

APPALACHIAN ELECTRIC COOPERATIVE
SCHEDULE OF RULES AND REGULATIONS

1. **Application for Service.** Each prospective Member desiring electric service may be required to sign the Cooperative's standard form of application for service or contract before service is supplied by the Cooperative and shall become a member of the Cooperative by paying a \$5.00 membership fee.

2. **Deposit.** For residential members a deposit equal to approximately twice the average monthly bill for the residential rate classification may be required before electric service is supplied. Interest will accrue on a cash deposit held longer than twelve (12) months at the interest rate earned on the Cooperative's primary bank account. The Cooperative may, at its option, apply the deposit to the residential member's account after two (2) years of continuous electric service at the same location, in which all payments were made on or before the due date, no payments were rejected or declined by the member's financial institution, and a satisfactory credit rating is maintained. Upon termination of service, the deposit including earned interest will be applied by the Cooperative against unpaid bills of the Member and if any balance remains after such application is made, said balance shall be refunded to the Member. Residential members who are on Prepay (Co-op FlexPay) are not required to post a deposit. Additional information can be found in AEC Service Policy 1220.

For general service members (commercial and industrial) a deposit or suitable guarantee equal to the greater of twice the highest estimated monthly bill or twice the twelve month average monthly bill will be required before electric service is supplied. Interest will accrue on a cash deposit held longer than twelve (12) months at the interest rate earned on the Cooperative's primary bank account. Upon termination of service, the deposit including earned interest will be applied by the Cooperative against unpaid bills of the Member and if any balance remains after such application is made, said balance shall be refunded to the Member. No Industrial or Commercial deposit will be refunded until after service is discontinued. Additional information can be found in AEC Service Policy 1330.

3. **Point of Delivery.** The point of delivery is the point, as designated by the Cooperative, on Member's premises where electric service is to be delivered to building or premises. All wiring and equipment beyond this point of delivery shall be owned, installed, and maintained by the Member at no expense to the Cooperative.

4. **Member's Wiring Standards.** All wiring of the Member must conform to the Cooperative's requirements and accepted modern standards and must conform to the requirements of the National Electrical Safety Code and the National Electric Code. Wiring shall be subject to inspection by constituted state and/or local authorities at Member's expense and no new service will be connected until approved by the State of Tennessee Deputy Electrical Inspector.

5. **Inspections.** The Cooperative shall have the right, but shall not be obligated, to inspect any installation before electric service is introduced or at any later time and reserves the right to reject any wiring and/or equipment not in accordance with the Cooperative's standards. But such inspection or failure to inspect or reject will not render Cooperative liable or responsible for any loss or damage resulting from defects in the installation, wiring, or equipment, or from violation of Cooperative's rules, or from accidents which may occur upon the Member's premises.
6. **Underground Service Lines.** Members desiring underground service lines from the Cooperative's overhead system must bear the excess cost incident thereto. Specifications and terms for such construction are outlined in the Policies on Underground Services and copies will be furnished by the Cooperative on request.
7. **Member's Responsibility for Cooperative's Property.** All meters, service connections, and other equipment furnished by the Cooperative shall be, and remain, the property of Cooperative. Member shall provide a space for and exercise proper care to protect the property of Cooperative on its premises, and, in the event of loss or damage to Cooperative's property arising from neglect of the Member to care for same, the Member shall indemnify Cooperative or any other person against death, injury, loss of damage resulting therefrom, including but not limited to Cooperative's cost of repairing, replacing, or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment.
8. **Right of Access.** Cooperative's identified employees or Cooperative identified contractors shall have access to the Members premises at all times for the purpose of reading meters, testing, repairing, removing, or exchanging any or all equipment belonging to Cooperative or other legitimate business. Any property owner installing a locking system for his property will be required to provide the Cooperative a key, combination or code to access the members locking device. The Cooperative's property is not to be enclosed in a way that will limit access or communication to or from the property. Failing to cooperate in this matter is a violation of contract with Cooperative for electric service and may be cause for discontinuance of electric service.

The Member shall indemnify the Cooperative or any other person against death, injury, loss of damage resulting therefrom, including but not limited to Cooperative's cost of repairing, replacing, or relocating any such facilities and its loss.

9. **Billing.** Bills will be rendered monthly (excluding Co-op FlexPay accounts) and shall be paid on or before the due date. Failure to receive a bill will not release the Member from payment obligation. Should bills not be paid within the (15) day net payment period, Cooperative will notify the Member with a second notice five (5) days after the due date. If bills are not paid ten (10) days after the due date, the Member's service may be discontinued without further notice as set out in the "Discontinuance of Service" section herein. Bills paid after the due date shall, receive a 5% penalty charge to any portion of the bill paid after due date. Should the due date fall on a normally closed day, the next business day following the due date will be held as a grace period for delivery of payment. Members desiring to receive electronic notifications and/or statements may be available through

online registration. Electronic billing and disconnection notifications will serve as all notifications to FlexPay (prepay) members. Additional information can be found in AEC Service Policy 1300 and 1330.

