



Title: Rules and Regulations

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(Rules and Regulations)**

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HIGHLINE ELECTRIC ASSOCIATION

Rules, Regulations, and Extension Policy

(Revised 08/16/18)

I. Application of Rules and Regulations:

These Rules and Regulations apply to each and every member. They are a part of every contract for service made by the Association, unless modified by special terms written therein, and govern all classes of service. Copies are on file in the Association's offices and are open to inspection by the public.

They may be revised, amended, supplemented or otherwise changed as deemed necessary by the Board of Directors and such changes shall have the same force as the present ones.

II. Application for Service:

A. Service Contract: The Association will require each prospective member to sign an application for each service the member requests, and to agree to abide by the Rules and Regulations and standard requirements of the Association. In addition Members will be required to abide by the By-Laws of the Association.

B. Acceptance: An application or contract when accepted by an officer or authorized agent of the Association, shall constitute the contract between the Member and the Association, and no agent or employee has power to modify, or waive any of its conditions.

C. Frequency and Voltage of Service: All service is provided at the frequency of 60 hertz and the system operates on a continuous basis as required by the Member. Nominal voltages available from the Association are as follows:

- 120 volts, single-phase, 2-wire
- 120/240 volts, single-phase, 3-wire
- 120/208 volts, three-phase, 4-wire wye
- 120/240 volts three-phase, 4-wire delta
- 240 volts, three-phase, 3-wire delta
- 240/480 volts, three-phase, 4-wire delta
- 277/480 volts, three-phase, 4-wire wye
- 480 volts, three-phase, 3-wire delta
- 7,200 volts, single-phase, 2-wire
- 7,200/12,470 volts, three-phase, 4-wire wye
- 69,000 volts, three-phase, 3-wire delta
- 115,000 volts, three-phase, 3-wire delta

The voltage available for certain classes of service are specified in the individual rate schedules. Other voltages may be made available upon special arrangement.

The actual voltage delivered will vary from the nominal voltage depending upon member location and varying characteristics of the member loads and the facilities serving the member. The Association will make every attempt to maintain voltage levels as recommended in REA Bulletin 17240-113 (or revisions thereof), however variations beyond the control of the Association may occur due to power supply difficulties, acts of God, vandalism, etc.

III. Classification of Members:

Service shall be classified for the purpose of determining the applicable rate schedule in accordance with the nature of the member's intended use of the service.

A. Farm and Residential Service: This classification shall allow for single-phase service only.

1. Residential Service: Shall be defined as service to a single private house, apartment, flat or other living quarters occupied by a person or persons constituting a distinct household. It shall include any private garage adjacent to, and used exclusively as a private garage by the resident.

2. Farm Service: Shall be defined as service at one point of connection to a single farm or ranch together with its farm or ranch buildings and farm equipment.

B. Commercial and Small Power: Shall be defined as service at a single point of connection, to any business enterprise (other than single-phase farm service), institution or organization. Service will be furnished under the rate for Commercial and Small Power Service where the required transformer capacity is less than 50 kVA and may be either single or three-phase service. The user of this service may elect to have included with his or her commercial use the energy consumed in residences either occupied by the owner or by an employee or other person directly concerned with the operation of the business, provided that the combined service can be served from the same transformer bank and meter installation.

Notwithstanding anything included in the above paragraph, a commercial member may elect to be served under the Large Power Rate even though his required transformer capacity is less than 50 kVA.

C. Grain Storage and Drying: Shall be defined as service at a single point of connection, to any grain drying and/or storage facility. Service will be furnished under the rate for Grain Storage and Drying where the required transformer capacity is between 51 kVA and 150 kVA and may be either single or three-phase service.

D. Large Power Service: Shall be defined as service at a single point of connection to any member requiring transformer capacity of 50 kVA or greater and may be either single or three-phase service. The Large Power Rate will be used on this type of service, except where special rates are in effect, such as for irrigation.

The user of this service may elect to have included with his or her Large Power usage the energy consumed in residences either occupied by the owner or by an employee or other person directly concerned with the operation of the business.

E. Augmentation Service: Shall be defined as service at a single point of connection to any member for use to electric motor(s) that are to be used primarily for augmentation.

Augmentation shall be billed at the Augmentation Rate, except when the land owner and the Association determines that the primary use of the well is for irrigation and augmentation is the secondary use of the well.

F. Irrigation Service: Shall be defined as service at a single point of connection to any member for use to electric motors that are to be used primarily for the irrigation of crops. Crop drying equipment may be connected to this same service and metered under this same rate schedule provided that:

1. Additional transformer capacity or additional investment by the Association is not required.

2. The drying equipment must not operate at the same time that the irrigation equipment is operating. A double-pole, double-throw switch, approved by the Association, must be provided and installed by the member in a location that will prevent simultaneous operation.

