

Pedernales Electric Cooperative, Inc.

Business Rules

**201 South Avenue F
P. O. Box 1
Johnson City, Texas 78636-0001**

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Pedernales Electric Cooperative, Inc. Business Rules

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General Provisions

These rules will not relieve in any way the Cooperative or member from any of its duties under the laws of the State of Texas or the United States. If any provision of these rules is held invalid, such invalidity should not affect other provisions or applications of these rules which can be given effect without the invalid provision or application, and to this end, the provisions are declared to be severable. The purpose of the rules is to establish minimum member service standards the Cooperative will follow in providing electric service. The Cooperative may make exceptions to these rules for good cause.

Statement of Nondiscrimination

Pedernales Electric Cooperative, Inc. shall not discriminate on the basis of race, color, nationality, religion, sex, marital status, disability, income level, or source of income, and shall not unreasonably discriminate based on geographic location.

Definitions

The following words and terms should have the following meanings, unless the context clearly indicates otherwise:

- 1) **Applicant**—A person who applies for service.
- 2) **Commission**—The Public Utility Commission of Texas.
- 3) **Cooperative corporation**—The Cooperative corporation organized and operating under the Electric Cooperative Corporation Act, Texas Utilities Code Annotated, Chapter 161, or a predecessor statute to Chapter 161 and operating under that chapter.
- 4) **Days**—Unless the context clearly indicates otherwise, the term “days” should refer to calendar days.
- 5) **Electric utility**—
 - A. A person or river authority that owns or operates for compensation in the State of Texas equipment or facilities to produce, generate, transmit, distribute, sell, or furnish electricity in the State of Texas. The term includes a lessee, trustee, or receiver of an electric utility and a recreational vehicle park owner who does not comply with Texas Utilities Code, Subchapter C, Chapter 184, with regard to the metered sale of electricity at the recreational vehicle park. The term does not include:
 - i. A municipal corporation;
 - ii. A qualifying facility;
 - iii. A power generation company;
 - iv. An exempt wholesale generator;
 - v. A power marketer;
 - vi. A corporation described by the Public Utility Regulatory Act §32.053 to the extent the corporation sells electricity exclusively at wholesale and not to the ultimate member;
 - vii. An electric cooperative;
 - viii. A retail electric provider;
 - ix. The State of Texas or an agency of the state; or
 - x. A person not otherwise an electric utility who:
 - a. Furnishes an electric service or commodity only to itself, its employees, or its tenants as an incident of employment or tenancy, if that service or commodity is not resold to or used by others;
 - b. Owns or operates in the State of Texas equipment or facilities to produce, generate, transmit, distribute, sell or furnish electric energy to an electric utility, if the equipment or facilities are used primarily to produce and generate electric energy for consumption by that person; or

- c. Owns or operates in the State of Texas a recreational vehicle park that provides metered electric service in accordance with Texas Utilities Code, Subchapter C, Chapter 184.
 - B. With respect to transmission service and ancillary service, the term includes municipally owned utilities and river authorities that are not otherwise subject to the commission's rate setting authority.
- 6) **Essential Services**—Members whose operations are essential to the safety, health and welfare of the community; including but not limited to hospitals, police stations, fire stations, critical water, wastewater, and communications facilities.
- 7) **Facilities**—All the plant and equipment of the Cooperative, including all tangible and intangible real and personal property without limitation, and any and all means and instrumentalities in any manner owned, operated, leased, licensed, used, controlled, furnished, or supplied for, by, or in connection with the business of the Cooperative, including any construction work in progress.
- 8) **License**—The whole or part of any commission permit, certificate, approval, registration, or similar form of permission required by law.
- 9) **Member**—Any person, firm, corporation or body politic that has applied for service and has paid the Cooperative's membership fee.
- 10) **Member class**—A group of members with similar electric use service characteristics (e.g., residential, commercial, industrial) taking service under one or more rate schedules.
- 11) **Municipality**—A city, incorporated village, or town, existing, created, or organized under the general, home rule, or special laws of the state.
- 12) **Payment arrangements**—A payment arrangement is any agreement between the Cooperative and a member that allows a member to pay the outstanding bill after its due date but before the due date of the next bill.
- 13) **Person**—Any legal or natural person.
- 14) **Power marketer**—A person who becomes an owner of electric energy in the State of Texas for the purpose of selling the electric energy at wholesale; does not own generation, transmission, or distribution facilities in this state; does not have a certificated service area; and who is in compliance with the registration requirements of the Commission.
- 15) **Premises**—A tract of land or real estate including buildings and other appurtenances thereon.
- 16) **Public Utility Regulatory Act (PURA)**—The enabling statute for the Commission of Texas, located in the Texas Utilities Code Annotated, §§11.001 et.seq.
- 17) **Qualifying cogenerator**—The meaning as assigned this term by 16 U.S.C. §796(18) (C).
- 18) **Qualifying facility**—A qualifying cogenerator or qualifying small power producer.
- 19) **Qualifying small power producer**—The meaning as assigned this term by 16 U.S.C. §796(17) (D).
- 20) **Rate**—Includes:
 - A. Any compensation, tariff, charge, fare, toll, rental, or classification that is directly or indirectly demanded, observed, charged, or collected by the Cooperative for a service, product, or commodity described in the definition of electric utility in this section; and
 - B. A rule, practice, or contract affecting the compensation, tariff, charge, fare, toll, rental, or classification.
- 21) **Regulatory authority**—In accordance with the context where it is found, either the Commission, the governing body of a municipality, or Board of Directors of the Cooperative.
- 22) **Rule**—A statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedure or practice requirements of the regulatory authority. The term includes the amendment or repeal of a prior rule, but does not include statements concerning only the internal management or organization of the regulatory authority and not affecting private rights or procedures.
- 23) **Service**—The term includes any act performed, anything supplied, and any facilities used or supplied by the Cooperative in the performance of its duties.