10. Discontinuance of Service by Cooperative. The Cooperative may refuse to connect or may discontinue service for any of the following:

- a. Violation of any of the Rules and Regulations
- b. Violation of any of the provisions of the Schedule of Rates and Charges
- c. Violation of the application of the Member or contract with the Member
- d. Theft of electrical energy or the appearance of energy theft devices on the premises of the Member
- e. Any and/or all services will be discontinued to the Member with a past due account
- f. Upon death of the member
- g. Violation of NESC, NEC or any safety violation to be determined by the Cooperative as an immediate hazard to the public.

The discontinuance of service by the Cooperative for any causes as stated in this rule does not release the Member from his/her obligation to the Cooperative for payment of minimum bills as specified in application or contract with the Member

Co-op FlexPay members will abide by the rules stated in the Co-op FlexPay Member Agreement

The Cooperative evaluates weather conditions daily at www.weather.com for New Market, TN 37820, and in the event that a forecasted high temperature is not expected to exceed 30 degrees Fahrenheit or is expected to exceed 95 degrees Fahrenheit on that day, the Cooperative will postpone the disconnection of service of the residential member scheduled for such disconnection due to non-payment. Where disconnection is postponed due to an extreme weather condition, the postponement will not extend beyond the extreme weather condition or the member's next due date, whichever comes first.

Upon the Cooperative's approval of a completed Appalachian Electric Cooperative Necessary Services Program Enrollment form, disconnection of service will be postponed for 30 days from the original scheduled due date to allow members time to make payment, payment arrangements or arrange for alternative shelter. The medical necessity form must be completed by a medical doctor licensed to practice in the State of Tennessee certifying that the disconnection of electric service would create a life-threatening medical situation for the member or other permanent resident of the member's household. It is the responsibility of the member to ensure that the form has been approved by the Cooperative and is updated as needed. A life threatening medical condition does not relieve the member of the obligation to pay for electric service, including any late fees incurred or other applicable charges. The Cooperative will only grant the postponement for termination 2 times in a twelve month period. If full payment of the past due amount, including all late fees is not received by the end of the 30 day postponement period, electric service will be disconnected without further notice. Additional information can be found in AEC Service Policy 1330.

11. **Transfer of Service.** If Member moves to a new location, Cooperative will require Member to pay a transfer charge of not less than Twenty Dollars (\$20) for the transfer of service to the new location. The member's current location bill must also be paid in full before transfer will be completed.
12. **Reconnection Charge.** Whenever service has been discontinued by Cooperative as provided above, or a trip is made for the purpose of discontinuing service or reconnection, a charge of not less than the Cooperative's current charge for such trips during regular working hours, plus amount owed, may be collected by Cooperative before service is restored. Additional charges may be made for reconnection after regular working hours as listed on the schedule of fees and charges.
13. **Termination of Contract.** Members who have fulfilled their contract terms and who wish to discontinue service must give at least one (1) days written notice or may do so in person or by telephone by providing proper identification unless contract specifies otherwise. Notice to discontinue service prior to expiration of contract term will not relieve Member from any minimum or guaranteed payment under any contract or rate.
14. **Connection Charge.** Members applying for electric service will be required by Cooperative to pay a service charge or actual cost for connection and disconnection incidental to the supplying and removing of service. The actual cost rule applies to circuses, carnivals, fairs, temporary construction, and similar temporary service requirements.
15. **Interruption of Service.** Cooperative will use reasonable diligence to provide a regular and uninterrupted supply of electric service, but in case electric service should be interrupted or disturbed for any cause, Cooperative shall not be liable for damages resulting therefrom.
16. **Voltage Fluctuations Caused by Member.** Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to Cooperative's system. Cooperative may require Member, at his own expense, to install suitable apparatus which will reasonably limit such fluctuations.
17. **Additional Load.** The service connection, transformers, meters, and equipment supplied by Cooperative for each Member have definite capacity and no addition to the equipment or load connected, thereto, will be allowed except by consent of Cooperative. Failure to give notice of additions or changes in load, and to obtain Cooperative's consent for same, shall render Member liable for any damage to any of Cooperative's lines or equipment caused by the additional or changed installation.
18. **Standby and Resale Service.** All purchased electric service (other than emergency or standby service) used on the premises of Member shall be supplied exclusively by Cooperative and Member shall not directly or indirectly sell, sublet, assign, or otherwise dispose of the electric service or any part thereof.