G. Definitions:

1. Distinction Between Farm and Commercial Service: Farm service shall include, in addition to all other uses of energy on farms, the use of energy for processing of material produced on the farm served; for example, feed grinding. On the other hand, if the materials are produced elsewhere as in the case of commercial feed grinding plants, commercial poultry hatcheries, etc., the service shall be classified as commercial.

2. Required Transformer Capacity: The term "required transformer capacity" used in connection with determining the minimum bill under a rate schedule or in distinguishing between the use of the commercial rate schedule and the larger power rate schedule shall mean the nearest standard size of a transformer or transformers required to carry the member's load. Where two or more members are served from the same transformer or transformers, the minimum charge for each shall be based on the transformer capacity which would normally be installed for his or her individual requirements.

IV. Deposits:

A. Requirement of Deposit:

1. All Accounts Other than Irrigation: Where an applicant's credit is not established, or where the credit of a member with the Association has become impaired, or where the Association deems it necessary (ie. the member becomes involved in bankruptcy or foreclosure proceedings), a deposit in an amount not to exceed an estimated 90 days billing, may be required as security for the payment of final bills, before the Association will render or continue to render service.

2. Irrigation Accounts: Due to the unusual nature of irrigation usage patterns a modified deposit requirement is used. Irrigation members involved in bankruptcy, foreclosure, or those having a history of making late payments, or for whom the Association deems it necessary, may be required to provide one of the following deposits or guarantees:

a. The member shall make a deposit, prior to the energization of the irrigation service, an amount equal to the highest one months' usage for the most recent normal operating year. This amount shall be determined by the Association at its sole discretion. This deposit shall be held until the end of the irrigation season as determined by the Association.

b. The member shall provide a guarantee of payment in writing from a reputable banking institution, as determined by the Association, guaranteeing payment of the electric bill for the year for the particular service or services involved.

c. The member may request an audience with the Board of Directors of the Association to request special consideration or provide an alternative to this policy. It shall be at the sole discretion of the Board of Directors of the Association as to the acceptance or rejection of this request.

3. Interest on Deposits:

a. Simple interest shall be paid by the Association upon a deposit at the percentage rate per annum payable upon the return of the deposit, or annually at the request of the member.

b. Interest on deposits shall be earned for the time held by the Association and shall be calculated from the date the deposit is received by the Association to the date of payment to the member in cash or an amount equal to the deposit is credited to the member's account. In the event that a deposit is retained for periods longer than twelve months and interest is not paid annually, interest on the deposit amount shall accrue at the new interest rate for the time held in the new interest period.

c. Applicable interest rate: The interest rate will be calculated at the beginning of each year based upon the average interest rate received by the Association for investments from CFC for the previous year. This interest rate will be effective for the entire year unless the Board of Directors chooses to change the rate during the year due to substantial interest rate changes during the year.

B. Prior Debts:

Where a member requests service and owes the Association a previous unpaid bill, the Association may require that the unpaid bill be paid, plus up to an amount equal to an estimated 90 days billing be paid in advance before service is connected. Where the service requested is for irrigation purposes, the unpaid bill must be paid, plus applicable deposit requirements as described in item A.2.a. above.

C. Refund of Deposits:

The deposit will be refunded upon the termination of service and after payment of all charges due the Association under any of the rate schedules or construction agreements. Normally on a monthly basis, the Association will review all the deposits on hand and if the customer for whom the deposit is being retained has had a good payment record for the past 24 months, such deposit will be applied to the customer's account. A good payment record is defined as 24 consecutive months with no more than one late payment. If the customer is in bankruptcy or foreclosure proceedings, the deposit will normally be held until the proceedings have been withdrawn.

D. Prepayments:

Voluntary prepayments for future electrical usage will be accepted by the Association and will be credited to the accounts of those making such payments. Voluntary prepayments will accrue interest at a rate of 2% less than the interest rate received by the Association for investments from CFC averaged over the period that the prepayment was outstanding. Prepayments will only be accepted in an amount equal to the expected one year's usage for the account the prepayment is made to, based on previous history. Refunds of prepayments in excess of actual usage will be made at year-end at the member's request.

V. Member's Wiring and Equipment:

A. Member's Installation:

Member's wiring shall be installed in accordance with the National Electrical Code and shall be subject to inspection and approval by agencies having jurisdiction. The Association may

refuse to make connections to members or to continue service whenever, in its judgment, such installation is hazardous to life or property, or deleterious to the service of other members.