- 24) **Tariff**—The schedule of the Cooperative containing all rates and charges stated separately by type of service and the rules and regulations of the Cooperative.
- 25) **Tenant**—A person who is entitled to occupy a dwelling unit to the exclusion of others and who is obligated to pay for the occupancy under a written or oral rental agreement.

Request for Service

The Cooperative should initiate service to each qualified member or applicant for service as described in the Tariff within its certificated area in accordance with this section.

- 1) The member or applicant grants the Cooperative easement rights and acquires all necessary easements from adjacent landowners on a form acceptable to the Cooperative for its facilities. All costs and expenses, if any, related to the acquisition of easements to serve the member or applicant shall be the responsibility of the member or applicant, including the Cooperative's costs and expenses if the Cooperative participates in the acquisition of the easements through condemnation proceedings.
- 2) Applications for new electric service not involving line extensions or construction of new facilities should be connected within two working days after the member or applicant has met the credit requirements as referenced in the rule herein entitled Credit Requirements and complied with all applicable state and municipal regulations.
- 3) The Cooperative may require a member or applicant requesting service to satisfactorily establish credit as referenced in the rule herein entitled Credit Requirements, but such establishment of credit should not relieve the member from complying with rules for prompt payment of bills.
- 4) Requests for new service requiring construction, such as line extensions, should be completed within 90 days, unless delayed by a cause beyond the reasonable control of the Cooperative, or a time period agreed to by the member or applicant and the Cooperative; and if the member or applicant has met the credit requirements or has made satisfactory payment arrangements for construction charges, and has complied with all applicable state and municipal regulations.
- 5) If facilities must be constructed, the Cooperative should contact the member or applicant and give the member or applicant an estimated completion date and an estimated cost for all charges to be incurred by the member or applicant.
- 6) The Cooperative should explain any construction cost options such as sharing of construction costs between the Cooperative and the member or applicant following the assessment of necessary line work.
- 7) Each individual residential unit in apartment complexes, condominiums, etc., will be separately metered, and shall be subject to all related provisions and fees of the Tariff and the Business Rules.

Refusal of Service

- 1) **Acceptable reasons to refuse service**—The Cooperative may refuse to serve an applicant or member for any of the reasons identified below.
 - A. **Applicant's facilities inadequate**—The applicant's or member's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given, or the applicant's facilities do not comply with all applicable state and municipal regulations.
 - B. **Violation of the Cooperative's tariffs**—The applicant or member fails to comply with the Cooperative's tariffs pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others. The Cooperative should provide the applicant notice of such refusal and afford the applicant a reasonable amount of time to comply with the Cooperative's tariffs.
 - C. **Intent to deceive**—The applicant or member applies for service at a location where another member received, or continues to receive, service and the Cooperative bill is unpaid at that location, and the Cooperative can prove the change in identity is made in an attempt to help the other member avoid or evade payment of the Cooperative bill. An applicant or member may request a supervisory review as referenced in the rule entitled Complaints if the Cooperative

determines that the applicant or member intends to deceive the Cooperative and refuses to provide service.

- D. **For indebtedness**—The applicant or member owes a debt to the Cooperative for the same kind of service as that being requested.
 - E. **Refusal to pay a deposit.** Refusing to pay a deposit if applicant or member is required to do so under the Credit Requirements.
 - F. **Refusal to pay guaranteed amount.** Refusing to pay guaranteed amount if member is required to do so under the Credit Requirements.
- 2) **Applicant's or member's recourse**—If the Cooperative has refused to serve an applicant or member, the Cooperative will inform the applicant of the reason for its refusal and the applicant may file a complaint as referenced in the rule entitled Complaints.
- 3) **Insufficient grounds for refusal to serve**—The following are not sufficient cause for refusal of service to an applicant:
- A. Delinquency in payment for service by a previous occupant of the premises to be served; or
 - B. Failure to pay the bill of another member at the same address except where the change in identity is made to avoid or evade payment of the Cooperative bill.

