)
Amended by Order #8 Docket No. 06-105-U (11-27-2007)
Amended by Order #10 Docket No. 06-105-U (11-29-2007)
Amended by Order #11 Docket No. 06-105-U (11-30-2007)
Amended by Order #12 Docket No. 06-105-U (12-19-2007)

NET METERING RULES

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DEFINITIONS

Annual billing cycle

The normal annual fiscal accounting period used by the utility.

Billing period

The billing period for net metering will be the same as the billing period under the customer's applicable standard rate schedule.

Biomass facility

A facility that may use one or more organic fuel sources that can either be processed into synthetic fuels or burned directly to produce steam or electricity, provided that the resources are renewable, environmentally sustainable in their production and use, and the process of conversion to electricity results in a net environmental benefit. This includes, but is not limited to, dedicated energy crops and trees, agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic plants, animal wastes, and other accepted organic, renewable waste materials.

Commission

The Arkansas Public Service Commission.

Electric utility

A public or investor-owned utility, an electric cooperative, municipal utility, or any private power supplier or marketer that is engaged in the business of supplying electric energy to the ultimate customer or any customer class within the state.

Fuel cell facility

A facility that converts the chemical energy of a fuel directly to direct current electricity without intermediate combustion or thermal cycles.

Geothermal facility

An electric generating facility in which the prime mover is a steam turbine. The steam is generated in the earth by heat from the earth's magma.

Hydroelectric facility

An electric generating facility in which the prime mover is a water wheel. The water wheel is driven by falling water.

Micro turbine facility

A facility that uses a small combustion turbine to produce electricity.

Net excess generation

The amount of electricity that a net metering customer has fed back to the electric utility that exceeds the amount of electricity used by that customer during the applicable period.

Net metering

Measuring the difference between electricity supplied by an electric utility and the electricity generated by a net metering customer and fed back to the electric utility over the applicable billing period.

Net metering facility

A facility for the production of electrical energy that:

(A) Uses solar, wind, hydroelectric, geothermal, or biomass resources to generate electricity including, but not limited to, fuel cells and micro turbines that generate electricity if the fuel source is entirely derived from renewable resources; and,

(B) Has a generating capacity of not more than twenty-five (25) kilowatts for residential use or three hundred (300) kilowatts for any other use; and,

(C) Is located in Arkansas; and,

(D) Can operate in parallel with an electric utility's existing transmission and distribution facilities; and,

(E) Is intended primarily to offset part or all of the net-metering customer requirements for electricity; or,

(F) Is designated by the Commission as eligible for net metering service pursuant to Ark. Code Ann. 23-18-604(b)(4).

Parallel operation

The operation of on-site generation by a customer while the customer is connected to the utility's distribution system.

Renewable energy credit

The environmental, economic, and social attributes of a unit of electricity, such as a megawatt hour generated from renewable fuels that can be sold or traded separately.

Residential customer

A customer served under a utility's standard rate schedules applicable to residential service.

Solar facility

A facility in which electricity is generated through the collection, transfer and/or storage of the sun's heat or light.

Wind facility

A facility in which an electric generator is powered by a wind-driven turbine.

SECTION 1. GENERAL PROVISIONS

Rule 1.01. Purpose

The purpose of these Rules is to establish rules for net energy metering and interconnection.

Rule 1.02. Statutory Provisions

A. These Rules are developed pursuant to the Arkansas Renewable Energy Development Act of 2001 (A.C.A. §23-18-603 and §23-18-604 as amended by Act 1024 of 2007).

B. These Rules are promulgated pursuant to the Commission's authority under Ark. Code Ann. 23-2-301, 23-2-304 (3), and 23-2-305.

C. Nothing in these Rules shall govern, limit, or restrict the Commission's authority under Ark. Code Ann. 23-18-604.

Rule 1.03. Other Provisions

A. These Rules apply to all electric utilities, as defined in these Rules, that are jurisdictional to the Commission.

B. The Net Metering Rules are not intended to, and do not affect or replace any Commission approved general service regulation, policy, procedure, rule, or service application of any utility which addresses items other than those covered in these Rules.

