

**RUTHERFORD ELECTRIC
MEMBERSHIP CORPORATION
SERVICE RULES
AND REGULATIONS**

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CORPORATION
SERVICE RULES AND REGULATIONS
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MEMBERSHIP AGREEMENT WITH CONSUMER/OWNER

These Service Rules and Regulations are a part of the Member's Service Agreement with Rutherford Electric Membership Corporation (REMC), an electric cooperative. Electric service is available to all persons within the service area of REMC on a non-discriminatory basis as set forth in the Bylaws of REMC. This section highlights the main points found in the Service Rules and Regulations.

A Member of REMC is both a consumer and an owner. A Member has the right to vote in selecting REMC's Board of Directors who sets policies that determine how REMC operates, and a Member is encouraged to take part in the business of the Cooperative by attending the annual meeting.

Great pride is taken by the employees and management of REMC in providing a Member with quality service, which is REMC's most important product. REMC endeavors to maintain quality service at all times even though continuous and uninterrupted service cannot be guaranteed.

The general summary of a Member's rights and responsibilities are as follows:

1. The Member has the right to electric service if they establish satisfactory credit and provide REMC with necessary and reasonable access to their property and/or neighboring property as is necessary for the Member's electric service within REMC's area of coverage.
2. The Member has the right to establish credit in any one of three ways: (1) they may provide a Member in Good Standing, as defined by REMC, to guarantee payment of the Member's bills if they do not pay them; (2) they may make a cash deposit with REMC; or, (3) they have a satisfactory credit rating through a major credit reporting bureau acceptable to REMC.
3. Any cash deposit the Member makes will be refundable with interest after twenty-four (24) consecutive months of maintaining the status of Member in Good Standing for payment of their electric bills or it will be applied to their final bill.
4. Bills are due upon receipt and will be considered past due if payment is not received in the office by the date indicated on the bill. Section 300 of the General Service Rules and Regulations explains more about the Member's billing.

5. A Member has the responsibility to notify REMC in writing by a physician or Home Health Care Agency if there is someone in their household who is either chronically or seriously ill, disabled or on an electrically operated life support system. In that case, the Member's account will be coded so that it may be reviewed should service become subject to disconnection for failure to pay their electric bills. Such notification does not exempt a Member from disconnection.

6. If REMC plans to disconnect a Member's electric service because they have not paid their electric bills and if the Member can show that they are unable to pay their account at once, the Member may request to make installment payments, designed to pay their account in full within a set period of time. The granting of such request may be limited to a certain number of arrangements in a set period of time for a fee. This is not an option for a member on Prepay service.

7. A Member who receives Prepay electric service is solely responsible for managing their account, maintaining a positive balance, and ensuring the alert notification settings are accurate.

8. A Member has the right to have REMC test their electric meter once within a twelve month period for accuracy and to have a report of the test results given to the Member at no charge. If the meter is tested at the Member's request more than one time during a twelve month period, a meter test fee will be collected.

9. The Member will be offered a New Member orientation package at the time the Member initiates service with REMC. REMC will send the Member upon request, without charge, a copy of their billing information for the past twelve months.

10. A full and prompt investigation will be made of all service complaints. The recommended order for filing such complaints is defined in Section 503.

11. A Member may request types of service that exceed what is normally supplied, provided that they meet the general conditions in the Service Rules and Regulations. Such requests are subject to approval by REMC and would be at the expense of the Member. If a Member needs such services, they should contact REMC.

12. A Member of REMC will share in margins called Capital Credits, which are assigned in the Members' names. The refunding of the Capital Credits is at the discretion of the Board of Directors and is reviewed annually.

OFFICE AND SERVICE HOURS

REMC's general office is located at 186 Hudlow Road, Forest City, North Carolina. REMC has district offices located in Crouse and Morganton, North Carolina. REMC also has branch offices in Lincolnton, Gastonia and Marion, North Carolina.

All offices are open for business between the hours of 8:00 A.M. and 5:00 P.M. Monday through Friday, except on holidays. Emergency service work is performed 24 hours a day, 7 days a week.

Service personnel may be reached by calling any time,
Forest City – (828) 245-1621
Crouse – (704) 435-5401
Morganton – (828) 584-1410
Lincolnton – (704) 735-5381
Gastonia – (704) 629-6226
Marion – (828) 652-2136

STATEMENT OF NONDISCRIMINATION

REMC is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1974, as amended, and the rules and regulations of the U.S. Department of Agriculture which provides that no person in the United States on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is the General Manager. This institution is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

DEFINITIONS

Applicant - A Member or prospective Member who has applied for service.

Area Coverage - The public policy of obligating the Cooperative to provide service, on a nondiscriminatory basis, to all persons and entities desiring electrical service within a service territory assigned to the Cooperative.

Billing Period - The time period between two successive, scheduled meter readings.

Capital Credits - The amount of the Cooperative's net margins from the supply of energy allocated to individual members and returned on a periodic basis as determined by the Board of Directors.

Clean and maintained right-of-way - Area along power lines and around facilities to provide access for REMC. This area shall remain open and is regularly maintained to keep lines and facilities free of trees and brush.

Cooperative - Rutherford Electric Membership Corporation, or REMC.

Conservation - The practice of efficiently and effectively using electric generating and transmitting facilities while avoiding wasteful consumption of electrical energy.

