

SMALL GENERATION SYSTEM INTERCONNECTION AGREEMENT

(10 kW OR LESS)

Interconnection Agreement, Terms, and Conditions

This Small Generation System Interconnection Agreement (10 kW or less) sized to no more than 100 percent of a three year kWh average, is made and entered into this ____ day of _____, 20____, by and between CITY OF ASPEN UTILITIES, having a mailing address of 130 South Galena Street, Aspen, CO 81611 hereinafter referred to as (“Company”), and _____, (“Customer”) whose service address is _____, Colorado. Customer’s mailing address is: _____.

WITNESSETH:

WHEREAS, Company is a public utility engaged in the business of generating, transmitting and distributing electric power and energy to various areas in Aspen, Colorado under the Rates, Rules, and Regulations of the Company’s Electric Tariffs (“Electric Tariffs”) which are on file with and subject to the jurisdiction of the Public Utilities Commission of the State of Colorado (“Commission or PUC”); and

WHEREAS, Customer is interconnected with, and receives electric service from Company’s electric distribution system under the terms and conditions of Company’s Electric Tariffs; and

WHEREAS, Customer owns, operates, and maintains on its premises a Small Generation System with a design capacity rating of 10 kW alternating current (“AC”) or less, by which it generates electric energy from renewable resources, or is a FERC-Qualified Facility (QF), for the Customer’s exclusive use where production exceeds no more than 100 percent of a three year average of energy use; and

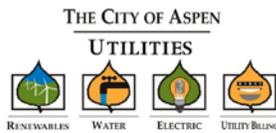
WHEREAS, Customer desires to operate such Small Generation Facility in parallel with the Company’s electric distribution system.

NOW THEREFORE, in consideration of the premises and the mutual covenants and promises of the parties hereto, it is agreed as follows:

1. Definitions.

“Commission” means the Public Utilities Commission of the State of Colorado.

“Electric Tariffs” means the Company’s electric tariffs as in effect and on file with, and approved by, the Commission, as the same may be changed from time-to-time.



The Company expressly retains the right to seek Commission approval to change its tariffs, at its sole discretion. “Governmental Authority” includes the United States of America, the State of Colorado or any of its agencies or political subdivisions.

“Interconnection Facilities” include the Company’s Interconnection Facilities and the Customer’s Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions, or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Company’s System. Interconnection Facilities are sole-use facilities and shall not include Distribution Upgrades.

“Small Generating Facility” (SGF) means the Customer’s device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Facilities not owned by the Interconnection Customer, as schematically depicted on Attachment A, attached hereto and incorporated herein by this reference.

“System” means the facilities owned, controlled, or operated by the Company that are used to provide electric service under the Tariffs.

“Point of Interconnection” (POI) means the point where the Customer’s Interconnection Facilities connect with the Company’s system. The location of the Point of Interconnection will be determined by the Company in accordance with standard industry practice or as individual circumstances may dictate.

2. Service to be Provided.

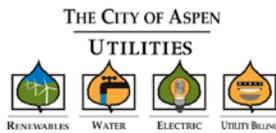
Company shall deliver and sell to Customer, and Customer shall receive and purchase from Company, during the term of, and subject to, the provisions of this Agreement, all electric power and energy as may be required by Customer in addition to the electric power and energy produced by the Small Generating Facility. All electric power and energy delivered by the Company to the Customer at the Point of Interconnection shall be paid for by the Customer at the applicable Rates, and subject to the Rules and Regulations in Company’s Electric Tariffs.

3. Term.

This Agreement shall be in full force and effect for an initial period of one (1) year from the date hereof, and shall remain in full force and effect each year thereafter, unless terminated by either party as set forth below.

4. Facilities Provided by Company.

Company shall install, own, operate and maintain the electric distribution facilities up to the Point of Interconnection. This policy is applicable to service rendered from either overhead or



underground facilities. All such facilities will be installed in accordance with the Company's Line Extension Policy and Rules and Regulations, as contained in its Electric Tariffs.