C. Net metering customers taking service under the provisions of the Net Metering Tariff may not simultaneously take service under the provisions of any other alternative source generation or cogeneration tariffs except as provided herein.

SECTION 2. NET METERING REQUIREMENTS

Rule 2.01. Electric Utility Requirements

An electric utility shall allow net metering facilities to be interconnected using a standard meter capable of registering the flow of electricity in two (2) directions.

Rule 2.02. Metering Requirements

A. Metering equipment shall be installed to both accurately measure the electricity supplied by the electric utility to each net-metering customer and also to accurately measure the electricity generated by each net-metering customer that is fed back to the electric utility over the applicable billing period. . If nonstandard metering equipment is required, the customer is responsible for the cost differential between the required metering equipment and the utility's standard metering equipment for the customer's current rate schedule.

B. Accuracy requirements for a meter operating in both forward and reverse registration modes shall be as defined in the Commission's Special Rules - Electric. A test to determine compliance with this accuracy requirement shall be made by the utility either before or at the time the net metering facility is placed in operation in accordance with these Rules.

Rule 2.03. New or Additional Charges

A. Any new or additional charge that would increase a net metering customer's costs beyond those of other customers in the rate class shall be filed by the electric utility with the Commission for approval. The filing shall be supported by the cost/benefit analysis described in Rule 2.03.B.

B. Following notice and opportunity for public comment, the Commission may authorize an electric utility to assess a net metering customer a greater fee or charge, of any type, if the electric utility's direct costs of interconnection and administration of net-metering outweigh the distribution system, environmental and public policy benefits of allocating the costs among the electric utility's entire customer base.

Rule 2.04. Billing for Net Metering

A. On a monthly basis, the net metering customer shall be billed the charges applicable under the currently effective standard rate schedule and any appropriate rider schedules. Under net metering, only the kilowatt_hour (kWh) units of a customer's bill are affected.

B. If the kWhs supplied by the electric utility exceeds the kWhs generated by the net metering facility and fed back to the electric utility during the billing period, the net metering customer shall be billed for the net kWhs supplied by the electric utility in accordance with the rates and charges under the customer's standard rate schedule.

C. If the kWhs generated by the net metering facility and fed back to the electric utility exceeds the kWhs supplied by the electric utility to the net metering customer during the applicable billing period, the utility shall credit the net metering customer with any accumulated net excess generation in the next applicable billing period month to month until the close of an annual billing cycle, at which time any net excess generation credit shall expire.

D. Any renewable energy credit created as a result of electricity supplied by a net-metering customer is the property of the net-metering customer that generated the renewable credit.

SECTION 3. INTERCONNECTION OF NET METERING FACILITIES TO EXISTING ELECTRIC POWER SYSTEMS

Rule 3.01. Requirements for Initial Interconnection of a Net Metering Facility

A. A net metering customer shall execute a Standard Interconnection Agreement for Net Metering Facilities (Appendix A) prior to interconnection with the utility's facilities.

B. A net metering facility shall be capable of operating in parallel and safely commencing the delivery of power into the utility system at a single point of interconnection. To prevent a net metering customer from back-feeding a de-energized line, a net metering facility shall have a visibly open, lockable, manual disconnect switch which is accessible by the electric utility and clearly labeled. This requirement for a manual disconnect switch shall be waived if the following three conditions are met: 1) The inverter equipment must be designed to shut down or disconnect and cannot be manually overridden by the customer upon loss of utility service; 2) The inverter must be warranted by the manufacturer to shut down or disconnect upon loss of utility service; and 3) The inverter must be properly installed and operated, and inspected and/or tested by utility personnel.