Credit Requirements

- 1) **Credit requirements for permanent residential applicants and members**—
- A. The Cooperative will require an applicant for residential service or an existing residential member to establish and maintain satisfactory credit as a condition of providing service.
 - i. Establishment of credit shall not relieve any member from complying with the Cooperative's requirements for prompt payment of bills.
 - ii. The credit worthiness of spouses established during shared service in the 12 months prior to their divorce will be equally applied to both spouses for 12 months immediately after their divorce.
 - B. An applicant for residential service or an existing residential member can establish satisfactory credit by:
 - i. Clearing any unpaid or delinquent balances prior to re-establishing service with the Cooperative; and
 - ii. Meeting and adhering to the Cooperative's payment policies and/or payment plan such that:
 - (a) during the most recent 12 consecutive months of service the member is not late in paying a bill more than once;
 - (b) the member does not have service disconnected for nonpayment; and
 - (c) the member does not have more than one returned check.
 - iii. As an applicant, having been a customer of any electric service provider for the same kind of service within the last two years and not having been delinquent more than once in payment of any such electric utility service account in the most recent 12 consecutive months of service and evidenced by a letter of credit history from the applicant's previous electric service provider.
 - iv. As an applicant, having a credit risk assessment conducted by the Cooperative or on its behalf and receiving a satisfactory credit risk assessment.
 - v. If satisfactory credit cannot be established by the residential member using these criteria, the member may be required to pay a deposit pursuant to this section.
- 2) **Credit requirements for non-residential applicants or members** —For non-residential service, if an applicant's or existing member's credit has not been demonstrated satisfactorily to the Cooperative, the applicant or member may be required to pay a deposit in an amount not to exceed one-sixth of the annual estimated bill. Satisfactory credit may be demonstrated by (a) an applicant or member for a period of 24 consecutive non-residential billings without having service disconnected for

nonpayment of a bill and without having been delinquent in the payment of bills more than once or (b) as an applicant, having been a customer of any electric service provider for the same kind of service within the last two years and not having been delinquent more than once in payment of any such electric utility service account in the most recent 24 consecutive months of service and evidenced either by a satisfactory letter of credit history from the applicant's previous electric service provider or by a satisfactory credit risk assessment conducted by the Cooperative or on its behalf.

3) Deposits and Guarantee Agreements—

- A. 1) An applicant, who has not previously received service from the Cooperative, will be required to pay
 - (a) a fixed deposit in the amount of \$150 for residential service or \$300 for non-residential service in the event the applicant fails to provide complete, accurate and verifiable identification information when requested by the Cooperative when applying for electric service; or
 - (b) a fixed deposit in the amount of either \$75 or \$150 for residential service or \$300 for non-residential service in the event the applicant fails to either (i) provide a satisfactory letter of credit history from its previous electric service provider or (ii) receive a satisfactory credit risk assessment conducted by the Cooperative or on its behalf. The amount of the deposit due will be based on a credit risk assessment.
- 2) An existing member when applying for additional electric service, will be required to pay:
 - (a) a fixed deposit in the amount of \$150 for residential service or \$300 for non-residential service in the event the existing member fails to provide complete, accurate and verifiable identification information when requested by the Cooperative; or
 - (b) a fixed deposit in the amount of either \$75 or \$150 for residential service or \$300 for non-residential service in the event the member failed to satisfactorily demonstrate to the Cooperative the member's creditworthiness or otherwise demonstrated a previous history of neglect to fulfill membership obligations, such as (but not limited to) paying a bill late more than once during the most recent 12 consecutive months of service, service disconnection for nonpayment, failure to meet obligations under a deferred payment agreement, return of a check for insufficient funds, theft of service, meter tampering, safety code violations or fraud. The amount of the deposit due will be based on a credit risk assessment.
 - (c) If the member applying for additional electric service has less than 12 consecutive months of service, that member may provide a satisfactory letter of credit history from its previous electric service provider or have a credit risk assessment conducted by the Cooperative or on its behalf and receive a satisfactory credit risk assessment.
- 3) An applicant, who previously had service with the Cooperative, or an existing member, each of whom failed to satisfactorily demonstrate to the Cooperative creditworthiness or otherwise demonstrated a previous history of neglect to fulfill membership obligations may be required to pay a deposit (a) in the amount of either \$75 or \$150 for residential service (the amount of the deposit due will be based on a credit risk assessment) or \$300 for non-residential service or (b) in an amount not to exceed one-sixth of the annual estimated bill in the event the applicant or member fails to provide complete, accurate and verifiable identification information when requested by the Cooperative.
- B. If the applicant or existing member already has paid a fixed deposit, the applicant or member may be required to pay an additional deposit up to a total deposit amount not to exceed one-sixth of the annual estimated bill.
- C. The Cooperative may refuse to provide service to an applicant or member if the requested deposit is not paid at the initiation of service. The Cooperative may also refuse to reconnect service to an existing member if the requested deposit is not paid upon request.
- D. Guarantees of residential member accounts.