5. Facilities Provided by Customer.

Customer shall own, operate, and maintain all facilities on the load side of the Point of Interconnection necessary to enable Customer to take and use the electric energy provided by Company in accordance with the Company's Electric Tariffs. Such Customer facilities shall include the generation unit and all appurtenant equipment necessary to own, operate, and maintain the Small Generating Facility. Customer shall provide suitable space on Customer's premises for Company's meters and metering equipment. A utility accessible and lockable switch to disconnect the Generation System must be properly labeled and installed at or near the customer's meter panel and labeled with an engraved yellow placard with permanent adhesive designed for outdoor use to ensure adhesion over time through extreme weather conditions.

6. No Construction of Facilities.

No construction of facilities by the Company shall be required in order to accommodate the installation or operation of the Small Generating Facility.

7. Compliance with Commission Rules.

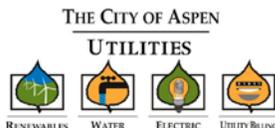
Customer shall comply with all specifications and requirements set forth in the Commission's rules regarding "Small Generation Interconnection Procedures" as the same may be revised from time to time.

8. Design, Construction, Operation.

Customer is responsible for design, construction, installation, operation, maintenance, and replacement or repair of the Small Generation System and the Customer's Interconnection Facility Equipment so that, at all times, the Customer complies with the Company's "Safety, Interference, Interconnection Guidelines for Co-Generators, Small Power Producers and Customer Owned Generators" as set forth in the Electric Tariffs, as well as all relevant Rules of the Colorado PUC. Customer shall also install, operate, and maintain the Small Generation Facility and Interconnection Facility in a safe manner in accordance with the rules for safety and reliability set forth in the National Electrical Code, other applicable local, state, and federal codes, and prudent electrical practices.

9. Design Review.

Customer shall provide the Company an electrical one-line diagram and a relaying and metering one-line diagram prior to completion of detailed designs, unless the Customer is installing a package system that is pre-certified to IEEE 1547.1 and UL 1741 standards. Packaged Systems pre-certified under IEEE Standard 1547.1 and UL Standard 1741 will not require a relaying and



metering one-line diagram. The submitted application and diagrams will be processed, reviewed, and acted upon in accordance with the Level 1 Process Rules of the Commission.

10. Inspection and Testing.

Prior to parallel operation of the Small Generating Facility, the Company may inspect the Small Generating Facility for compliance with industry standards, the Company's Tariffs, and the Rules and Regulations of the Commission. The Company's inspection may include a witness test and the Company may schedule appropriate metering replacement, if necessary. If the witness test is not satisfactory in the sole judgment of the Company, the Company has the right to disconnect the Small Generating Facility. The Customer shall have no right to operate in parallel until a witness test has been performed, or previously waived in writing by the Company. The Company must complete the witness test within ten (10) business days of receipt of a "Certificate of Completion" by the Customer.

11. Commissioning Tests.

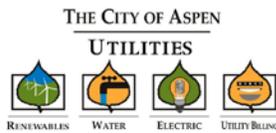
Commissioning tests of the Customer's installed Generation System shall be performed pursuant to applicable codes and standards, including IEEE 1547.1. The Company must be given at least five (5) business day's written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

12. Confidentiality.

All design, operating specifications, and metering data provided by the Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such. Confidential Information shall not include information previously in the public domain or required by governmental authorities to be publicly submitted or divulged. All Confidential Information obtained by the Company shall be handled in accordance with Commission Rules and Regulations, except as otherwise agreed in writing by the parties.

13. No Company Warranty of Small Generation Facility.

Any approval or acceptance by the Company of Customer's designs, analyses, operating and maintenance procedures, instructions, drawings, specifications, and installation shall not be construed as confirming or endorsing the design or operation of the Small Generation Facility or as a warranty of its safety, durability, reliability, or fitness for the purpose intended. The Company shall not, by reason of such review or failure to review, be responsible or liable for the Small Generation Facility in any manner, including, but not limited to, the strength, details of design, adequacy, safety, capacity, or fitness for the purpose intended.