C. The customer shall submit a Standard Interconnection Agreement to the electric utility at least thirty (30) days prior to the date the customer intends to interconnect the net metering facilities to the utility's facilities. Part I, Standard Information, Sections 1 through 4 of the Standard Interconnection Agreement must be completed for the notification to be valid. The customer shall have all equipment necessary to complete the interconnection prior to such notification. If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection Agreement. The electric utility shall provide a copy of the Standard Interconnection Agreement to the customer upon request.

D. Following notification by the customer as specified in Rule 3.01.C, the utility shall review the plans of the facility and provide the results of its review to the customer within 30 calendar days. Any items that would prevent parallel operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

E. The net metering facility, at the net metering customer's expense, shall meet safety and performance standards established by local and national electrical codes including the National Electrical Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), the National Electrical Safety Code (NESC), and Underwriters Laboratories (UL).

F. The net metering facility, at the net metering customer's expense, shall meet all safety and performance standards adopted by the utility and filed with and approved by the Commission

pursuant to these Rules that are necessary to assure safe and reliable operation of the net metering facility to the utility's system.

G. If the utility's existing facilities are not adequate to interconnect with the net metering facility, any changes will be performed in accordance with the Utility's Extension of Facilities Tariff.

Rule 3.02. Requirements for Modifications or Changes to a Net Metering Facility

Modifications or changes made to a net metering facility shall be evaluated by the electric utility prior to being made. The net metering customer shall provide detailed information describing the modifications or changes to the electric utility in writing prior to making the modifications to the net metering facility. The utility shall review the proposed changes to the facility and provide the results of its evaluation to the customer within thirty (30) days of receipt of the customer's proposal. Any items that would prevent parallel operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

SECTION 4. STANDARD INTERCONNECTION AGREEMENT AND STANDARD NET METERING TARIFF FOR NET METERING FACILITIES

Rule 4.01. Standard Interconnection Agreement and Standard Net Metering Tariff

Each electric utility shall file, for approval by the Commission, a Standard Interconnection Agreement for Net Metering Facilities (Appendix A), and a Net Metering Tariff in standard tariff format (Appendix B).

Rule 4.02. Filing and Reporting Requirements

Each electric utility shall file in Docket No. 06-105-U by March 15 of each year, a report listing all existing net metering facilities and the generator rating and, where applicable, the inverter power rating of each net metering facility as of the end of the previous calendar year.

STANDARD INTERCONNECTION AGREEMENT FOR NET METERING FACILITIES

I. STANDARD INFORMATION

Section 1. Customer Information

Name: _____
Mailing Address: _____
City: State: _____ Zip Code: _____
Facility Location (if different from above): _____
Daytime Phone: _____ Evening Phone: _____
Utility Customer Account (from electric bill): _____

Section 2. Generation Facility Information

System Type: Solar Wind Hydro Geothermal Biomass Fuel Cell Micro turbine
Generator Rating (kW): _____ AC or DC (circle one)
Describe Location of Accessible and Lockable Disconnect: _____
Inverter Manufacturer: _____ Inverter Model: _____
Inverter Location: _____ Inverter Power Rating: _____

Section 3. Installation Information

Attach a detailed electrical diagram of the net metering facility.

Installed by: _____ Qualifications/Credentials: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Daytime Phone: _____ Installation Date: _____

Section 4. Certification

1. The system has been installed in compliance with the local Building/Electrical Code of _____.
   (City/County)
   Signed (Inspector): _____ Date: _____
   (In lieu of signature of inspector, a copy of the final inspection certificate may be attached.)

2. The system has been installed to my satisfaction and I have been given system warranty information and an operation manual, and have been instructed in the operation of the system.
   Signed (Owner): _____ Date: _____

Section 5. E-mail Addresses for parties

1. Customer's e-mail address: _____
2. Utility's e-mail address: _____ (To be provided by utility.)

Section 6. Utility Verification and Approval

1. Facility Interconnection Approved: _____ Date: _____
   Metering Facility Verification by: _____ Verification Date: _____

II. INTERCONNECTION AGREEMENT TERMS AND CONDITIONS

This Interconnection Agreement for Net Metering Facilities ("Agreement") is made and entered into this _____ day of _____, 20__, by _____ ("Utility") and _____ ("Customer"), a _____ (specify whether corporation or other), each hereinafter sometimes referred to individually as "Party" or collectively as the "Parties". In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Section 1. The Net Metering Facility
The Net Metering Facility meets the requirements of Ark. Code Ann. § 23-18-603(6) and the Arkansas Public Service Commission's Net Metering Rules.