Electric Service - The Cooperative's legally imposed duty of supplying to an established point of delivery energy service in the form of an alternating current of frequency at nominal 60 cycles per second and of various nominal voltages.

Foreign Electricity - Any electricity used by the Member that is obtained from a source other than the Cooperative. This includes, but is not limited to, power obtained from other power suppliers and customer-owned generators.

Member - Any person or legal entity who has applied for and been accepted into membership of the Cooperative for the purpose of receiving electric service.

Member in Good Standing - Any REMC Member who has fulfilled all obligations of the Member for any and all accounts under the Member's name and who meets and maintains the Minimum Standard of Good Credit as determined by the Cooperative.

Meter Tampering - Diversion of power or the unauthorized alteration or manipulation of the Cooperative's meter, wires, seals, or other apparatus in such a way as to prevent the meter from recording under seal the amount of electric service supplied to the Member. (This is a misdemeanor under law and may subject the member to penalty and affects the status of Member in Good Standing.)

Point of Delivery - The point at which ownership of the electric service is transferred from the seller to the buyer. The Point of Delivery will be, unless otherwise specified, where the Cooperative's wiring system terminates in the delivery of electric service to the Member's wiring system. On overhead services the Point of Delivery will be the weatherhead and on underground services the Point of Delivery will be the line side of the meter socket; however, the Member may be required to provide and maintain certain facilities between the Cooperative's facilities and the meter.

Seasonal - Member, facilities or premises that are active, in use or inhabited on a part-time basis or during only certain months of the year.

Service Agreement - The agreement between the Cooperative and Member consisting of the following:

- Application for Service,
- A membership fee and security deposit, if required,
- Bylaws,
- All necessary right-of-way easements,
- Current applicable rate schedule and riders,
- Underground Agreement (if applicable),
- Load Management Agreement (if applicable),
- Current Service Rules and Regulations, and
- Agreement for Electric Service (if applicable).

Service Voltage - The voltage at the point where the electric systems of the supplier and the user are connected (Point of Delivery). The Service Voltage is usually measured at the service meter socket or entrance switch and allowable variations are usually expressed on a 120-volt base.

Standard service connection - Unless otherwise stated or agreed by the Cooperative, the standard service connection will be single phase, 60 cycles per second electric service provided to the point of delivery at the Cooperative's standard supply voltages.

GENERAL SERVICE RULES AND REGULATIONS

100 ELECTRIC SERVICE AVAILABILITY

101 Application for Membership

The Service Agreement between REMC and its Members will consist of the following:

- Application for Service;
- A membership fee and security deposit, if required;
- Bylaws;
- All necessary right-of-way easements;
- Current applicable rate schedule and riders;
- Underground Agreement, if applicable;
- Load Management Agreement, if applicable;
- Current Service Rules and Regulations; and
- Agreement for Electric Service, if applicable.

A membership fee, as stated in the Schedule of Charges, can either be paid in the office at the time of application or will be charged to the Member's first billing. Neither the Membership nor the Service Agreement is transferable or assignable; however, capital credits may be transferred to REMC, from spouse to spouse, or from one business to another business when all business assets are purchased. A non-refundable connection charge, as specified in the Schedule of Charges, will be required.

102 Security Deposit

A security deposit may be collected in advance of service connection or at any subsequent time when REMC determines that a deposit is needed to ensure payment of bills. A Member in Good Standing who terminates service at one location and begins like service at another location within REMC's service area will not be charged a security deposit for the service at the new location.

Deposits other than those described above will be required by special contract or when, as determined by REMC, such deposit is necessary due to the type of service. Such deposit will be

based upon the credit rating of the Member.

As an alternative, REMC will accept: (1) a guarantee of payment of bills by a Member in Good Standing as guarantor; (2) satisfactory credit with REMC at another location; or (3) a satisfactory credit rating through a major credit reporting bureau. REMC will endeavor to fully explain all means of establishing credit.

The deposit along with interest will be refundable to the Member's account after a period of twenty-four (24) consecutive months during which the Member has fulfilled all Member obligations as provided for in the Service Agreement. A deposit may be required at any time if the Member's payment record falls below that of a Member in Good Standing. Deposits are refunded monthly by cycles. Interest is calculated at a rate set by the Board of Directors.

Upon termination of membership, the membership fee and security deposit (if not already refunded) will be refunded or applied against any unpaid balance owed to REMC.

103 Additional Service Connections

A Member may have any number of service connections under one membership. A non-refundable service connection charge is required for each meter set. The Member is also obligated to pay, pursuant to the above Section 102, the applicable security deposit for each additional service when satisfactory credit history has not been established and will be obligated to pay for all electric demand and energy used on the premises at REMC's applicable rates. A Member with more than one account is equally responsible for current payment of all accounts and service may be denied for a new service for failure to pay on another account in the name of the same Member.

104 Area Coverage and Line Facilities

In providing area coverage service, REMC will provide a standard service

connection that requires no facilities or services in excess of those normally provided by or acceptable to REMC. REMC may require additional deposits and/or contributions-in-aid of construction for line extensions beyond the limits as provided by REMC policy.

When a Member or an individual requests that REMC supply electric service in a manner which requires equipment and facilities in excess of those which REMC would normally provide, and REMC finds it practical to do so, such excess equipment and facilities will be provided as extra facilities at the cost of the Member. Additional costs will be collected through extra facilities charges and/or contributions-in-aid of construction as agreed upon by REMC and the Member. The provisions for extra facilities are outlined in Appendix 4.