14. Future Design Changes.

No changes to the Small Generation Facility's Interconnection Facility Equipment shall be made without the prior written approval of the Company. If changes are made without the Company's written approval, the Company may, at its sole discretion and upon reasonable notice to the Customer, require the Customer to conform the Small Generation Facility to specifications set forth in the Company's Electric Tariffs at the Customer's sole expense within thirty (30) days after informing the Customer of the required changes, or the Company may disconnect the Small Generation Facility from the Company's System and terminate this Agreement.

15. Right to Locate Facilities.

Customer hereby grants to Company the right to use the premises of Customer for the purpose of providing the Company's System and Interconnection Facilities necessary to connect the Customer's Small Generation Facility to the System, and agrees to provide any required rights-of-way by separate instrument without cost, if so requested by Company.

16. Access.

The Company shall have access to the disconnect switch and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.

17. Disconnection.

The Company may temporarily disconnect the Small Generating Facility upon the following conditions:

17.1 For scheduled outages per notice requirements in the Company's Tariffs or pursuant to Commission Rules.

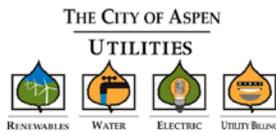
17.2 For unscheduled outages or emergency conditions pursuant to the Company's Tariffs, or Commission Rules.

17.3 If the Small Generating Facility does not operate in a manner consistent with the provisions of this Agreement, the Company's Tariffs or Commission Rules.

17.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as soon as is reasonable after an unscheduled disconnection.

18. Billing and Payment.

Customer shall reimburse Company for all of the costs that the Company incurs under this Agreement in accordance with the Company's Tariffs on file with the Commission. Company agrees that, when performing or causing to be performed any work for Customer's account,



Company will use the same degree of care and diligence in controlling and minimizing the costs of the work it performs as if the work were being performed for the Company's own account.

Company shall invoice Customer for reimbursement of the Company's costs, from time to time, as those costs are incurred, but no more frequently than once each month. Payment shall be due within thirty (30) days of the date of the Company's invoice. If payment in full is not made by the Customer within that time, the unpaid balance shall bear interest at the rate of one and one half percent (1.5%) per month. If the Customer is more than ninety (90) days delinquent in reimbursing the Company's costs, Company may, in its sole discretion, terminate this Agreement, in which event the Customer shall be liable for all costs of the Company has incurred to the date of termination of this Agreement. If the Company must bring a legal action to obtain reimbursement of its costs from Customer, Company shall be entitled to recover from Customer its reasonable attorney's fees, expenses, and court costs.

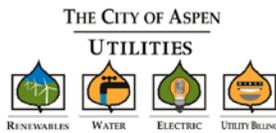
The reimbursement rate for excess energy production for a particular twelve month calendar /budget year will be established January first of each year based on previous years calculated avoided cost in kWh.

19. Force Majeure.

The Company shall not be liable for failure or fault in the delivery of electrical energy to the Customer or for total or partial interruption of service caused by accidents, breakdown of equipment, acts of God, floods, storms, fires, strikes, riots, war, terrorist attacks, sabotage, labor disputes, shortage of materials, the forces of nature, the authority and orders of government, and other causes or contingencies of whatever nature beyond the reasonable control of Company, or which reasonably could not have been anticipated and avoided by the Company.

20. Indemnification.

Each party shall save and hold harmless the other party, its officers, employees, agents, affiliates, and subsidiaries from any and all damages, losses, judgments, claims, including claims and actions relating to injury or death of any person or damage to property, demand, suits, recoveries, costs, and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other party's actions or inactions in performing its obligations under this Agreement on behalf of the indemnifying party, except in cases of gross negligence or intentional wrongdoing by the indemnified party. In the event of concurrent negligence on the part of each party, there shall be contribution in the percentage of each party's respective negligence; and, provided further, that each of the parties hereto shall be solely responsible for injury or damage, wherever occurring, due solely to any defect in equipment installed, furnished, or maintained by such party.