Section 2. Governing Provisions
The parties shall be subject to the provisions of Ark. Code Ann. § 23-18-604 and the terms and conditions set forth in this Agreement, the Net Metering Rules, and the Utility's applicable tariffs.

Section 3. Interruption or Reduction of Deliveries
The Utility shall not be obligated to accept and may require Customer to interrupt or reduce deliveries when necessary in order to construct, install, repair, replace, remove, investigate, or inspect any of its equipment or part of its system; or if it reasonably determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices. Whenever possible, the Utility shall give the Customer reasonable notice of the possibility that interruption or reduction of deliveries may be required. Notwithstanding any other provision of this Agreement, if at any time the Utility reasonably determines that either the facility may endanger the Utility's personnel or other persons or property, or the continued operation of the Customer's facility may endanger the integrity or safety of the Utility's electric system, the Utility shall have the right to disconnect and lock out the Customer's facility from the Utility's electric system. The Customer's facility shall remain disconnected until such time as the Utility is reasonably satisfied that the conditions referenced in this Section have been corrected.

Section 4. Interconnection
Customer shall deliver the as-available energy to the Utility at the Utility's meter.

Utility shall furnish and install a standard kilowatt hour meter. Customer shall provide and install a meter socket for the Utility's meter and any related interconnection equipment per the Utility's technical requirements, including safety and performance standards.

The customer shall submit a Standard Interconnection Agreement to the electric utility at least thirty (30) days prior to the date the customer intends to interconnect the net metering facilities to the utility's facilities. Part I, Standard Information, Sections 1 through 4 of the Standard Interconnection Agreement must be completed for the notification to be valid. The customer shall have all equipment necessary to complete the interconnection prior to such notification. If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection Agreement. The electric utility shall provide a copy of the Standard Interconnection Agreement to the customer upon request.

Following notification by the customer as specified in Rule 3.01.C, the utility shall review the plans of the facility and provide the results of its review to the customer within 30 calendar days. Any items that would prevent parallel operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

To prevent a net metering customer from back-feeding a de-energized line, the customer shall install a manual disconnect switch with lockout capability that is accessible to utility personnel at all hours. This requirement for a manual disconnect switch will be waived if the following three conditions are met: 1) The inverter equipment must be designed to shut down or disconnect and cannot be manually overridden by the customer upon loss of utility service; 2) The inverter must be warranted by the manufacturer to shut down or disconnect upon loss of utility service; and 3) The inverter must be properly installed and operated, and inspected and/or tested by utility personnel.

Customer, at his own expense, shall meet all safety and performance standards established by local and national electrical codes including the National Electrical Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), the National Electrical Safety Code (NESC), and Underwriters Laboratories (UL).

Customer, at his own expense, shall meet all safety and performance standards adopted by the utility and filed with and approved by the Commission pursuant to Rule 3.01.F that are necessary to assure safe and reliable operation of the net metering facility to the utility's system.

Customer shall not commence parallel operation of the net metering facility until the net metering facility has been inspected and approved by the Utility. Such approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Utility's approval to operate the Customer's net metering facility in parallel with the Utility's electrical system should not be construed as an endorsement, confirmation, warranty, guarantee, or representation concerning the safety, operating characteristics, durability, or reliability of the Customer's net metering facility.