B. Motor Starting Requirements:

All installations of electrical loads on the Association must conform to the rules and regulations set forth in the National Electrical Safety Code. No motors in excess of 10 horsepower will be permitted to operate on single-phase lines except by special consent of the Association. Large electric motors, in most cases considered to be 200 horsepower or larger, may be required to operate under special starting arrangements depending upon the distribution facilities available at the motor site. Special starting arrangements may include low-voltage or "soft start" type of equipment.

C. Arc Welding Installations:

All welder installations must be of an approved type with built in power factor correction and telephone and radio interference elimination features. No welder larger than 250 amperes maximum output may be installed without special permission from the Association.

D. Point of Delivery:

The member should communicate with the Association, giving exact location of the premises and the details of all energy consuming devices which are to be installed, upon receipt of which information the Association will designate a point of delivery at which service connections will terminate and near which the member must provide, free of expense to the Association, a suitable place, satisfactory to the Association, for the transformer or transformers, meter or meters, or other equipment of the Association, which may be necessary for the fulfillment of such contracts as the member may enter into with the Association.

E. Underground Service:

1. Primary: In most cases, due to better economies and lifespans, overhead construction will be standard. However, underground construction may be used in instances that benefit the Association. In instances where primary underground construction is requested by the member, the total cost of the underground primary (including installation but not including the cost of transformer(s)) shall be made as a non-refundable contribution by the member. In cases of new construction the cost of underground primary construction shall not be decreased by the anticipated equivalent amount of overhead construction since the expected decreased lifespan and the resultant increased maintenance costs for underground primary construction would outweigh any benefits to the Association for not building an equivalent overhead line.

2. Secondary: Where the member requires underground secondary service, the Association will normally locate its meter at the point where the wiring is to go underground and the member shall normally furnish, install, own, and maintain the underground from this point. In the event underground must be installed on the Association's side of the meter, to fill the needs of the member, the member will make a non-refundable contribution to the Association at the total cost of said underground construction.

For service to irrigation motors or other large loads (as determined by the Association), where the cost of installing a disconnect at the meter becomes burdensome to the Association, the Association may continue to own the underground secondary beyond the meter to the first point of disconnect. In this event, the member will make a non-

refundable contribution of the total cost of said underground service. If the Association determines that the location of the underground service is in an area which makes this service vulnerable to rodent or other damage, the member will be requested to furnish conduit for the installation. If the member does not wish to furnish this conduit, it will be his or her responsibility to install and/or maintain the underground service including the installation of a main disconnect.

When a contribution is required the Association may request that the member provide a deposit of the estimated cost prior to start of construction. The amount of contribution will be adjusted to actual cost when actual cost values have been determined.

F. Non-Standard Service:

Member shall own, maintain, and operate all substation and transforming equipment where voltage, phase, or frequency is desired other than that at which service is rendered and metered under the terms of the applicable rate schedule.

G. Limit of Responsibility:

The Association will install and maintain its lines and equipment on its side of the point of delivery, but shall not be required to install or maintain any lines, equipment, or apparatus beyond this point, except meters, meter accessories, and underground lines to certain irrigation services where the Association owns the facilities from the meter to the first disconnect as described in section VE2 above.

VI. Member's Responsibility:

A. Nature of Service:

The Association's undertaking extends only to the supplying of service at the point of delivery. Member is warned of the risk of damage to property and the possibility of fire or personal injury resulting from improper wiring and manner of attachment or use and maintenance of electric appliances, fixtures and apparatus and is advised to allow no one except experienced and capable electricians to install or make any change, alteration, additions, or repairs to any part of the members installation.

B. Member's Liability:

The Member assumes full responsibility for the energy upon member's premises at and from the point of delivery thereof, and for the conductors, apparatus, devices and appurtenances thereon used in connection with the service.

The member shall indemnify, save harmless and defend the Association against all claims, demands, cost or expense for loss, damage, or injury to persons or property in any manner directly or indirectly arising from, connected with, or growing out of the transmission or use of electric energy by member at or on member's side of the point of delivery.

C. Changes in Member's Wiring and Equipment:

All equipment supplied by the Association for the use of each member has a definite capacity and for this reason, it shall be the responsibility of the member to notify the Association before any change is made in the load characteristics or change of purpose, or of location of, his or her installation. Failure to give such notice shall render the member liable for any damage to meters or accessories, transformers, or wires, of the Association, caused by the additional or changed installation.

D. Protection by Member:

Member shall protect the equipment of the Association on his or her premises and shall not interfere with or alter, or permit interference with or alteration, of the Association's meters or other property except by duly authorized representatives of the Association. In the event of any loss or damage to the property of the Association due to, or caused by, or arising from, carelessness, neglect or misuse by member or other unauthorized persons, the cost of the necessary replacement and repairs shall be paid for by the member.

