NAVOPACHE ELECTRIC COOPERATIVE, INCORPORATED
DISTRIBUTED GENERATION ANNUAL EXPORT RATE
PLAN OF ADMINISTRATION

This Plan of Administration ("POA") relates to the administration of the Navopache Electric Cooperative, Incorporated ("NEC") Distributed Generation Annual Export Rate ("AER") and is filed for Arizona Corporation Commission ("Commission") approval pursuant to Decision No. 77130, dated March 13, 2019. The purpose of the POA is to describe how NEC calculates and administers the AER. The AER is applied to the excess energy supplied by a customer with distributed generation as described in the Distributed Generation (DG) tariff.

The initial AER is effective from the first of the month following the Decision's effective date. The AER is established through 2023 by Decision No. 77130. The AER shall change each December 1st from December 1, 2019 to and including December 1, 2022 for DG energy received by NEC from a DG customer. However, if less than the AER, the energy rate paid by the DG customer to NEC under its applicable tariff, adjusted by the applicable purchased power and fuel cost adjuster ("PPFCA") shall be the value used to credit Excess Generation on the monthly customer bill.

NEC may submit a proposed methodology for calculating a new AER either 1) with a full rate case submitted pursuant to A.A.C. R14-2-103 or 2) submittal to Commission Staff under this POA for review and a recommendation. Prior to submitting a proposed methodology, NEC shall meet with Commission Staff to discuss the methodology it intends to propose, and the data Staff needs to evaluate the proposed methodology. Staff shall submit a staff report and proposed order within ninety (90) days of receiving NEC's proposed methodology. NEC shall provide the data identified by Staff when it submits the proposed methodology for Commission review. If appropriate, NEC may request that the AER in effect beginning on December 1, 2022 remain in effect until otherwise ordered by the Commission.

Annual Adjustment of the AER:

The current AER, once approved by the Commission, will be available at every Cooperative office and posted on the NEC website. The current AER will continue to be in effect until the next AER is effective, which shall be December 1st annually through December 1, 2022, unless suspended or otherwise ordered by the Commission, prior thereto. Unless altered by Commission Decision, for the period 2018 through November 30, 2023, the AER shall be:

April 1, 2019 – November 30, 2019:	$0.063500
December 1, 2019 – November 30, 2020:	$0.057150
December 1, 2020 – November 30, 2021:	$0.051440
December 1, 2021 – November 30, 2022:	$0.046290
December 1, 2022 – until changed by Commission Decision:	$0.041662

Recoverable Power Cost

All payments made for excess energy under this plan of administration, up to the currently effective avoided cost, are defined as eligible power cost included in Account 555 which are recoverable through NECs PPFCA. Any power costs in excess of the avoided cost will be recovered through the Renewable Energy Standard and Tariff surcharge to the extent surcharge funds are available for such purpose. Otherwise, power costs shall be included in Account 555 and recovered through NEC's PPFCA.

Customer Billing

NEC will provide the customer a monthly bill credit for the excess energy based on the applicable AER, or if less than the AER, the energy rate paid by the DG customer to NEC under its applicable tariff, as adjusted by the PPFCA. Any bill credit in excess of the customer's otherwise applicable monthly bill will be credited on the next monthly bill, or subsequent bills if necessary.

System Eligibility

A distributed generation facility must meet all the following qualifications to be eligible for the AER:

- The facility must be operated by on or on behalf of the customer and is located on the customer's premises;
- The facility is intended to provide part or all the customer's requirements for electricity;
- The facility uses renewable resources, a fuel cell or combined heat and power ("CHP") to generate electricity;
- The facility has a generation capacity less than or equal to 125% of the customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and
- The facility is interconnected with and can operate in parallel with the Cooperative's existing distribution system.

Switching from a grandfathered net metering tariff

A customer may switch from the grandfathered Net Metering Service Tariff ("Schedule NMS") to the Distribution Generation Service Tariff ("Schedule DGS"). However, the customer will lose his/her grandfathered status and may not subsequently switch back to the grandfathered Schedule NMS. In addition, the customer's bill credits will be based on the AER as it changes as described in section Annual Adjustment of the AER above.