Modifications or changes made to a net metering facility shall be evaluated by the Utility prior to being made. The Customer shall provide detailed information describing the modifications or changes to the Utility in writing prior to making the modifications to the net metering facility. The Utility shall review the proposed changes to the facility and provide the results of its evaluation to the Customer within thirty (30) calendar days of receipt of the Customer's proposal. Any items that would prevent parallel operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

Section 5. Maintenance and Permits

The customer shall obtain any governmental authorizations and permits required for the construction and operation of the net metering facility and interconnection facilities. The Customer shall maintain the net metering facility and interconnection facilities in a safe and reliable manner and in conformance with all applicable laws and regulations.

Section 6. Access to Premises

The Utility may enter the Customer's premises to inspect the Customer's protective devices and read or test the meter. The Utility may disconnect the interconnection facilities without notice if the Utility reasonably believes a hazardous condition exists and such immediate action is necessary to protect persons, or the Utility's facilities, or property of others from damage or interference caused by the Customer's facilities, or lack of properly operating protective devices.

Section 7. Indemnity and Liability

Each party shall indemnify the other party, its directors, officers, agents, and employees against all loss, damages expense and liability to third persons for injury to or death of persons or injury to property caused by the indemnifying party's engineering design, construction ownership or operations of, or the making of replacements, additions or betterment to, or by failure of, any of such party's works or facilities used in connection with this Agreement by reason of omission or negligence, whether active or passive. The indemnifying party shall, on the other party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying party shall pay all costs that may be incurred by the other party in enforcing this indemnity. It is the intent of the parties hereto that, where negligence is determined to be contributory, principles of comparative negligence will be followed and each party shall bear the proportionate cost of any loss, damage, expense and liability attributable to that party's negligence.

Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to or any liability to any person not a party to this Agreement. Neither the Utility, its officers, agents or employees shall be liable for any claims, demands, costs, losses, causes of action, or any other liability of any nature or kind, arising out of the engineering, design construction, ownership, maintenance or operation of, or making replacements, additions or betterment to, the Customer's facilities by the Customer or any other person or entity.

Section 8. Notices

All written notices shall be directed as follows:

Attention:
[Utility Agent or Representative]

[Utility Name and Address]

Attention:
[Customer]
Name:_____
Address: _____
City: _____

Customer notices to Utility shall refer to the Customer's electric service account number set forth in Section 1 of this Agreement.

Section 10. Term of Agreement

The term of this Agreement shall be the same as the term of the otherwise applicable standard rate schedule. This Agreement shall remain in effect until modified or terminated in accordance with its terms or applicable regulations or laws.

Section 11. 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. The Customer shall not assign this Agreement or any part hereof without the prior written consent of the Utility, and such unauthorized assignment may result in termination of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

Dated this _____ day of _____, 20__.

Customer:	Utility:
_____	_____
By: _____	By: _____
Title: _____	Title: _____
Mailing Address:	Mailing Address:
_____	_____
_____	_____
E-mail Address:	E-mail Address:
_____	_____

ARKANSAS PUBLIC SERVICE COMMISSION

Appendix B

Original _____ Sheet No._____

Replacing _____ Sheet No._____

_____

Name of Company

Kind of Service: Electric Class of Service: _____

Part III. Rate Schedule No.: X

Title: NET METERING

PSC File Mark Only

X. NET METERING

X.1. AVAILABILITY

X.1.1. To any residential or any other customer who takes service under standard rate schedule(s) _____ (list schedules) who has installed a net metering facility and signed a Standard Interconnection Agreement for Net Metering Facilities with the Utility. Such facilities must be located on the customer's premise and intended primarily to offset some or all of the customer's energy usage at that location.

The provisions of the customer's standard rate schedule are modified as specified herein.

X.1.2 Customers may not take service under this tariff and simultaneously take service under the provisions of any other alternative source generation or co-generation tariff.

X.2. MONTHLY BILLING

X.2.1. On a monthly basis, the net metering customer shall be billed the charges applicable under the currently effective standard rate schedule and any appropriate rider schedules. Under net metering, only the kilowatt hour (kWh) units of a customer's bill are affected.