E. Tampering:

If the meters or other property belonging to the Association are tampered or interfered with, the member being supplied through such equipment shall pay the amount which the Association may estimate is due for service rendered but not registered on the Association's meter, and for such replacements and repairs as are necessary, as well as for costs of inspection, investigation and protective installations, and, at the Association's option, its reasonable costs of collection, including attorneys' fees.

VII. Access to Premises:

Duly authorized representatives of the Association shall have the right of ingress to and egress from the premises of member at all reasonable times for the purpose of reading, testing, inspecting, repairing, replacing or removing its meters or other property, or inspecting the member installation or for the purpose of removing its property on the termination of its contract or on discontinuance of service from whatever cause.

VIII. Continuity of Service:

A. Regularity of Supply:

The Association will use reasonable diligence to provide and maintain uninterrupted service; but in case of cessation, deficiency, variation in voltage, reversal of phasing, or any other failure, resulting from acts of God, public enemies, accidents, strikes, riots, wars, repairs, order of court, or other acts reasonably beyond the control of the Association, it shall not be liable for damages, direct or consequential, resulting from such interruption or failure.

B. Notice of Trouble:

Member shall give immediate notice to the Association's representatives of any interruptions, or irregularities or unsatisfactory service and of any defects in the Association's facilities known to member. The Association may at any time it deems necessary, suspend the supply of electrical energy to any member or members for the purpose of making repairs, changes, extensions, or improvements upon any part of its system. The Association shall make a reasonable effort to furnish notice of such discontinuance to members, where practicable.

C. Relocation of Facilities:

Where the member requests the Association to relocate its facilities on his premises, such changes shall be made only upon member agreeing to pay the Association the cost of labor, overhead, and additional materials if applicable, in making such change. Should the requested change result from an increase in the member's load, the Association may, at its discretion, waive such charge.

IX. Association's Right to Discontinue Service Without Notice:

The Association reserves the right to discontinue the supply of electric service to any member or members without notice for any of the following reasons:

- A. For any disapproval of member's equipment or installation because of its being hazardous to life or property.
- B. Upon cancellation of contract.
- C. For by-passing or tampering with the Association's meter or metering equipment.
- D. If entry to the Association's facilities is refused or if access thereto is obstructed or hazardous.
- E. If a member's use of Association's electric service results in impairment or degradation of the service to other members, including, but not limited to, extreme voltage fluctuations and radiated or induced interference with radio, television, and telephone reception.

X. Foreign Electricity:

No other source of supply of electricity shall be introduced or used by member in conjunction with service supplied without written consent of the Association. This provision is not intended to prohibit the use of Member's own generating equipment for emergency use during interruptions of Association's service, or wind generators and other renewable energy sources, served under applicable rates. For safety reasons **emergency generators used during interruptions of the Association's service must be totally isolated from the Association's distribution facilities when in use**. Member owned generating equipment must meet all applicable interconnection standards as determined by Highline Electric Association.

XI. Resale of Service:

All purchased electric service on the premises of the Member shall be supplied exclusively by the Association, with the exception of an owned wind generator or other renewable energy resource, for which a proper contract has been executed. The Member shall not, directly or indirectly, sell, sublet, assign, or otherwise dispose of, the electric service or any part thereof, without the consent of the Association, except as permitted under applicable rate schedules.

XII. Meters:

A. Separate Meter for Each Service:

The Association will normally furnish a single meter at the point of connection to the member's premises. Any member desiring service at two or more separately metered point(s) of connection to the Association's facilities shall be billed separately at each such point and the registration of such meters shall not be added for billing purposes. The Association may, for its own convenience, waive this requirement.

B. Tests of Meters and Adjustment of Bills:

The Association, at its own expense, will make periodic tests and inspections of its meters to maintain them at a high standard of accuracy. The Association will make additional tests or

inspections of its meters at the request of a member provided that the member will accept the results of said test as a basis for settlement of the difference claimed. The Association reserves the right to charge a fee when such meter has been tested within the previous twelve months.

C. Non-Registration of Meter:

If a meter is found not to register or to partially register for any period, the Association shall estimate a charge for the kilowatt-hours used by averaging the amounts registered over similar periods, or over corresponding periods, in previous years or by utilizing such other acceptable information available.

D. Special Measurement:

The Association shall have the right, at its option and at its own expense, to place special meters or instruments on the premises of any member for the purpose of special tests of all or any part of the member's load.