105 Metering Facilities

Members applying for more than one class of service on the same premises will arrange their wiring so that each class of service can be metered separately. Regardless of ownership of the facilities, REMC will have the right, at its option, and at its own expense, to place demand meters, voltmeters, locking devices, or other instruments on the premises of the Member for the purpose of monitoring and maintaining the Member's service.

200 CONDITIONS OF SERVICE

201 General Conditions

REMC will supply electrical service to the Member after all of the following conditions are met:

- A. The Member is in compliance with all aspects of the Service Agreement and agrees to be bound by REMC's Articles of Incorporation and Bylaws.
- B. The Member agrees to furnish without cost to REMC all necessary easements and rights-of-way.
- C. The Member agrees that REMC will have right of access to Member's premises at all times for the purpose of reading meters, testing, repairing, removing,

maintaining or exchanging any or all equipment and facilities which are the property of REMC, or when on any other business between REMC and the Member. In cases where it is reasonably necessary and cost effective, REMC may use, without payment to the Member, the Member's premises for accessing neighboring property served by REMC.

- D. Any previous outstanding debts owed by the Member, or any other person in the Member's household, to REMC have been paid.
- E. Providing of service in no way conflicts with local, public, or governmental laws, statutes, rules or regulations.
- F. All Member wiring and equipment have met the requirements of REMC, in addition to the specifications of any local authorities having jurisdiction. Proof of inspections required to meet local and state governmental standards of the premises wiring has been made available by the Member for any new connections.
- G. The Member has not connected, and agrees not to connect in the future, any motors or other equipment which are not suitable for operation with the character of the service supplied by REMC or which adversely affects REMC's equipment or the service to other Members.
- H. The Member agrees to be responsible for any additional facilities, protective devices, or corrective equipment necessary to provide adequate service or prevent interference with service to REMC's other Members. Such loads include, but are not limited to, those requiring excessive capacity because of large momentary current demands or requiring close voltage regulation, such as welders, X-ray machines, shovel loads, or motor starting across the line.
- I. The Member agrees to be responsible for notifying REMC of any additions to or changes in the Member's equipment which might affect the quality of service or

might increase the Member's demand.

- J. The Member agrees that when multi-phase service is furnished, the Member will at all times maintain a reasonable balance of load between the phases. Three-phase motors with high-starting or fluctuating currents must be installed in accordance with REMC's Rate Schedule and Riders and Service Rules and Regulations.
- K. The Member agrees to promptly provide REMC with written notice from a physician or Home Health Care Agency if there is someone in their household who is either chronically or seriously ill, disabled or on an electrically operated life support system on a continuous basis.

202 Standard Supply Voltages

REMC maintains one system of alternating current at a standard frequency of 60 cycles per second that is supplied throughout its system and within prudent utility practices. REMC will determine the voltage, number of phases, and type of metering, which will be supplied depending upon REMC's facilities available and upon the character, size and location of the load to be served. The Member will consult REMC before proceeding with the purchase or installation or wiring of equipment. To avoid misunderstanding, this information should be in writing from both the Member and REMC.

The service voltages described below are nominal, and variations permitted will be not less than 114 volts or more than 126 volts on a 120-volt basis. All service voltages described below are not available in all areas. Contact REMC for availability.

Single Phase, 3 Wire, 120/240 Volts
Three Phase, 120/208 Volts
Three Phase, 120/240 Volts
Three Phase, 240/480 Volts
Three Phase, 277/480 Volts

It will not be considered a violation of this voltage standard when voltages outside of the prescribed limits are caused by any of the following:

- Action of the elements;
- Service interruptions;
- Temporary separation of parts of the system from the main system;
- Infrequent fluctuations of short duration;
- Voltage control for load management purposes;
- Other causes beyond the control of REMC;
- Addition of Member equipment without proper notification to REMC;
- Emergency operations; or
- The operation of the Member's equipment.

203 Service Interruptions

REMC does not guarantee continuous and uninterrupted service and will not be liable for loss or damage to any Member's equipment, belongings, real property, business losses or consequential damages caused by any failure to supply electric service or by any interruption or reversal of the supply of electric service.

Causes for interruption may include, but are not limited to:

- An emergency action due to an adverse condition or disturbance on the system of REMC, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electric service to some consumers or areas in order to limit the extent of damage caused by the adverse condition or disturbance, to prevent damage to generating or transmission facilities, to expedite restoration of service or to effect a reduction in service to compensate for an emergency condition on an interconnected system.
- An Act of God, a public enemy or terrorists, insurrection, riot, civil disorder, fire, or earthquake or an order from Federal, State, Municipal, County or other public authority.
- Making necessary adjustments to, changes in, or repairs on lines, substations, and facilities, and in cases where, in REMC's opinion, the continuance of service to

consumers' premises would endanger persons or property.

It is expressly understood and agreed that REMC does not contract to furnish power for pumping water for extinguishing fires. It is also understood and agreed that REMC shall not, in any event, be liable to the Member, nor to any of the inhabitants of any municipal Member nor to any person, firm or corporation for any loss or injury of or to property or person by fire or fires occasioned by, or resulting directly or indirectly from the failure of any pump, pumping apparatus or appliances to operate which may be caused by or result from the failure of REMC to supply electric power to operate such pump, pumping apparatus or appliances.

The Member will notify REMC immediately of any defect in service, trouble or irregularity to the electric supply.