- i. A guarantee agreement between the Cooperative and a guarantor with satisfactory credit must be in writing and shall be for no more than the amount of the initial deposit the Cooperative would require on the applicant's account pursuant to subsection (A) of this section. The amount of the guarantee shall be clearly indicated in the signed agreement. A guarantor can establish satisfactory credit by meeting and adhering to the Cooperative's payment policies and/or payment plan such that: (i) during the most recent 12 consecutive months of service the guarantor is not late in paying a bill more than once, (ii) the guarantor does not have service disconnected for nonpayment; and (iii) the guarantor does not have more than one returned check.
 - ii. The guarantee shall be voided and returned to the guarantor according to the provisions of Section 400.08.
 - iii. Upon default by a residential member the guarantor of that member's account shall be responsible for the unpaid balance of the account only up to the amount agreed to in the written agreement.
 - iv. The Cooperative shall provide written notification to the guarantor of the member's default, the amount owed by the guarantor, and the due date for the amount owed.
 - v. The Cooperative shall provide the guarantor a bill which will include the payment due date which will not be less than 16 days after issuance.
 - vi. The Cooperative may transfer the amount owed on the defaulted account to the guarantor's own service bill provided the guaranteed amount owed is identified separately on the guarantor's bill.
 - vii. The Cooperative may disconnect service to the guarantor for nonpayment of the guaranteed amount only if the disconnection was included in the terms of the written agreement, and only after proper notice as described by subsection (D) of this subsection.
- 4) **Deposits for temporary or seasonal service and for weekend residences.** The Cooperative will require a deposit sufficient to reasonably protect it against the assumed risk for temporary or seasonal service or weekend residences, as long as the policy is applied in a uniform and nondiscriminatory manner. These deposits shall be returned according to guidelines set out in Paragraph 8.
- 5) **Amount of deposit.** The total of all deposits from a member or applicant for service shall not exceed one-sixth of the estimated annual billing; provided however, that for those members or applicants subject to the fixed deposit amount described in Section 3. above, the amount of the deposit shall not be less than the amount of those fixed deposits.
- 6) **Interest on deposits.** The Cooperative shall pay interest on any required deposits at an annual rate at least equal to that set by the Public Utility Commission of Texas on December 1 of the preceding year, pursuant to Texas Utilities Code §183.003 (Vernon 1998) (relating to Rate of Interest). If a deposit is refunded payment of interest shall be made retroactive to the date of deposit. (Effective Sept. 1, 2012)
- A. Payment of the interest to the member shall be made annually or at the time the deposit is returned or credited to the member's account.
 - B. The deposit shall cease to draw interest on the date it is returned or credited to the member's account.
- 7) **Records of deposits.**
- A. The Cooperative shall keep records to show:
 - i. the name and address of each depositor;
 - ii. the amount and date of the deposit; and
 - iii. each transaction concerning the deposit.
 - B. The Cooperative shall issue a receipt of deposit to each applicant or member paying a deposit and shall provide means for a depositor to establish a claim if the receipt is lost.

- C. The Cooperative shall maintain a record of each unclaimed deposit for at least four years.
- D. The Cooperative shall make a reasonable effort to return unclaimed deposits.

8) **Refunding deposits and voiding letters of guarantee.**

- A. If service is not connected, or is disconnected, the Cooperative shall promptly (1) refund the member's or applicant's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished and (2) void and return to the guarantor all letters of guarantee on the account or provide written documentation that the contract has been voided.
- B. When the member has paid bills for service for 12 consecutive residential billings or for 24 consecutive non-residential billings without having service disconnected for nonpayment of a bill and without having been delinquent in the payment of bills more than once, or has not had more than one returned check, the Cooperative shall promptly refund the deposit plus accrued interest to the member or credit the amount of the deposit and accrued interest to the member's account or void and return the guarantee or provide written documentation that the contract has been voided. The deposit may be retained if the member (1) does not meet the foregoing refund criteria or (2) failed to provide complete, accurate and verifiable identification information when requested by the Cooperative. The letter of guarantee may be retained if the member does not meet the foregoing refund criteria.

9) **Re-establishment of credit**—A member whose service has been disconnected for nonpayment of bills or theft of service (meter tampering or bypassing of meter) shall be required, before service is reconnected, to pay all amounts due the Cooperative, including reconnection and other applicable fees, and re-establish credit.

Issuance and Format of Bills:

- 1) **Frequency of bills**—The Cooperative will issue bills monthly unless service is provided for a period less than one month.
- 2) **Bill content**—Each member's bill will include all the following information:
 - A. The due date of the bill;
 - B. The number and kind of units metered; or
 - C. The word "Estimated" prominently displayed to identify an estimated bill.
- 3) **Estimated bills**—The Cooperative may submit estimated bills for good cause provided that an actual meter reading is unavailable.
- 4) **Record retention**—The Cooperative will maintain monthly billing records for each account for at least three years after the date the bill is mailed. The billing records will contain sufficient data to reconstruct a member's billing for a given month. Copies of a member's billing records may be obtained by that member on request.
- 5) **Transfer of delinquent balances**— If the member has an outstanding balance due from another account in the same member class, then the Cooperative may transfer that balance to the member's current account. Notwithstanding the foregoing, if the member has an outstanding balance due from an account in a different member class that is a sole proprietorship, then the Cooperative may transfer that balance to the member's current account. The delinquent balance and specific account will be identified as such on the bill.

Spanish Language Requirements

The Cooperative will provide information in English and Spanish and any other language as the Cooperative deems necessary.

Bill Payment and Adjustments

- 1) **Bill due date**—The bill provided to the member will include the payment due date which will not be less than 16 days after issuance. The issuance date is either the postmark date on the envelope or the date posted to the member's account on the Cooperative's web site. A payment is delinquent if not received at the Cooperative by the due date.