XIII. Meter Readings, Billings and Payments:

A. Meter Reading and Billing Procedure:

In order to further the Association's purpose of providing low-cost electric service, most members shall read their own meter and note this reading on the stub portion of their monthly bill and return it to the Association's office when payment is made each month. The Association must receive meter readings on the member-read meters at least once every three months. If the Association does not receive a meter reading on a member-read meter for a three month period, the Association will read the meter and bill the member for the cost of the meter reading. The Association will provide Automated Meter Reading (AMR) service for those customers who chose not to read their meter. Charges for this service will be per the rate tariff. If the Association does not receive a meter reading on a member read meter for two, three month periods in a year the member will be deemed to have chosen not to read the meter. The Association will read all large power meters, augmentation meters, irrigation meters, and meters in the towns of Ovid, Sedgwick, Padroni, and Iliff, Colorado. The bills should be received by the first day of the month and are due on the 15th. The Board of Directors may set a different billing cycle for the Large Gas Compression Rate Class.

B. Payment Procedure:

A late payment charge of 1.5% per month will be assessed on the unpaid balance on the first working day following the 15th. If the 15th falls on a Saturday, Sunday or Holiday, the late payment charge will be assessed on the second working day following the 15th. The late payment charge for any account will be waived once in any two year period for consumers who have had no other late payments during that time.

Remittance may be made by mail or paid in person at any of the Association's offices in Holyoke, Sterling or Ovid.

Automatic bank payment (ACH) is also available.

Residential and Small Commercial accounts may also pay by Mastercard, Visa or Discover

debit/credit cards.

C. Discontinuance of Service:

1. The Association may discontinue the supply of electric service to any member for violation of any rule of the Association or for non-payment of any sum due for service upon written notice deposited in the United States' mail as first class mail, or physically delivered to the address of the member at least ten (10) days in advance of the proposed termination date, advising the member what particular rule has been violated for which service will be discontinued, and/or the amount due and the date by which the same shall be paid. In the event the member previously has executed a third party notification form indicating a third party to whom notices of discontinuance or termination is to be sent, written notice also will be mailed by first class mail or delivered at least ten (10) days in advance of the proposed termination date to said third party. The notice of discontinuance will be conspicuous in nature and in easily understood language.
2. Delinquency in payment for service rendered to a previous occupant of the premises to be served and unpaid charges for service or facilities not ordered by the present or prospective members shall not constitute a sufficient cause for refusal of service to a present or prospective member, provided, however, the Association may decline to furnish service at the same premises for the use of a delinquent member by subterfuge in any manner. Subterfuge includes, but is not restricted to, an application for service to a given location in the name of another party by an applicant whose account is delinquent and who continues to reside at the premises. Service shall not be discontinued or refused for failure to pay any indebtedness except as incurred for utility service rendered by the Association in the States of Colorado and Nebraska. Indebtedness for utility service rendered by the Association in the States of Colorado and Nebraska can and will be transferred between accounts of the same member.
3. Service will not be discontinued if all current bills are paid when due and all past due amounts are being amortized by reasonable installment payments. Current bill means that portion of the bill which is not thirty (30) days past due. The minimum reasonable installment payment is that which pays a current bill in full plus at least one-sixth (1/6) of any past due balance. The Association reserves the right, in the event there is a breach in the installment agreement, to discontinue service on or after the seventh day following the mailing of a notice of termination to the member. To avoid termination, or to be reconnected, payment in full of the current bill and of all past due amounts must be made, and the member must pay a reasonable deposit before service will be reconnected.
4. Service will not be discontinued, and charges as outlined in Paragraph G below will not be charged, for one month in the event that a residential member has paid their bill on time, with no late payment penalties, for each of the preceding twenty four months.
5. Service will not be discontinued between 12 noon on Friday and 8 a.m. the following Monday, or between 12 noon on the day prior to and 8 a.m. on the day following any Association-observed holiday.
6. Service will not be discontinued during any period when termination of service would be especially dangerous to the health or safety of the residential member or a permanent resident of the member's household and such member established that he or she is unable

to pay for the service as regularly billed by the Association, or he or she is able to pay for such service but only in reasonable installments.

7. Termination of service that would be especially dangerous to the health or safety of the residential member or a permanent resident of the member's household means that termination of service would aggravate an existing medical condition or create a medical emergency for the member or a permanent resident of the member's household. Such shall be deemed to be the case when a licensed physician makes a certification thereof in writing and said certification is received by the Association. In the event a medical certification is delivered to or received by the Association, the non-discontinuance of service as herein prescribed will be effective for sixty (60) days from the date of said medical certification. One thirty (30) day extension of non-termination of service may be affected by delivery to or receipt by the Association of a second medical certification, as aforesaid, prior to the expiration of the initial sixty-day non-termination period. A residential member may invoke these provisions no more than once during any period of twelve consecutive months.