X.2.2. If the electricity supplied by the electric utility exceeds the electricity generated by the net metering customer and fed back to the electric utility during the billing period, the net metering customer shall be billed for the net billable kWhs supplied by the electric utility in accordance with the rates and charges under the Utility's standard rate schedule applicable to the customer.

X.2.3. If the electricity generated by the net metering customer and fed back to the electric utility during the billing period exceeds the electricity supplied by the electric utility, the utility shall credit the net-metering customer with any accumulated net excess generation in the next applicable billing period month to month until the close of an annual billing cycle, at which time any net excess generation credit shall expire.

X.2.4 Any renewable energy credit created as the result of electricity supplied by a net-metering customer is the property of the net-metering customer that generated the renewable credit.

THIS SPACE FOR PSC USE ONLY

Attachment 3

Summary of Net Metering Installations

Compiled by Size of Installation

2011			Number of Installations					
Company	Total number of installations	Total installed capacity (kW)	Less than or equal to 10 kW	Between 10 kW and 25 kW	Between 25 kW and 75 kW	Between 75 kW and 100 kw	Between 100 kW and 200 kW	Between 200 kW and 300 kW
OG&E	11	75.0	9	2	0	0	0	0
SWEPCO	16	74.6	14	2	0	0	0	0
EAI	58	431.6	47	9	2	0	0	0
EDE	0	0.0	0	0	0	0	0	0
Ashley Chicot	0	0.0	0	0	0	0	0	0
Clay County	1	0.6	1	0	0	0	0	0
Craighead	1	3.2	1	0	0	0	0	0
Farmers	0	0.0	0	0	0	0	0	0
Mississippi	0	0.0	0	0	0	0	0	0
Ouachita	0	0.0	0	0	0	0	0	0
S Central	0	0.0	0	0	0	0	0	0
Ark Valley	17	92.7	15	2	0	0	0	0
C&L	3	7.8	3	0	0	0	0	0
Woodruff	3	13.0	3	0	0	0	0	0
SW Coop	3	16.0	3	0	0	0	0	0
Carroll	30	121.2	28	2	0	0	0	0
Petit Jean	6	23.4	5	1	0	0	0	0
First	19	93.7	17	2	0	0	0	0
Rich Mtn	3	16.7	3	0	0	0	0	0
N. Ark	14	37.8	14	0	0	0	0	0
Ozarks	29	275	25	3	0	1	0	0
Totals	**214**	**1282.2**	**188**	**23**	**2**	**1**	**0**	**0**

Net Metering Installations
By Company

2011

Company	Type of Installation	Generator (kW)	Number of Installations
OG&E	Solar	6.12	
OG&E	Solar	19.3	
OG&E	Solar	0.88	
OG&E	Solar	3.12	
OG&E	Solar	4.6	
OG&E	Solar	2	
OG&E	Solar	10	
OG&E	Solar	17.64	
OG&E	Solar	6.5	
OG&E	Wind	3.6	
OG&E	Wind	1.2	
OG&E Total		**74.96**	**11**
SWEPCO	Solar	2.016	
SWEPCO	Solar	2.688	
SWEPCO	Solar	6.8	
SWEPCO	Solar	2.76	
SWEPCO	Solar	2.8	
SWEPCO	Solar	6.72	
SWEPCO	Solar	13.5	
SWEPCO	Solar	1.75	
SWEPCO	Solar	4.7	
SWEPCO	Solar	2.3	
SWEPCO	Solar	5.25	
SWEPCO	Solar	4.68	
SWEPCO	Solar	1.68	
SWEPCO	Solar	13.8	
SWEPCO	Solar	2.7	
SWEPCO	Solar	0.45	
SWEPCO Total		**74.594**	**16**