19. **Notice of Trouble.** Member shall notify Cooperative immediately should the service be unsatisfactory for any reason or should there be any defects, trouble, or accidents affecting the supply of electricity.
20. **Non-Standard Service.** Member shall pay the cost of any special installation necessary to meet his peculiar requirements for service at other than standard voltages or for electric supply in closer proximity to Member's load than required by standard practice.
21. **Meter Tests.** Cooperative will make periodic tests and inspections of its meters in order to maintain a high standard of accuracy. Cooperative will make additional tests or inspections of its meters at the request of the Member after the member pays a test fee as stated on the schedule of fees and services. If tests made at the Member's request show that the meter is accurate within two percent (2%), slow or fast, no adjustment will be made to the Member's bill. In a case the test shows meter to be in excess of two percent (2%), fast or slow, an adjustment shall be made in the Member's bill as current state law and as Cooperative regulator allows and the test fee paid will be refunded to the member.
22. **Relocation of Outdoor Lighting Facilities.** Cooperative shall, at the request of the Member, relocate or change existing Cooperative-owned equipment. The Member shall reimburse Cooperative for such changes at actual cost including appropriate overheads.
23. **Billing Adjusted to Standard Periods.** The demand charges and the blocks in the energy charges set forth in the Rate Schedules are based on billing periods of approximately one month. In the case of the first and final billing of accounts (temporary service excepted) where the period covered by the billing involves fractions of a month, the demand charges and the blocks of the energy charge may be adjusted to a basis proportionate with the period of time during which service is extended.
24. **Scope.** This schedule of Rules and Regulations is a part of all contracts for receiving electric service from the Cooperative and applies to all service received from Cooperative, whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this Schedule together with a copy of Cooperative's Schedule of Rates and Charges shall be provided to new members, shall be kept open for inspection at the offices of the Cooperative and online at www.aecoop.org. Furthermore, the Cooperative will provide information regarding rates, schedule of rules and regulations, and guidelines of services to the members via the website –www.aecoop.org or copies of the above can be obtained at the Cooperative's office. All retail rate actions initiated by the Cooperative will be communicated publicly via the website www.aecoop.org and through announcements in local media.

Upon request by the member, the Cooperative will make available a member's energy consumption data for the prior 12 months period.

25. **Revisions.** These Rules and Regulations may be revised, amended, supplemented, or otherwise changed from time to time without notice. Such changes, when effective, shall have the same force and effect as the present Rules and Regulations.

26. **Conflict.** In case of conflict between the provisions of any rate schedule and the Schedule of Rules and Regulations, the Rate Schedule and/or contract shall apply.
27. **Shortage of Electricity.** In the event of an emergency or other condition causing a shortage in the amount of electricity for the Cooperative to meet the demand on its system, the Cooperative may, by an allocation method deemed equitable by the Cooperative, fix the amount of electricity to be made available for use by the Member and/or may otherwise restrict the time during which the Member may make use of electricity and the uses which the Member may make of electricity. If such actions become necessary, the Member may request a variance because of unusual circumstances including matters adversely affecting the public health, safety, and welfare. If the Member fails to comply with such allocation or restriction, the Cooperative may take such remedial actions as it deems appropriate under the circumstances including temporarily disconnecting electric service and charging additional amounts because of the excess use of electricity. The provisions of the Section entitled **Interruption of Service** of the Schedule of Rules and Regulations are applicable to any such allocation or restriction.
28. **Interconnected Generation and Energy Storage.** Electric generators or energy storage devices of any type and size, interconnected to AEC’s electric grid in any way, shape, form, fashion, or means, including wind, solar, fuel cell, reciprocating engine, hydro, battery storage and other similar electric generation and energy storage devices, are required by AEC to install a manual load-break AC disconnect switch or safety switch (the “Switch”) between AEC and the interconnected Member's equipment and meet all other requirements of AEC’s Interconnection Agreement. Failure by Member to notify AEC of Member’s generator/energy storage installation, or failure by Member to install Switch, or failure to complete AEC’s Interconnection Agreement, which includes an AEC inspection of installation, will result in immediate disconnection of electric service to Member by AEC until all said requirements are met and inspected and approved by AEC and a State Electrical Inspector. Other interconnected generation/energy storage requirements may apply.
29. **TVA Complaint Resolution Process.** In the case of billing disputes or other service issues, the member is expected to resolve the dispute by notifying and working with the Cooperative. If the dispute is not resolved, the Cooperative will provide the member with information regarding TVA’s Complaint Resolution Process. Members will be informed about the availability of the TVA Complaint Resolution Process at any time upon request, and through information provided on the Cooperative’s website or other technological means of communication, if available.

AEC is an equal opportunity provider and employer.

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