- 2) **Late payment processing fee**—The Cooperative may assess a \$20.00 processing fee to cover costs associated with delinquent notices.
- 3) **Penalty on delinquent bills for non-residential service**—A penalty of \$20.00 or 6%, whichever is greater, may be charged on a delinquent commercial or industrial bill. The 6% penalty on delinquent bills will not be applied to any balance to which the penalty has already been applied.
- 4) **Bill adjustments**—If charges are found to be higher or lower than authorized in the Cooperative's tariffs, then the member's bill should be corrected.
 - A. The correction should be made for the entire period for overbilling.
 - B. The correction may be made for up to 12 months for underbilling.
- 5) **Disputed bills**—
 - A. If there is a dispute between a member and the Cooperative about a bill for service, the Cooperative will investigate and report the results to the member. If the dispute is not resolved, the Cooperative will inform the member of the complaint procedures outlined in the rule entitled Complaints.
 - B. If the member files a complaint with the Cooperative, a member's service will not be disconnected for nonpayment of the disputed portion of the bill before the Cooperative completes its supervisory review and informs the member of its determination.
 - C. The member is obligated to pay any billings not disputed and not under review.
- 6) **Notice of alternate payment programs or payment assistance**—When a member contacts the Cooperative and indicates inability to pay a bill or a need for assistance with the bill payment, the Cooperative will inform the member of alternative payment and payment assistance programs.
- 7) **Residential Members 60 Years or Older** – Upon request of a residential member 60 years of age or older, the Cooperative will extend without penalty the payment date of a bill of that member until the 25th day after the date the bill is issued. The Cooperative may require the member requesting an extension to present reasonable proof that the individual is 60 years of age or older.
- 8) **Deferred payment plans**—A deferred payment plan is any written arrangement between the Cooperative and a residential member that allows a member to pay an outstanding bill in installments that extend beyond the due date of the next bill. A deferred payment plan may be established in person or by telephone, and all deferred payment plans will be put in writing.
 - A. The Cooperative may offer a deferred payment plan to any residential member who has expressed an inability to pay and meets the criteria specified in the Cooperative's Tariff.
 - B. Every deferred payment plan will provide that the delinquent amount may be paid in negotiable installments.
 - C. Every deferred payment plan offered by the Cooperative:
 - i. Will state in boldface type the following: "If you are not satisfied with this agreement or if agreement was made by telephone, and you feel this document does not reflect your understanding of that agreement, contact the Cooperative immediately. If you do not contact the Cooperative, you may give up your right to dispute the amount due under the agreement except for the Cooperative's failure or refusal to comply with the terms of this agreement.";
 - ii. Will state the length of time covered by the plan;
 - iii. Will state the total amount to be paid under the plan;
 - iv. Will state the specific amount of each installment;
 - v. Will allow the Cooperative to disconnect service if the member does not fulfill the terms of the deferred payment plan, and will state the terms for disconnection;
 - vi. Will be provided to the member;
 - vii. Should allow either the member or the Cooperative to initiate a renegotiation of the deferred payment plan if the member's circumstances change substantially during the time of the deferred payment plan; and

- viii. Should be limited to one deferred agreement per year.
- D. The Cooperative may decline to offer this plan if, in the Cooperative's judgment, the member is lacking sufficient credit or satisfactory history to warrant further extension of credit or if the member has failed to provide complete, accurate and verifiable identification information when requested by the Cooperative.
- 9) **Fixed Payment Plan** – This plan allows a member to pay a fixed amount per month based on twelve months total billings divided by 366 days. A true-up and recalculation will be required no more than every 12 months. Upon such true-up and recalculation, any overpayments or underpayments shall either be credited or debited from the account as applicable. The amount of any underpayment will be added to the amounts due. The amount of any overpayment will be deducted from any amounts owed. This plan is applicable to the Residential and Farm/Ranch and Water Well rates only. Members may enroll anytime with participation beginning with the first bill rendered after enrollment. The plan may be cancelled by either the member or the Cooperative upon notification to the other party. Upon cancellation the accumulated balance of the member's account shall become due and payable. The Cooperative may decline to offer the Fixed Payment Plan if, in the Cooperative's judgment, the member is lacking sufficient credit or satisfactory history to warrant payment plans or if the member has failed to provide complete, accurate and verifiable identification information when requested by the Cooperative. (Effective Sept. 1, 2012)
- 10) **Average Payment Plan** – Under this plan, the member's monthly payment is the rolling 12 months average. This plan is applicable to the Residential and Farm/Ranch and Water Well rates only. Members may enroll anytime with participation beginning with the first bill rendered after enrollment. The plan may be cancelled by either the member or the Cooperative upon notification to the other party. Upon cancellation the accumulated balance of the member's account shall become due and payable. The Cooperative may decline to offer the Average Payment Plan if, in the Cooperative's judgment, the member is lacking sufficient credit or satisfactory history to warrant payment plans or if the member has failed to provide complete, accurate and verifiable identification information when requested by the Cooperative.
- 11) **Credit Card Payment Plan**—The credit card payment plan allows residential members to pay their utility bills with an accepted credit card using one of the following options:
 - A. To pay automatically, a member can make arrangements by contacting a Cooperative representative and requesting a payment plan be set up, or
 - B. To pay as needed, a member can contact a Cooperative representative and initiate the payment transaction. The member will need to indicate the amount of the payment and provide necessary credit card information and authorization.
- 12) **Bank Draft Payment Plan**— The bank draft payment plan allows members to authorize the Cooperative to draft their checking accounts monthly. The amount drafted will be for:
 - A. The current bill due, or
 - B. The payment due as agreed on the Deferred Agreement.