Maintenance work on lines or equipment requiring service interruption will be done, as far as practicable, at a time that will cause the least inconvenience to the Members. The Members to be affected by such planned interruptions will be notified in advance, if practicable.

204 Right-of-Way Maintenance

The Member will grant to REMC a written, signed right-of-way agreement according to REMC's current specifications, and REMC will maintain right-of-way according to its specifications with the right to cut, trim, spray and control the growth of trees and shrubbery located within the right-of-way or that may interfere with or threaten to endanger the operation or maintenance of REMC's line or system. When trimming right-of-way, REMC will remove debris at its expense from "clean and maintained" areas; that is, an area which is regularly maintained free of logs and brush, but not the removal of stumps. In other areas, right-of-way debris will be left in the right-of-way boundaries.

Members who desire to have trees trimmed or cut which are close to REMC power lines and, in the opinion of REMC, pose a possible hazard to the lines may request assistance from REMC in cutting or trimming. REMC will schedule such work at its convenience.

205 Power Factor

The Member will at all times maintain a power factor at the point of delivery as close to one hundred percent (100%) as practicable. Where the overall power factor of the Member's load is less than 90 percent (90%) lagging, REMC may require the Member to install at the Member's own expense equipment to correct the power factor, and may adjust the Member's billing demand as specified by the applicable rate schedule. REMC reserves the right to measure the power factor at any time.

206 Foreign Electricity, Parallel Service and Standby Generation

The Member will not use REMC's electric service in parallel with other electric service, nor will other electric service be introduced on the premises of the Member for use in conjunction with or as a supplement to REMC's electric service, without the prior written consent of REMC.

207 Qualifying Facilities and Independent Power Producers

REMC is required to comply with the Public Utility Regulatory Policies Act of 1978 (PURPA), along with rules and regulations promulgated under PURPA as they relate to qualifying facilities (QF). Any owner/operator of a QF desiring to connect with and sell electric demand and energy to REMC shall notify REMC. REMC will provide the owner/operator with its current rates as specified in the current applicable rate schedule and riders.

Any contracts for the sale of electric demand and energy from a QF will be made between the owner/operator and REMC.

208 Line and Facilities Conversion and Relocation

Upon request, REMC will, consistent with prudent utility practice, relocate lines, poles, and facilities. The Member will be required to pay in advance the non-betterment cost of relocating the facilities. Any additional right-of-way necessary for relocation will be the responsibility of the Member to obtain. An Engineering Fee may be charged for requests that are in excess of normal allowances.

At a Member's request, REMC may convert existing adequate overhead facilities to underground provided that the Member pays REMC for the cost incurred, if applicable. This provision does not apply to distribution lines.

Under most circumstances, REMC will, upon request, raise or lower lines to afford a safe passage for buildings or equipment being moved. Parties making such requests will be required to pay the cost of the labor and any material used, plus an appropriate charge for transportation equipment. Such parties will be required to make a deposit, in advance, of the estimated cost to REMC.

209 Energy Management Assistance

REMC will, at no charge, investigate, render advice and lend assistance needed for all reasonable requests of the Member pertaining to the Member's account, usage, bill, load management equipment, and energy conservation measures.

300 BILLING

301 Conventional Billing

REMC offers a conventional billing process that offers members the opportunity to receive electric service prior to payment. The amount of energy consumed and associated electric service charges are billed after the electricity has been used. Members have a choice of receiving a paper bill through the mail or enrolling in electronic billing. Conventional billing requires account security.

302 Prepay Billing

Prepay billing is an option available to residential and non-demand general service accounts at feasible locations. It does not produce billing statements or notifications of disconnection for non-payment. All charges for kilowatt-hour usage are billed daily. Basic facilities charges and other applicable items such as security lights and credits will be prorated and applied on a daily basis. Account history-usage-charges, payments and account balances will be available via the internet or through an Interactive Voice Response System (IVR). The member is responsible for maintaining a positive balance and ensuring that alert notifications settings are accurate. PrePay billing does not require a normal security deposit and is not subject to any delinquency fees or late payment charges. Deposits and fees associated with PrePay Billing are found in Schedule of Charges, Appendix 3.

303 Converting from Standard to Prepay Billing

When an existing active account is converted to PrePay billing, the existing deposit (if applicable) will be applied toward the required security deposit plus any outstanding balance with the remaining credit applied to the PrePay service.

Any previously billed or unbilled amounts owed to REMC must be paid before an account is converted to PrePay. As an alternative, and at the discretion of REMC, the account can be converted to a debt management account with 30 percent of all future PrePay account payments applying to the previous balance and 70 percent applied toward the current bill. The maximum amount of money that can be converted to debt management is \$500.

304 Responsibility to Read Meters

Meters will be read and bills rendered by REMC. When a meter cannot be read on or about the scheduled date, the meter reading and corresponding use for the period will be estimated in order to render electric bills on a routine schedule. An explanation of the meter

reading process can be obtained from REMC.

305 Due Dates and Failure to Pay

Bills are due and payable upon receipt and are considered past due if payment is not received in the office by the close of business on the 15th day from the billing date. If the bill is still not paid at the time the next month's bill is prepared, the next month's bill will show the previous month's account balance as overdue, the Member's account will be considered delinquent and the Member's account will be charged a penalty. If the overdue balance is not paid, the member's account will be subject to disconnection. The member will be informed in writing prior to disconnection.