D. Member Assistance Agencies:

The Association will make available to any member, upon written or telephone request, a list of all organizations and major federal, state or local government agencies, known to the Association, which provide member assistance or benefits relating to utility service.

E. Special or Short-Term Service:

Bills for special or short term service, including the cost of connecting and disconnecting, may be rendered at the discretion of the Association, and shall be payable on demand.

F. Accuracy in Meter Reading:

When meter readings are member-read, accurate meter readings must be provided. If member-read meter readings are intentionally falsified, for whatever reason, discontinuance of service as addressed heretofore may be initiated.

G. Charges for Restoration of Service:

1. When the Association's representative travels to member's premises for the purpose of discontinuing service, and member at that time makes payment of bill in full plus thirty dollars (\$30.00) for the call by the Association's representative, service will remain connected.
2. When the Association has disconnected service, member shall pay the bill in full plus a charge for restoration of service of sixty dollars (\$60.00) if the work is accomplished during normal work time (8:00 am to 3:30 pm), or ninety dollars (\$90.00) if the work is accomplished outside normal time.

H. Bad Checks:

In the event a member tenders a check, which is dishonored by the bank on which drawn, the Association will write to the member requesting immediate settlement. When a second bad check is tendered within a 12-month period, the Association will send a notice informing member that the service will be disconnected after five days from date of notice if settlement has not been received by that time. Should the same member tender a third bad check during the same 12-month period, the Association will send a notice informing member that the service will be disconnected after five days if valid payment has not been received by that time, and no further checks will be accepted. Future payments must be in U.S. currency,

money order, or valid cashier's check. Personal checks will again be accepted one year after the last short check. In addition, a twenty dollar (\$20.00) fee will be assessed for each insufficient check.

I. Waiver of Minimum Monthly Payment:

If the Association is prevented from furnishing, or if the member is prevented from receiving, all or any considerable portion of the electric service contracted for, and should such failure to deliver or receive be due to acts of God, or to other acts reasonably beyond the control of either the Association or the member, then the minimum monthly payment provided for may, upon member request, be adjusted. Such adjustments shall not be made for any period of less than 72 consecutive hours interruption.

J. Failure to Receive a Bill:

The member is presumed to be aware of his liability for payment of monthly bills for electric service and failure to receive a bill shall not relieve him or her of obligation to inquire of the Association as to the amount.

XIV. Rights-of-Way:

A. Procurement by Member:

Members applying for the construction of an extension may be required to secure to, and for, the Association, all necessary and convenient rights-of-way and to pay the cost incident thereto.

B. Delays:

Applications for service from an extension to be constructed where a right-of-way is not owned by the Association will only be accepted subject to delays incident to obtaining a satisfactory right-of-way, or to the obtaining of any necessary permits from State or other regulatory authorities having jurisdiction over Association's activities.

XV. Beginning and Ending Service:

Any member starting the use of service without first notifying and furnishing a reading or enabling the Association to read the meter will be held responsible for any amount due for service supplied to the premises from time of the last reading of the meter, immediately preceding his occupancy, as shown by the Association books. It shall be the responsibility of any member terminating service either to send in the final reading of his meter on the date he leaves the premises or to request the Association to read the meter. Failure to do this shall render him or her liable for payment of all electricity registered by the meter from the day of his or her last meter reading until such time as the Association learns of his termination and is able to read the meter or is otherwise advised of the meter reading. Notice of discontinuance of service prior to the expiration of a contract term will not relieve a member from any minimum or guaranteed payment under any contract or rate.