21. Limitation of Liability.

Each party's liability to the other party for any loss, cost, claim, injury, liability, judgment or expense, including reasonable attorney fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party from any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever.

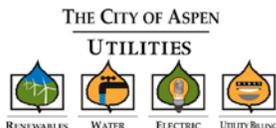
22. Insurance.

Customer shall, at its own expense, secure and maintain in effect during the term of this Agreement, liability insurance with a combined single limit for bodily injury and property damage of not less than \$300,000 per occurrence. Such liability insurance shall not exclude coverage for any incident related to the subject Small Generating Facility, its installation, maintenance, operation, repair, or replacement. The Company shall be named as an additional insured under the liability policy unless the system is installed on a residential premise and has a design capacity of 10 kW or less. The insurance policy shall include a provision that written notice shall be given to the Company at least thirty (30) days prior to any cancellation or reduction of any coverage. A copy of the liability insurance certificate must be received by the Company prior to the date of interconnection of the Small Generating Facility. The liability insurance shall include as an endorsement to the policy, that the Company shall not, by reasons of its inclusion as an additional insured, incur liability to the insurance carrier for the payment of any premium of such insurance.

Certificates of insurance evidencing the requisite coverage and provision(s) shall be furnished to the Company and attached to this Agreement and appended hereto as an attachment prior to the date of interconnection of the Generation System. The Company shall be permitted to periodically obtain proof of current insurance coverage from the generating customer in order to verify proper liability insurance coverage. Customer will not be allowed to commence or continue interconnected operations unless evidence is provided that satisfactory insurance coverage is in effect at all times.

23. Termination.

This Agreement may be terminated by the Customer with thirty (30) days written notice to the Company. In the event Customer terminates this Agreement, the Company shall have a reasonable amount of time to remove its facilities as described in Sections 15 and 16 of this Agreement. This Agreement may be terminated by the Company for non-performance by the Customer under the terms of this Agreement, the Company's Tariff, or for violation of any Commission rule. The Customer shall have thirty (30) days from the date that the Company sends written notice to the Customer to remedy the item of non-performance. Upon expiration of the thirty (30) day remedy period and if the item of non-performance has not been corrected, the Company may terminate this Agreement. Unless terminated early by the Customer or the Company as described in this Article, this Agreement shall terminate when the Small Generation Facility is permanently removed from service or becomes inoperative for a period in excess of one year.



24. Miscellaneous.

24.1 Governing Law, Regulatory Authority, and Rules.

The validity, interpretation, and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of Colorado, without regard to its conflicts of law principles. This Agreement is subject to all applicable laws and regulations. Each party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

24.2 Amendment .

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

24.3 No Third-Party Beneficiaries.

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any person, corporation, association, or entity other than the parties hereto, their successors and assigns and the obligations herein assumed are solely for the use and benefit of the parties, their successors in interest and, where permitted, their assigns.

24.4 Waiver.

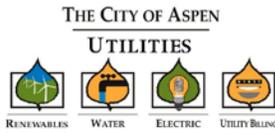
The failure of a party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right or duty of, or imposed upon, such party. Any waiver at any time by either Party of its respective rights relating to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Customer shall not constitute a waiver of the Customer's legal rights to obtain an interconnection from the Company. Any waiver of this Agreement shall, if requested, be provided in writing.

24.5 Multiple Counterparts.

This Agreement may be executed in two or more counterparts, each of which is deemed original but all constitute one and the same instrument. The Parties agree that a facsimile copy of a signature will be deemed original and binding.

24.6 No Partnership.

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the parties or to impose any partnership obligation or partnership liability upon either party. Neither party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other party.