The member's checking account will be drafted automatically on the bill due date or on the due date of the Deferred Agreement contract.
- 13) **Refunds**— Upon closure of an account, the account holder will be issued a refund check for credit balances of \$5.00 or more. Refunds on credit balances of less than \$5.00 will only be issued upon verbal request of the account holder. Any amounts not refunded will be transferred at the end of the calendar year to the Cooperative's county assistance program.

Disconnection of Service

- 1) **Disconnection policy**—If the Cooperative chooses to disconnect a member, it will follow its Tariff and the procedures below, or modify them in ways that are more favorable to the member.
- 2) **Disconnection with notice**—Service may be disconnected after proper notice for any of these reasons:
 - A. Failure to pay a bill for Cooperative services or make deferred payment arrangements by the date of disconnection;

- B. Failure to comply with the terms of any payment agreement;
 - C. Failure to pay a deposit when required;
 - D. Failure to pay a guaranteed amount when required
 - E. Violation of the Cooperative's rules on using service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the member and the member is provided with a reasonable opportunity to remedy the situation; or
 - F. Paying a delinquent account balance with a check returned to the Cooperative for insufficient funds.
- 3) **Disconnection without prior notice**—Service may be disconnected without prior notice for any of the following reasons:
- A. Where a known dangerous condition exists. Where reasonable, given the nature of the hazardous condition, the Cooperative should post a notice of disconnection and the reason for the disconnection at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected;
 - B. Where service is connected without authority;
 - C. Where service was reconnected without authority after termination for nonpayment; or
 - D. Where there has been tampering with the Cooperative's equipment or evidence of theft of service.
- 4) **Disconnection prohibited**—Service may not be disconnected for any of the following reasons:
- A. Delinquency in payment for the Cooperative's service by a previous occupant of the premises;
 - B. Failure to pay disputed charges, except for the required average billing payment, until a determination as to the accuracy of the charges has been made by the Cooperative and the member has been notified of this determination; or
 - C. Failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges as referenced in rule entitled Meter Tampering.
- 5) **Disconnection due to Cooperative abandonment**—The Cooperative will not abandon a member or a certified service area without written notice to its members and all similar neighboring utilities, and approval from the Commission.
- 6) **Disconnection of energy assistance clients**—The Cooperative cannot terminate service to a delinquent residential member for a billing period in which the Cooperative receives a pledge, letter of intent, purchase order, or other notification that the energy assistance provider is forwarding sufficient payment to continue service.
- 7) **Disconnection during extreme weather**—The Cooperative will not disconnect a residential member on a day when:
- A. The previous day's highest temperature did not exceed 32 degrees Fahrenheit, or the temperature is predicted to be at or below that level for the next 24 hours, according to the local National Weather Service (NWS) reports for the designated territory; or
 - B. The previous day's highest temperature exceeded 100 degrees Fahrenheit, or the temperature is predicted to be at or above that level for the next 24 hours, according to the local National Weather Service (NWS) reports for the designated territory.
- 8) **Disconnection during weekend.** The Cooperative will not disconnect a residential member on a weekend day.
- 9) **Disconnection of master-metered utilities**—When a bill for Cooperative services is delinquent for a master-metered utility:
- A. The Cooperative should send a notice to the member as required. At the time such notice is issued, the Cooperative should also inform the member that notice of possible disconnection will be provided to the utility's members in three days if payment is not made before that time.

- B. At least three days after providing notice to the member and at least four days before disconnecting, the Cooperative should post a minimum of five notices in conspicuous areas of the utility or other public places. Language in the notice should be in large type and should read: "Notice to members of (name and address of the utility): the Cooperative's service to this utility is scheduled for disconnection on (date), because (reason for disconnection)."

10) **Disconnection notices**—Any disconnection notice issued by the Cooperative to a member will:

- A. Not be issued before the first day after the bill is due, to enable the Cooperative to determine whether the payment was received by the due date.
- B. Be a separate mailing or hand delivered with a stated date of disconnection with the words "disconnection notice" or similar language prominently displayed.
- C. Have a disconnection date that is not less than seven days after the notice is issued.
- D. Be in English and in Spanish.
- E. Include a statement notifying the member that if they need assistance paying their bill by the due date, or are ill and unable to pay their bill, they may be able to make some alternate payment arrangement, establish a deferred payment plan, or possibly secure payment assistance. The notice will also advise the member to contact the Cooperative for more information.

Complaints

Complaints to the Cooperative—A member or applicant may file a complaint in person, by letter, or by telephone with the Cooperative regarding rates, service, or other issues.