PrePay billing accounts are subject to immediate disconnection any time their account does not have a positive balance. PrePay accounts are not subject to delinquency fees or late payment charges.

306 Multiple Services

If a Member has more than one account, REMC reserves the right to apply any payment made by the Member to any account owed to REMC by the Member. All funds received may be applied first to any interest fees and penalties on overdue charges, and to other overdue charges. The remaining funds will be applied to the current electric service bill and other services.

307 Bill In Dispute

Failure to receive a bill does not exempt a Member from payment. Bills and account information for the past thirteen months are available on REMC's Web site at www.remc.com. A duplicate bill may be obtained from REMC. Neither a dispute concerning the amount of a bill, nor a claim or demand by the Member against REMC will alter the normal requirements for payment. See Complaint Procedure in Section 503 for resolution of disputed bills.

308 Method of Payment

Payments may be made through any of the business offices of REMC or through REMC's Web site at

www.remc.com. Payments may be made:

- in person;
- in the after-hours deposit facility;
- through the Web site at www.remc.com;
- by mail (check or money order only);
- by phone;
- by bank draft;
- by e-check;
- by debit card; or
- by credit card.

A budget billing procedure is offered by REMC for Members who request levelized payments throughout the year (See Appendix 2).

A payment is considered “made” when cash or other negotiable equivalent is in the possession of REMC and duly posted to the Member’s account.

All methods of payment are available to PrePay billing accounts except payments by budget billing or bank draft.

309 Returned Payments

Any Member who makes a payment by check, bank draft, e-check, debit card or credit card and the payment is returned by the bank to REMC for any reason will have a returned payment fee added to the Member's account. Such charge will be up to the maximum allowed by N. C. law (GS 25-3-506). If the Member is in good standing, REMC may redeposit a check or bank draft and will notify the Member. If the Member is not in good standing, the amount due and returned payment fee will be considered delinquent and service will be subject to disconnection without further notice and all applicable fees will apply. If REMC receives more than two returned checks or bank drafts from a Member in a 12-month period, REMC may refuse to accept further checks or bank drafts from that Member.

For Prepay billing accounts any returned payment will be immediately charged back to the account. The account will be charged a returned payment fee. If this puts the account in

the negative, service will be disconnected within 24 hours.

310 Corrections for Errors

Billing Adjustments - Adjustments to the electric bill due to inaccurate metering equipment or errors in meter reading or billing will be made promptly. REMC will issue immediate credit when it is in error, and the Member will be expected to pay any appropriate additional charges as billed. Payments to REMC may be made in installments over the same period of time during which the error occurred.

If the interval during which the error occurred cannot be determined, then the billing adjustment will be based on an appropriate estimation of usage and/or demand for a given period of time.

When a meter stops or fails to register correctly, or if the calibration is found to be in error of more than plus or minus two percent (2%), the Member's account will be adjusted accordingly. REMC will periodically test and inspect its meters.

A Member may request in writing or by phone that a meter be tested. A report will be supplied to the Member within a reasonable time after the completion of the test. If the meter is tested at the Member's request more than one time during a twelve month period, a meter test fee may be collected.

311 Payment Arrangements

These payment arrangements are applicable to Conventional Billing customers only. Prepay accounts are not eligible for time extensions or payment arrangements.

At the discretion of REMC, credit may be extended to Members in accordance with the following standards:

- A. When it is determined that enforcement of the policy will constitute an undue hardship on the member in relation to the amount of the delinquent bill, and that extension of credit for a fixed time, or arrangement for installment payment of the bill, will not unduly

- impair REMC's ability to effectuate final collection of the bill; or
- B. When the Member involved establishes to the satisfaction of REMC that the Member's failure to pay the bill has resulted from a mistake on REMC's part; or
- C. When the subject bill is a bill covering service to a farm, home, or other residential structure and the main building thereof has been destroyed by fire not caused by act of arson on the part of the Member or the Member's family; or
- D. When disconnection of service might impose immediate danger to the Member or other persons due to illness or some hazardous condition, or when the household is immediately and directly affected by a death.

There are fees assessed for making payment arrangements. See Appendix 3.

312 Unavoidable Cessation of Service by Member

In the event the Member's premises is destroyed by fire, natural disaster, or other casualty, or the operation of its plant is shut down because of strike, fire, natural disaster, or other cause beyond the Member's control, making a complete cessation of the use of service, then upon written notice by the Member to REMC within thirty (30) days thereafter, advising that the Member intends to resume service as soon as possible, any minimum charge or guarantee occurring after such cessation of service for which the Member may be liable will be waived during the period of such cessation, and the contract will be extended for a corresponding period. Otherwise, the agreement for service will immediately terminate.

400 DISCONNECTION AND RECONNECTION

401 Disconnection of Service by Cooperative

Service may be disconnected after notice has been given and reasonable time to comply has been allowed for noncompliance with the Bylaws of

REMC, the Service Agreement with REMC, or any applicable Federal, State or other local laws, regulations or codes, including, but not limited to, nonpayment and refusal of access to REMC's meters or other facilities on the premises. If a field visit is warranted for those circumstances described in A, B, C, and F below, the Member will be charged a Special Trip Fee as specified in the Schedule of Charges, Appendix 3.

Disconnections for Prepay service will be made by a remote switch installed at the meter. Tampering with or preventing the operation of the disconnect switch will be considered power diversion and subject to fees and fines as appropriate.