XVI. Line Extension Policy:

A. Obligation to Extend:

1. The Association will provide electric service to all qualified applicants within the Association's certified area. However, its obligation to extend facilities to provide service to new members is limited to the extent warranted by the revenue anticipated from the service. Where new construction is required, the Applicant must cooperate fully with the Association in acquiring rights-of-way to the end that suitable right-of-way acceptable to the Association is obtained.
2. Line extensions will normally be constructed in the chronological order of making such applications, and as labor and materials and system capacity are or become available, and as applicants are prepared to receive and need service. The Association, however, reserves the right to alter this order based upon the needs or conveniences of the Association.
3. Members will normally be required to pay a minimum charge to reimburse the Association for expenses in extending facilities. Such charge is referred to as a "minimum" in these regulations.
4. If application of the transformer capacity charge, as set forth in the applicable rate schedule, will result in a higher minimum than calculated according to C, D, or E, below, such higher minimum will be used. Members shall be entitled to use the number of kilowatt-hours having a value equal to the amount of the minimum as computed under the applicable rate schedule.
5. Extensions requiring construction of primary line, or conversion of line, or a separate transformer, or more than 300 feet of secondary and service, shall be made only upon execution of a contract requiring that the minimum bill, as determined below, shall be paid continuously for at least five years after service is made available. Extensions of less than 300 feet from an existing transformer will be made on the same conditions, except that the contract will be for one year. A 10 year contract shall be required for all new non-residential services (defined as having a well and septic system) or the consumer may sign a five year contract and pay ½ of the line extension up front.
6. If a member leaves the premises before the initial term is fulfilled, he or she shall be liable for the unexpired term of the contract unless a new member signs a contract for the unexpired portion of the original contract. Following the signing of the new contract, the original member will be released from liability under his or her contract. After the term of the contract, the minimum will be as specified in the rate schedule.
7. If the member gives the Association written notice that he or she no longer has use for electric service, or declines to continue payment of the applicable minimum in order to have the Association's facilities left in place, the Association may proceed to retire such facilities without notice to the member. Should the same member later request facilities at the same location, such reinstallation will be made only after the member makes payment to the Association of twice the estimated cost of such reinstallation, less material. There will be no contract term requirement for the reinstallation.
8. Where more than one member is to be supplied from a proposed extension, the required

minimum on the portions of the extension common to more than one prospective member will be divided among those members on the basis of installed transformer capacity. When prospective members are to be added to an existing extension prior to expiration of the contract term, the minimum will be reapportioned, if requested by one or more members having interest, among the existing and prospective members only if this will result in a reduction of \$24.00 or more per year in the minimum of one or more of the original members. No refunds will be made for the period prior to such time.

9. The minimums shown herein are based on construction of the average type and on rights-of-way acceptable to the Association. Where construction conditions are unusual, or in the case of underground construction, a calculation will be made to determine the applicable minimum.

B. Service Classification Definitions:

In considering the extension of facilities, the Association will classify the service to be furnished as Permanent, Indeterminate, or Temporary as follows:

1. **PERMANENT:** Includes service to domestic and commercial members where the use of service, both as to amount and permanency, can be reasonably assured. Examples of permanent services would include residential, irrigation, feedlots, and other commercial establishments.

2. **INDETERMINATE:** Includes service to mines, quarries, gravel pits, oil production facilities, beet dumps, real estate subdivisions, developments of property for sale, enterprises where the Applicant will not be the user of service, and other commercial, industrial and manufacturing enterprises of a speculative nature or which require extensive Association facility upgrades and to domestic members (such as mobile homes) where the amount and permanency of service cannot be reasonably assured.

3. **TEMPORARY:** Includes services to circuses, bazaars, fairs, concessions and similar enterprises, to construction works of a temporary nature and to speculative enterprises during the first 24 months of development where the permanency is questionable. Temporary service will not be continued for a period longer than 24 months, except by special permission of the Association. Service after the 24-month period shall be provided in accordance with the provisions regarding permanent or indeterminate service, without further consideration of the obligations provided under the temporary service policy.

C. Extensions for Permanent Service:

1. **Single-Phase:** Extensions will be made on the basis of the base minimum specified in the applicable rate schedule, plus a fee based upon the most recent line extension cost evaluation, per foot per month of primary and secondary overhead line involved in the extension.

2. **Three-Phase:** Extensions will be made on the basis of the base minimum specified in the applicable rate schedule, plus a fee based upon the most recent line extension cost evaluation, per foot per month of primary and secondary overhead line or conversion involved in the extension.

Where two-phase (V-phase) will, in the opinion of the Association, provide satisfactory service, a fee based upon the most recent line extension cost evaluation per foot per month for primary and secondary line or conversion involved in the extension will be used.

3. At the member's option, the member may make a contribution in aid of construction at

rates based upon the most recent line extension cost evaluation.

In addition to the above costs, an estimated cost of installation of transformers, metering, secondary service, etc. will be included in the contribution in aid of construction. All contributions, under this option, will not draw interest but will be refundable at the rate of 25% of annual revenue, but not to exceed 10% per year for 10 years. Annual refunds will be made before April 1 of each ensuing year and will be refunded as a credit to the account on the billing statement. The base minimum will be that specified in the applicable rate schedules.

4. In the event the Applicant will not guarantee a minimum for the contract term as specified in (1) or (2) above, or will not make a contribution in aid of construction as specified in (3) the service will be reclassified as "Temporary" and considered in the same manner as other "Temporary Service".