Net Metering Installations
By Company

2011

Company	Type of Installation	Generator (kW)	Number of Installations
EAI	Solar	0.35	
EAI	Solar	1	
EAI	Solar	1.8	
EAI	Wind	1.8	
EAI	Solar	1.84	
EAI	Solar	1.84	
EAI	Solar	1.9	
EAI	Solar	2	
EAI	Solar	2	
EAI	Solar	2	
EAI	Solar	2	
EAI	Wind	2	
EAI	Wind	2	
EAI	Solar	2.1	
EAI	Solar	2.2	
EAI	Solar	2.3	
EAI	Solar	2.3	
EAI	Solar	2.7	
EAI	Solar	2.7	
EAI	Solar	2.8	
EAI	Solar	2.8	
EAI	Solar	2.8	
EAI	Solar	2.8	
EAI	Solar	2.85	
EAI	Solar	2.9	
EAI	Solar	3	
EAI	Solar	3.3	
EAI	Solar	3.5	
EAI	Solar	3.8	
EAI	Solar	5	
EAI	Solar	5	
EAI	Solar	5.2	
EAI	Solar	5.2	
EAI	Solar	5.3	
EAI	Solar	5.7	
EAI	Solar	6	
EAI	Solar	6	
EAI	Solar	6	
EAI	Solar	6	

Net Metering Installations
By Company

Company	Type of Installation	Generator (kW)	Number of Installations
		2011	
EAI	Solar	6.9	
EAI	Solar	7.5	
EAI	Solar	7.8	
EAI	Solar	8	
EAI	Solar	8.2	
EAI	Solar	8.28	
EAI	Solar	9.12	
EAI	Solar	9.7	
EAI	Solar	12	
EAI	Solar	12.88	
EAI	Solar	13.8	
EAI	Solar	15	
EAI	Solar	15	
EAI	Solar	21	
EAI	Solar	24	
EAI	Solar	24.8	
EAI	Solar	24.8	
EAI	Solar	30	
EAI	Wind	50	
EAI Total		**431.56**	58
EDE			
EDE Total		**0**	**0**
Ashley Chicot			
Ashley Chicot Total		**0**	**0**
Clay County	Solar	0.6	
Clay County Total		**0.6**	**1**
Craighead	Solar	3.2	
Craighead Total		**3.2**	**1**
Farmers			
Farmers Total		**0**	**0**
Mississippi			
Mississippi Total		**0**	**0**
Ouachita			
Ouachita Total		**0**	**0**

Net Metering Installations
By Company

Company	Type of Installation	Generator (kW)	Number of Installations
		2011	
S Central			
S Central Total		**0**	**0**
Ark Valley	Solar	3.6	
Ark Valley	Solar	3.6	
Ark Valley	Wind	5.5	
Ark Valley	Solar	2.95	
Ark Valley	Solar	5.4	
Ark Valley	Solar	10	
Ark Valley	Solar	2.925	
Ark Valley	Solar	0.75	
Ark Valley	Solar	2.68	
Ark Valley	Solar	5.04	
Ark Valley	Solar	16.77	
Ark Valley	Solar	1.075	
Ark Valley	Solar	5	
Ark Valley	Solar	11.04	
Ark Valley	Solar	8	
Ark Valley	Solar	0.4	
Ark Valley	Solar	8	
Ark Valley Total		**92.73**	**17**
C&L	Solar	2.86	
C&L	Solar	3.04	
C&L	Solar	1.9	
C&L Total		**7.8**	**3**
Woodruff	Wind	3.5	
Woodruff	Solar	8	
Woodruff	Solar	1.5	
Woodruff Total		**13**	**3**
SW Coop	Solar	4	
SW Coop	Solar	6	
SW Coop	Solar	6	
SW Coop Total		**16**	**3**