- 1) If a complaint cannot immediately be resolved by the employee receiving the complaint, the information collected by the employee will be forwarded to a supervisor or manager. The supervisor or manager will review the complaint and related information, and the complainant will be advised of the results within five working days of the complaint.
- 2) Service should not be disconnected before completion of the review. If the member chooses not to participate in a review then the Cooperative may disconnect service, providing proper notice has been issued under the disconnect procedures.
- 3) Members who are dissatisfied with the supervisory-level review will be informed of their right to file a written complaint with either PEC's Chief Executive Officer or designee of the Chief Executive Officer. Under their direction, a three-member management team will review the complaint and the complainant will be advised of the results within ten days of the complaint.

Information to Applicants and Members

1) **Information regarding rate schedules and classifications and the Cooperative's facilities**—

- A. The Cooperative will notify members affected by a change in rates or schedule of classifications.
- B. The Cooperative will maintain copies of its rate schedules and rules in each office where applications are received and such copies are available for inspection.
- C. The Cooperative will maintain maps showing the physical locations of its facilities that includes an accurate description of all facilities (substations, transmission lines, etc.). Each business office or service center will have available maps, plans, or records of its immediate service area, with other information as may be necessary to enable the Cooperative to advise applicants, and others entitled to the information, about the facilities serving that locality.

2) **Membership fees**—

Membership in the Cooperative is required for service. A membership fee will be required with the initial application for service. Membership fees will be set by the Cooperative's Board of Directors and shall be held until the last service connection for a member is terminated. The membership fee will be held in the initial account until that account is terminated. At that time the membership fee will be applied to member's open account or applied to the outstanding account balance of the last open account. Additional fees may be required for each additional service connection requested by the

member, but no further membership fee shall be charged and no additional memberships shall be created by the creation of additional service connections by the member. Each legal or natural person or husband and wife pair that is a member of the cooperative shall be entitled to a single membership, no matter how many meters that member has. Refunds on credit balances of less than \$5.00 will be issued only upon verbal request of the account holder. Any amounts not refunded will be transferred at the end of the calendar year to the Cooperative's Member Service Assistance Program.

3) Member information packets—

- A. General information about the Cooperative will be accessible online to all new members or as requested.
- B. This general information will include the following topics:
 - i. Services, fees, deposits, and rates;
 - ii. Payment options;
 - iii. Conditions of service;
 - iv. Electrical safety;
 - v. Power interruptions; and;
 - vi. A toll-free telephone number to conduct business or to obtain the hours, addresses, and telephone numbers of the Cooperative's office locations.

4) Member voting—

Each member who is receiving service from the Cooperative shall be entitled to one (1) vote upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person, by mail, or, when the option is made available to members, electronically, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or the Bylaws.

Member Access to Cooperative Records

A Member, on written request, is entitled to examine and copy (at the member's expense), at any reasonable time, the books and records of the PEC.

Requests for information are restricted to Members of PEC, and the Cooperative reserves the right to charge a fee to the Member, payable in part or wholly in advance, if fulfilling the request will require large amounts of employee time.

Most of the information collected, assembled, or maintained in connection with the transaction of PEC business is available to Members, with a few exceptions. Inspection of certain records may be limited or denied in cases including: privacy, attorney-client privilege; real estate subject matter, personnel subject matter, security; or, matters that are clearly competitive, when the Board of Directors determines in good faith that disclosure presents a compelling risk of likely harm to the Cooperative or its members.

This policy does not cover material that is requested as part of a legal proceeding.

All Member requests for information should be directed to: Open Records Request, Pedernales Electric Cooperative, Inc., P.O. Box 1, Johnson City, TX 78636.

Reliability and Continuity of Service

1) General—

- A. The Cooperative will make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Cooperative will re-establish service within the shortest possible time.
- B. The Cooperative endeavors to provide continuous electric service but makes no guarantees against interruptions. If continuous service at a constant voltage is required, the member must install the necessary equipment. Should members require three-phase service, they shall be responsible for providing and operating such protective equipment as is necessary to protect their equipment from damage resulting from loss of power to one or more phases. If electric service is interrupted, the member must determine if the equipment and wiring is functioning properly. Cooperative personnel will not make repairs to members' wiring or equipment.