D. Extensions for Indeterminate Service:

1. Extensions to "Indeterminate Service" will be made on the basis of the minimum specified in the applicable rate schedule, and, in addition, the member will be required to make a contribution in aid of construction under terms specified in C (3) above, although no refunds will be made on aid to construction amounts of one thousand dollars or less nor on amounts for new substation or transmission facilities which serve only the indeterminate service. Should the member requesting service classified as indeterminate also request that all or any portion be installed underground, then the amount refunded as outlined in C (3) above shall be limited to the actual amount of the overhead portion, with no refund allowed for the underground portion.

Due to the probable density and possible subdivision covenants, and also due to the Association's desire to encourage residential-type load, subdivisions requesting underground construction shall be refunded actual costs for both overhead and underground construction as outlined in C (3) above.

2. In the event that during the indeterminate service contract term subsequent large indeterminate services require substation or power line capacity from upgraded substation or power line facilities required by the initial indeterminate service, the original contribution in aid of construction will be reapportioned between the indeterminate services based on capacity required.

3. Large indeterminate services will generally be determined to be one Megawatt or larger in size.

4. Normally, after 10 years the service will be reclassified as "Permanent".

E. Extensions for Temporary Service:

1. Extensions to members for "temporary" service will be made on the basis of the base minimum specified in the applicable rate schedule and if, in the opinion of the Association, furnishing of such service will not work an undue hardship upon existing members. The Applicant will be required to enter into a contract for the anticipated period that service will be required at the applicable rate schedule.

Prior to construction of an extension for "temporary service" the Applicant will be required to pay the estimated cost to install and remove the facilities, less the estimated salvage value of materials to be used in the extension. No refund of this payment will be made, except in those instances where the service is reclassified after 24 months service and

served under the rules governing "indeterminate" service.

F. Exceptions:

If, in the opinion of the Board of Directors of the Association, adherence to the above policies will work an undue hardship on an applicant, the Association may modify the requirements for such special cases.

XVII. General:

A. No Prejudice of Rights:

The failure by the Association to enforce any of the terms of this tariff shall not be deemed as a waiver of the right to do so.

B. Billing Changes:

Where members are found to be on an improper rate, as the result of an investigation made at the member's request or by routine inspection, the change of billing to the proper rate will apply to the bill for all improperly billed periods.

C. Exceptional Cases:

The usual supply of electric service shall be subject to the provisions of this tariff; but where special service or supply conditions or problems arise for which provision is not otherwise made, the Association may modify or adapt its supply terms to meet the peculiar requirements of such cases.

XVIII. Budget Billing Plan:

A. Permanent members served under the Association's Residential Rate may elect to pay monthly bills for service on a Budget Billing Plan subject to the terms and conditions set forth herein.

B. Any member electing the Budget Billing Plan shall pay an estimated monthly amount equal to an average of their most recent twelve months bills, adjusted to reflect any rate increases which may have become effective during said twelve month period. The budget billing amount will be recalculated every year in October.

C. To be eligible to participate in the Budget Billing Plan, a member shall have met the following requirements:

1. The member shall have been served by the Association at the member's current residence for a period of twelve (12) consecutive months or more or the member shall provide the Association with adequate load information with which the Association may estimate the customer's annual usage. The Association may inspect the premises to verify the load information provided.

2. The member shall owe no amount to the Association for electric service except the current bill.

3. The member shall execute a standard form "Agreement for Budget Billing Plan".

4. The member shall be required to participate in automatic bank withdrawal (ACH payments).

D. Normal collection procedures shall be applicable if a member fails to pay the budget billing amount in any month when due. If the member fails to pay the budget billing amount following due notice by the Association in accordance with rule XIII, the member shall be removed from the Budget Billing Plan and service may be disconnected as described in these

rules and regulations.

E. If service is terminated for any reason to a member on the Budget Billing Plan, the member shall be removed from the plan and the entire outstanding amount of the account shall be due and payable.

F. The monthly budget billing amount may be adjusted, at the option of the Association, for any increase in the Association's rates. Said monthly budget billing amount may also be adjusted at the option of the Association if the Member's use of electricity increases significantly.

G. The Member may elect to terminate the Budget Billing Plan at any time by notifying the Association in writing and by paying in full the entire outstanding amount of the account.

H. If a Member is removed from the Budget Billing Plan for any reason, the member shall not be eligible to participate in the plan again for one year.

XIX. Surcharging Municipal Franchise Charges:

Where municipalities levy a franchise, license or occupation tax against the Association, a surcharge of like amount shall be applied to each member within such municipality.

Approved by the Board of Directors

Date Approved:

August 16, 2018

President

Secretary