REMC may disconnect service immediately and without notice for the following reasons:

- A. Discovery of meter or load management equipment tampering or diversion of current.
- B. Use of power for unlawful, unauthorized or fraudulent reasons.
- C. By order of public authority.
- D. Discovery of an electrical condition determined by REMC to be potentially dangerous and eminently hazardous to life or property of REMC or the public.
- E. For repairs, emergency operations, unavoidable shortages, or interruptions in REMC's supply source.
- F. Introduction of foreign electricity on the premises without prior written consent.
- G. Misrepresentation as to the identity of the Consumer entering the contract for service.

Waiver of default - Any delay or omission on the part of REMC to exercise its right to discontinue service, or the acceptance of a part of any amount due, will not be deemed a waiver by REMC of such right if the Member continues to be or again becomes non-compliant with the Service Agreement.

402 Reconnection of Service by Cooperative

Subsequent to the disconnection of electric service by REMC for reasons listed in the previous section, service may be reconnected under the following conditions:

- A. The conditions causing the disconnection are corrected.
- B. Payment has been made for the cost of repair or replacement of REMC's meter or any other properties, if tampered with or otherwise damaged or destroyed.
- C. Where the service has been discontinued for non-payment of a bill, meter tampering, unauthorized or illegal use of power, REMC will have the right to refuse service to the same Member or to any other applicant who is a member of the Member's household until the infraction is corrected, credit is reestablished by the Member and all applicable accounts have been paid.
- D. The Member has agreed to comply with reasonable requirements to protect REMC against further infractions.
- E. A reconnection fee and/or any other applicable service charges and security deposits, as specified in the Schedule of Charges, have been paid. Reconnect fees are not applicable for Prepay services.
- F. In the case of Prepay services, payment must be made for any unpaid daily charges that have accrued prior to disconnection; as well as payment to establish a minimum positive balance of \$30.00 on the account. If an account is not reactivated within five (5) days, the account will be considered inactive and a final bill will be issued.

403 Termination of Service by Member

For termination of service, the Member should give a minimum of one working day's notice prior to requested disconnection unless a written contract specifies otherwise.

A Member may voluntarily withdraw in good standing from membership under the following conditions:

- A. Payment of any and all amounts due REMC have been made on time; and either relocation to premises not furnished service by REMC, or ceasing to use any central station electric service whatever at any of the premises to which such service has been furnished by REMC pursuant to the service agreement; and
- B. Upon such withdrawal, the Member will receive a refund of the balance of the membership fee and of any security deposit held by REMC after being applied to the Member's final bill.

A Member may request a termination of service for a specified or indefinite period of time. REMC will charge basic facility charges for the period of time that such accounts are inactive. These charges will apply when a reconnection is made in the same name at the same location, no one else has had service there since the disconnection, and that service has been inactive longer than thirty days. Exceptions are to be made if the service has been disconnected for repairs such as house fires, service changes for replacing mobile homes, and/or damages to services by wind, flood, ice, etc.

500 COOPERATIVE AND MEMBER OBLIGATIONS

501 Approval and Cooperative's Board Authority

REMC's Board of Directors is the governing body and is the final authority for making and revising these Service Rules and Regulations. These Rules and Regulations and Rate Schedules are on file in REMC's headquarters office, and such filing and publishing will constitute official notice to all Members on such changes. Failure of REMC to enforce any of the terms of these Rules and Regulations will not be deemed as a waiver of its right to do so.

In case of conflict between any provision of the Bylaws and these Service Rules and Regulations, the Bylaws will prevail. In case of conflict between any provision of a Rate Schedule or Rider and of these Service

Rules and Regulations, the Rate Schedule or the Rider will prevail.

These Rules and Regulations and Rate Schedules and any changes will be filed with the North Carolina Rural Electrification Authority and, additionally, pursuant to North Carolina law (GS 62-138(f)), with the North Carolina Utilities Commission.

502 Responsibility of Member and Cooperative

Electric service is supplied by REMC and purchased by the Member upon the express condition that after it passes the Point of Delivery it becomes the property of the Member to be used only as provided in the Service Agreement. REMC will not be liable for loss or damage to any person, property, business losses or consequential damages whatsoever, resulting directly or indirectly from the use, misuse, or presence of the said electric service after it passes the Point of Delivery or for any loss or damage resulting from the presence, character, or condition of the wires or equipment of the Member or for the inspection or repair of the wires or equipment of the Member.

It is understood and agreed that REMC is merely a supplier of electric service, and REMC will not be responsible for any damage or injury to the buildings, motors, apparatus or other property of the Member due to lightning, defects in wiring or other electrical installations, defective equipment or other cause not due to the negligence of REMC. REMC will not be in any way responsible for the transmission, use or control of the electric service beyond the delivery point, except as it might apply to the use of load management programs.

REMC will not be liable for damage to trees, shrubs, lawns, fences, sidewalks or other obstructions incident to the installation, maintenance or replacement of facilities, unless caused by its own negligence.

All meters, service connections and other equipment furnished by REMC

will be, and will remain, the property of REMC. The Member will not interfere with, or alter, REMC's meters, seals, or other property, or permit the same to be done by anyone other than REMC's authorized agent or employee. Damage caused or permitted by the Member to REMC's property will be paid for by the Member.

It shall be the policy of REMC that only one residence or business be served electricity through one meter. Running a conductor from one residence or business to another residence or business is an unauthorized use of electricity, which is not permissible. When any such unauthorized use is not corrected within a reasonable length or time, the meter supplying such unauthorized service shall be disconnected.