24.7 Severability.

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the parties shall negotiate in good faith to restore insofar as practicable the benefits to each party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

24.8 Subcontractors.

Nothing in this Agreement shall prevent a party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each party shall remain primarily liable to the other party for the performance of such subcontractor. The creation of any subcontract relationship shall not relieve the hiring party of any of its obligations under this Agreement. The hiring party shall be fully responsible to the other party for the acts or omissions of any subcontractor the hiring party hires as if no subcontract had been made; provided, however, that in no event shall the Company be liable for the actions or inactions of the Customer or its subcontractors with respect to obligations of the Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such party. The obligations under this article will not be limited in any way by limitation of subcontractor’s insurance.

24.9 Reservations of Rights. The Company shall have the right to make unilateral filing with the Commission and any other regulatory agency to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under relevant provisions of law, and the Customer shall have the right to make a unilateral filing with such regulatory agency to modify this Agreement; provided that each party shall have the right to protest any such filing by the other party and to participate fully in any proceeding before such regulatory agency in which such modifications may be considered.

24.10 Jurisdiction. All of the rates for electric power and energy supplied by the Company under this Agreement are subject to Company’s electric tariff and the jurisdiction, rules, and regulations of the Commission.

24.11 Notices. Notices to be given hereunder shall be deemed sufficiently given and served after receipt of notice sent by United States certified mail, return receipt requested and respectively addressed as follows:

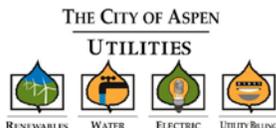
Customer:

Company:

City of Aspen Utilities

130 South Galena Street

Aspen, CO 81611



24.12 Assignment-Consent.

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto, and shall not be assigned by either party without the written consent of the other party, which consent shall not be unreasonably withheld.

24.13 Total Agreement.

Subject to the Company's lawful tariffs, this Agreement, together with its Attachments, represents the entire agreement between the parties relating to the rates, terms, and conditions for electric service provided to Customer by the Company and to electric energy supplied to the Company by the Customer.

24.14 Binding Effect.

This Agreement, as it may be amended from time to time, shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives, assigns, affiliates and subsidiaries.

24.15 Breaches Ongoing.

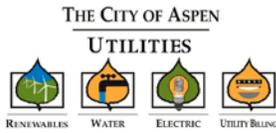
All breaches of this Agreement shall be considered ongoing breaches until such breaches are remedied or until there may be a written waiver of the breach by the non-breaching party.

24.16 Remedies for Breach.

This Agreement and the respective rights and duties of the parties are unique and of such a special nature that it is enforceable through the remedy of specific performance and injunctive relief, in addition to any other remedies that may exist at law or in equity.

24.17 Disputes.

In the event of a dispute related to this Agreement, including but not limited to a breach of the provisions of the Agreement, the parties shall follow the dispute resolution guidelines set forth in the Commission's Renewable Energy Standards. However, in the event the parties choose not to use the dispute resolution proceeding set forth in the Renewable Energy Standards or the dispute is not resolved under the dispute resolution guidelines, either party may exercise whatever rights and remedies it may have at law or in equity consistent with the terms of this Agreement. The prevailing party shall be entitled to recover from the non-prevailing party its reasonable attorney fees, expenses, and costs of any civil legal action brought for the purpose of resolving the dispute or enforcing its rights under the Agreement.



IN WITNESS WHEREOF, the Parties have caused this Interconnection Agreement, Terms, and Conditions Agreement to be executed in their respective names by the proper officers hereunto duly authorized as of the date and year first above written.

Company: City of Aspen Utilities

By: _____ Date: _____ as authorized agent for Public Service
Company of Colorado

Customer: _____

By: _____ Date: _____ Title: _____

ATTACHMENTS:

Small Generation Facility One line Diagram

Relaying and metering diagram if applicable

Insurance certificate