Net Metering Installations
By Company

2011

Company	Type of Installation	Generator (kW)	Number of Installations
Carroll Electric	Solar	11.04	
Carroll Electric	Solar	6.16	
Carroll Electric	Solar	1.1	
Carroll Electric	Solar	2.3	
Carroll Electric	Solar	2.8	
Carroll Electric	Solar	1.1	
Carroll Electric	Solar	5.98	
Carroll Electric	Wind	5	
Carroll Electric	Solar	1.8	
Carroll Electric	Solar	2.9	
Carroll Electric	Solar	3.36	
Carroll Electric	Solar	5	
Carroll Electric	Wind	10	
Carroll Electric	Solar	2.9	
Carroll Electric	Solar	2.28	
Carroll Electric	Solar	22.5	
Carroll Electric	Solar	1.1	
Carroll Electric	Solar	1.56	
Carroll Electric	Solar	1.95	
Carroll Electric	Solar	2.2	
Carroll Electric	Solar	9	
Carroll Electric	Solar	3	
Carroll Electric	Solar	3	
Carroll Electric	Solar	1.1	
Carroll Electric	Solar	0.46	
Carroll Electric	Solar	1.38	
Carroll Electric	Solar/Wind	2.5	
Carroll Electric	Solar	1.44	
Carroll Electric	Solar	5	
Carroll Electric	Solar	1.25	
Carroll Electric Total		**121.16**	**30**
Petit Jean	Solar	13	
Petit Jean	Solar	5	
Petit Jean	Solar	0.17	
Petit Jean	Wind	3	
Petit Jean	Solar	1.8	
Petit Jean	Solar	0.38	
Petit Jean Total		**23.35**	**6**

Net Metering Installations
By Company

2011

Company	Type of Installation	Generator (kW)	Number of Installations
First Electric	Solar	6.58	
First Electric	Solar	3.52	
First Electric	Solar	4.5	
First Electric	Solar	3.52	
First Electric	Solar	5.4	
First Electric	Solar	12.88	
First Electric	Solar	3.64	
First Electric	Solar	5.52	
First Electric	Solar	2.8	
First Electric	Solar	3.22	
First Electric	Solar	1.5	
First Electric	Solar	11.98	
First Electric	Solar	6.11	
First Electric	Solar	3.45	
First Electric	Solar	2.76	
First Electric	Solar	0.75	
First Electric	Solar	3.25	
First Electric	Solar	2.3	
First Electric	Wind	10	
First Electric Total		**93.68**	**19**
Rich Mtn	Solar	2	
Rich Mtn	Solar	6.16	
Rich Mtn	Solar	8.5	
Rich Mtn Total		**16.66**	**3**
N. Ark	Solar	1.38	
N. Ark	Solar	1.3	
N. Ark	Solar/Wind	3.6	
N. Ark	Solar	3.6	
N. Ark	Wind	2.4	
N. Ark	Wind	1.2	
N. Ark	Wind	2.4	
N. Ark	Wind	2	
N. Ark	Solar	0.615	
N. Ark	Solar	2.9	
N. Ark	Solar	3.51	
N. Ark	Solar	2.6	
N. Ark	Solar	8	
N. Ark	Solar	2.3	
N. Ark Total		**37.805**	**14**

Net Metering Installations
By Company

	2011		
Company	**Type of Installation**	**Generator (kW)**	**Number of Installations**
Ozarks	Wind	100	
Ozarks	Solar	1.17	
Ozarks	Solar	3.42	
Ozarks	Solar	10	
Ozarks	Wind	1.8	
Ozarks	Wind	1.8	
Ozarks	Solar	1.1	
Ozarks	Solar	0.38	
Ozarks	Solar	2.3	
Ozarks	Solar	25	
Ozarks	Solar	4	
Ozarks	Solar	0.95	
Ozarks	Solar	6	
Ozarks	Solar	12	
Ozarks	Solar	9	
Ozarks	Solar	9	
Ozarks	Solar	6	
Ozarks	Solar	6	
Ozarks	Solar	4.8	
Ozarks	Solar	7	
Ozarks	Solar	7.2	
Ozarks	Solar	5	
Ozarks	Solar	5	
Ozarks	Solar	3.5	
Ozarks	Solar	8	
Ozarks	Solar	6	
Ozarks	Solar	2.8	
Ozarks	Solar	6	
Ozarks	Solar	19.9	
Ozarks Total		**275.12**	**29**
Grand Total		**1282.219**	**214**