Individual meters shall be installed by REMC for each residential or non-residential unit. If for any reason, the wiring is so arranged by the Member that this cannot be done, but a single meter must be used for two or more residential or non-residential units, then for billing purposes through this single meter, each block of the Rate Schedule shall be multiplied by the number of residential or non-residential units served. The minimum monthly charge shall also be multiplied by the number of residential or non-residential units served.

No person or organization will install or attach any wire, sign(s) or other material or equipment to any of REMC's poles, conductors or other fixtures, except with express written consent of REMC.

To the extent that Members may require electric service at a level of less variation allowed under the standard service, any additional equipment required by the Member to ensure the level of power quality will be at the Member's expense. REMC will assist the Member in the technical development of the power quality electric service.

503 Complaint Procedure

A full and prompt investigation will be made of all service complaints. The recommended order for handling quality-of-service or rate complaints is as follows:

- A. File a complaint at the local REMC office and allow reasonable time for investigation, advice, and action. If the results are not satisfactory, then:
- B. File a complaint with the Manager of REMC, providing information and results from the initial complaint and/or naming local REMC personnel who handled the complaint. Allow reasonable time for the Manager to act. If the results are still not satisfactory, then:
- C. File a complaint with the North Carolina Rural Electrification Authority in Raleigh, North Carolina, 430 North Salisbury Street, Dobbs Building, Raleigh, North Carolina 27611, (919) 733-7513. Allow reasonable time for the Authority to act, then:
- D. If results are still not satisfactory, file a written complaint with REMC's Board of Directors. Allow reasonable time for the Board to schedule the item at a

regular meeting. Allow reasonable time for the Board's orders on the matter to be carried out.

APPENDICES

APPENDIX 1 SUMMARY OF RATE SCHEDULES

TYPES OF SERVICE

Standard Classifications

It shall be Rutherford Electric Membership Corporation's policy to render electric service in accordance with established rates for each type of service. Rates may be changed from time to time by the Board of Directors, and changes will be reported to RUS, CFC, NCREA and the North Carolina Utilities Commission.

Residential Service

Residential service will be supplied on Schedule E/Rate 1, 11 & 31. This Schedule is available to individually metered residences, apartment units, condominiums, mobile homes, and farm loads for all single-phase farm and home uses. The Residential Service Schedules shall be applicable to only one meter serving a residence, apartment unit, condominium, mobile home or farm load. Outbuildings, water pumps, and other uses, which form a part of the general living establishment on the same property, may be connected to the Residential service meter, or they may be separately metered. Residential service to two or more residences on the same property or to a residence or residences subdivided into two or more individual housekeeping apartments or units may not be supplied through one meter on the Residential Service Schedule.

Individual meters shall be installed by REMC for each individual residence, housekeeping apartment, or housekeeping unit. If for any reason, the wiring is so arranged by the Member that this cannot be done, but a single meter must be used for two or more residences or units, then for billing purposes through this single meter, each block of Residential Service Schedule shall be multiplied by the number of residence units served. And the minimum monthly charge shall also be multiplied by the number of residence units served.

General Service

General service will be supplied on Schedule G/Rates 3, 13, 30 & 33. This Schedule is available to consumers for residential and farm three-phase service; for non-residential and non-farm single and three-phase service (including schools, churches, public buildings, and commercial and industrial establishments) with peak registered demands of less than 50

kilowatts; and for loads connected on or before July 31, 1985 of not more than 200 kW whose primary usage is during Off-Peak Hours.

Large Power Service

Large Power service will be supplied on Schedule LP/Rates 5, 12 & 15. Service is available under this Schedule to non-residential consumers with peak registered demands of 50 kilowatts or more. This Schedule is not available for resale, exchange, use in parallel with other electric power, or for standby or breakdown service.

General and Large Power Time Of Day Service

General and Large Power Time of Day service will be supplied on Schedule G-TOD/Rates 6, 7 & 14. This Schedule is available on a voluntary and limited basis, at REMC's option, to consumers who would be served otherwise under the General Service or Large Power Service Schedule. Availability is contingent upon installation of appropriate metering and consumer's load not affecting REMC's electric system or service to other consumers adversely.

Street Lights

Street Light service will be supplied on Schedule ST/Rate 8. This Schedule is available to Municipal, State, County, or Federal Governments for the purpose of lighting streets, highways, parks, or other public places in REMC's service area. Lighting will be provided from dusk to dawn each day.

Industrial Service

Industrial service will be supplied on Schedule I/Rate 16. This Schedule is available for non-residential service with installed transformer capacity in excess of 1,000 kVa. Service under this Schedule shall be solely by the consumer in a single enterprise, located entirely on a single, contiguous premise.

This Schedule is not available for auxiliary or breakdown service. Power delivered under this Schedule shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for, under any other Schedule of REMC, except at the option of REMC, under special terms and conditions expressed in writing in the contract with the consumer.

Outdoor Lights

Outdoor Lights service will be supplied on Schedule OL. Service is available under this

Schedule to any consumer in the territory served by REMC for lighting of outdoor areas from dusk to dawn each day. Lighting will be provided by fixtures mounted with brackets on REMC's poles. Lighting of streets in residential subdivisions is available under this Schedule; however, no lighting will be prorated among consumers in the area.

REMC will furnish and maintain all facilities required to provide service. If repairs are needed, service will be restored by REMC within a reasonable period of time following notification from the consumer. High Pressure Sodium or LED luminaries will be provided by REMC, unless REMC chooses otherwise or upon special request by the consumer prior to installation. Rental is based upon continuous service and is not available for seasonal or other part-time operation.

APPENDIX 2
ELIGIBILITY FOR PARTICIPATION IN
BUDGET PROGRAM

Specific eligibility requirements for participation in budget billing program are given below.

1. Type Service: Participants in the budget program primarily are residential service accounts. Approval must come from the vice president in the district serving the account before placing any non-residential account in the budget program.
2. Zero Balance: The account balance in the Member's account must be zero before converting the account to a budget account.
3. Usage History: Calculation of the proposed budget payment is made by averaging the previous twelve (12) months actual usage. If the actual history is not available, estimating usage from the load is reasonable.
4. Payment History: Payment history for the past twelve (12) months should indicate that the Member has been no more than three times delinquent, has not been on subject to disconnection for non-payment, and has had no returned payments.
5. Discontinue Participation:
 - A. If service is disconnected because account is delinquent, the account will not be eligible to continue in the budget program until payment history requirements are met. The budget account balance will "settle" and actual account balance will reflect any credit accumulated or additional amount owed.
 - B. If Member wishes to discontinue participation at any time, account can be removed from budget status and account will "settle."

APPENDIX 3
SCHEDULE OF CHARGES

Membership Fee - \$10.00

Security Deposit - Amount shown on Chart of Deposits

Connection Charge (per connection) - \$30.00

On-Demand Connect Charge - \$35.00

Prepay Billing Prepayment - \$50.00

Prepay Additional Base Charge - \$6.00

Credit Check Fee - \$5.00 for additional checks on same location within a week

Late Fee - 1 1/2% of past due amount or \$6.00, whichever is greater

Returned Payment Charge - \$25.00

Special Trip - \$55.00

Reconnect Charge - Regular Hours - \$60.00
Other Hours - \$90.00

Extra Facilities Charge - 1.5% of installed cost, but not less than \$15.00 (billed monthly)

Meter Test Fee (more than 1 test in 12 months) - \$35.00

Delinquent Fee - \$35.00

Power Diversion Fee – 1st Offense - \$250
2nd Offense - \$500
or 2 times the highest bill in the past 12 months; whichever is greater.

Arrangement Fee - \$10.00 for each arrangement made per account for 3 days; and \$20.00 for each arrangement made per account for 6 days. The maximum arrangement time allowed is 6 days.

APPENDIX 4
PROVISIONS FOR EXTRA FACILITIES

1. Service shall be used solely by the contracting Member in a single enterprise located entirely on a single, contiguous premise.
2. Extra facilities shall consist of such of the following as may be required: voltage regulators, circuit breakers, duplicate service, transformers, substations, connecting lines, or other equipment installed for the exclusive use of the contracting Member, other than facilities which the Cooperative would furnish to the Member without cost under its standard form of contract.
3. The facility to be supplied shall be Cooperative standard overhead transmission and/or distribution equipment to be installed only on the Cooperative side of the point of delivery.
4. A monthly "Extra Facilities Charge" shall be billed to the Member in addition to the usual billing in accordance with the applicable rate schedule.
5. The installed cost of extra facilities shall be the original cost of material used, including spare equipment, if any, plus applicable labor, transportation, stores, tax, engineering and general expenses, all estimated if not known. The original cost of materials used is the current market price of the equipment at the time the equipment is installed, whether said equipment is new or from inventory.
6. Extra facilities shall include the installed cost of extra meters and associated equipment necessary to record demand and energy at the voltage delivered to the Member. Upon mutual agreement between the Member and the Cooperative, demand and energy may be metered at primary voltage, without compensation for transformer loss, and without inclusion of any part of the metering cost as an extra facility. When extra facilities furnished include a voltage regulator, metering equipment shall be installed on the Cooperative side of the regulator, or if this is not feasible, the meter shall be compensated so as to include registration of the regulator losses.
7. When the extra facilities requested by the Member consist of those required to furnish service at either more than one delivery point on the premises or at more than one voltage, or both, the installed cost of the extra facilities to be used in the computation of the "Extra Facilities Charge" shall be the difference between the installed cost of the facilities made necessary by the Member's request, and the installed cost of the facilities which the Cooperative would furnish without cost to the Member under its standard form of contract.
8. The Cooperative shall have the option of refusing requests for extra facilities if, on its own determination, the requested facilities are not feasible, or may adversely affect the Cooperative's service to other Members.
9. Contracts containing the extra facilities clause shall have a minimum original term of five years to continue from year to year thereafter, but the Cooperative may require the payment of removal costs in contracts with original term of ten years or less, and may require advance payment of the "Extra Facilities Charge" for a period equal to one-half the original term of the contract.
10. In the event that an existing extra facility must be modified or replaced, whether or not such modification or replacement is requested by Member, then the installed cost of extra facilities on which the monthly "Extra Facilities Charge" is based shall be the installed cost of existing equipment, plus the installed cost of new additions, less the installed cost of equipment removed. The installed cost of existing equipment shall be the same installed cost used for said equipment immediately prior to the modification or replacement. The installed cost of new additions shall be the current market price of said new additions at the time the new additions are installed. The installed cost of equipment removed shall be the same installed cost used for said equipment immediately prior to removal.