- C. The Cooperative shall not be liable for damages occasioned by interruption, failure to commence delivery, or voltage, wave form, or frequency fluctuation caused by interruption or failure of service or delay in commencing service due to accident to or breakdown of plant, lines, or equipment, strike, riot, act of God, order of any court or judge granted in any bonafide adverse legal proceedings or action or any order of any commission or tribunal having jurisdiction; or, without limitation by the preceding enumeration, any other act or things due to causes beyond its control, to the negligence of the Cooperative, its employee, or contractors, except to the extent that the damages are occasioned by the gross negligence or willful misconduct of the Cooperative.
 - D. The Cooperative will make reasonable provisions to manage emergencies resulting from failure of service, and will issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
 - E. In the event of national emergency or local disaster resulting in disruption of normal service, the Cooperative may, in the public interest, interrupt service to other members to provide necessary service to civil defense or other emergency service entities on a temporary basis until normal service to these agencies can be restored.
- 2) **Record of interruption**—The Cooperative will keep complete records of sustained interruptions. Where practical, the Cooperative will keep a complete record of all momentary interruptions. These records will show the type of interruption, the cause for the interruption, the date and time of the interruption, the duration of the interruption, the number of members interrupted, the substation identifier, and the transmission line or distribution feeder identifier. The Cooperative will retain records of interruptions for five years.
- 3) **Notice of significant interruptions**—
- A. **Significant Interruptions**—All interruptions of any classification lasting one hour or more and affecting the entire system, a major division of the system, a community, essential services, service to interruptible members, scheduled interruptions lasting more than four hours that affect members that are not notified in advance, 20% or more of the system's members, or 20,000 members for utilities serving more than 200,000 members. Significant interruptions also include interruptions adversely affecting a community such as interruptions of governmental agencies, military bases, universities and schools, major retail centers, and major employers.
 - B. **Initial notice**—Employees will notify the Chief Executive Officer in a method prescribed by the Chief Executive Officer as soon as reasonably possible after it has determined that a significant interruption has occurred. The initial notice will include the general location of the significant interruption, the approximate number of members affected, the cause if known, the time of the event, and the estimated time of full restoration. If the duration of the significant interruption is greater than 24 hours, the Cooperative will update this information daily and file a summary report.
 - C. **Summary report**—Within three working days after the end of a significant interruption lasting more than 24 hours, a summary report should be submitted to the Chief Executive Officer. The summary report will include the date and time of the significant interruption; the date and time of full restoration; the cause of the interruption, the location, substation and feeder identifiers of all affected facilities; the total number of members affected; the dates, times, and numbers of members affected by partial or step restoration; and the total number of member-minutes of the significant interruption (sum of the interruption durations times the number of members affected).
- 4) **Emergency Operations Plan**—The Cooperative will maintain a general description of its emergency operations plan. The Cooperative's emergency plan will include, but need not be limited to, the following:
- A. A registry of essential services directly served by the Cooperative. This registry will be updated as necessary but not less often than annually. The description will include the location of the registry, how the Cooperative ensures that it is maintaining an accurate registry, how the Cooperative will provide assistance to essential services members in the event of an unplanned

outage, how the Cooperative intends to communicate with the essential services members, and how the Cooperative is training its staff with respect to serving critical members and loads.

- B. A communications plan that describes the procedures for contacting the media and members and essential services directly served by the Cooperative as soon as reasonably possible, either before or at the onset of the emergency. The communications plan will also address how the Cooperative's telephone system and complaint handling procedures will be augmented during an emergency, and;
- C. Priorities for restoration of service.

Meter Requirements

- 1) **Use of meter**—All electricity consumed or demanded by the member will be charged for by meter measurements, except where otherwise provided for by the applicable rate schedule or contract.
- 2) **Installation**—The Cooperative will provide, install, own, and maintain all meters necessary for the measurement of electric energy to its members.
- 3) **Standard type**—All meters will meet industry standards. Special meters used for investigation or experimental purposes are not required to conform to these standards.
- 4) **Location of meters**—
 - A. Meters and service switches in conjunction with the meter will be installed in accordance with the latest revision of American National Standards Institute (ANSI), Incorporated, Standard C12 (American National Code for Electricity Metering), and will be readily accessible for reading, testing, and inspection, where such activities will cause minimum interference and inconvenience to the member.
 - B. Member will provide, without cost to the Cooperative, at a suitable and easily accessible location:
 - i. Sufficient and proper space for installation of meters and other apparatus of the Cooperative;
 - ii. Meter board;
 - iii. Meter loop;
 - iv. Safety service switches when required; and
 - v. An adequate anchor for service drops.
 - C. Where the meter location on the member's premises is changed at the request of the member, or due to alterations on the member's premises, the member will provide and have installed at their expense, all wiring and equipment necessary for relocating the meter.
- 5) **Accuracy requirements**—
 - A. No meter that violates the test calibration limits as set by the American National Standards Institute, Incorporated will be placed in service or left in service. Whenever on installation, periodic, or other tests, a meter is found to violate these limits, it will be adjusted.
 - B. Meters will be adjusted as closely as practicable to the condition of zero error.

Meter Records

The Cooperative will keep the following records:

- 1) **Meter equipment record**—The Cooperative will keep a record of all of its meters, showing the member's address and date of the last test. For special meters used for investigation or experimental purposes, the record will state the purpose of the investigation or experiment.
- 2) **Records of meter tests**—All meter tests will be properly referenced to the meter record provided in this section. The record of each test made on member's premises or on request of a member will show the identifying number and constants of the meter, the standard meter and other measuring devices used, the date and kind of test made, who conducted the test, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.

Meter Readings

Each meter should clearly indicate the units of service for which charge is made to the member. Meters shall be read at regular monthly intervals.

Meter Testing

- 1) **Meter tests prior to installation**—No permanently installed meter should be placed in service unless its accuracy has been established. If any permanently installed meter is removed from actual service and replaced by another meter for any purpose, it should be properly tested and adjusted before being placed back in service unless such meter has been tested in the last 12 months.
- 2) **Testing of meters in service**—Meter test periods for all types of meters will conform to the latest edition of American National Standards Institute, Incorporated (ANSI) Standard C12 unless specified otherwise by the Cooperative.
- 3) **Meter tests on request of member**—
 - A. The Cooperative will, upon the request of a member, test the accuracy of the member's meter.
 - B. If the meter has been tested by the Cooperative, or by an authorized agency, at the member's request, and within a period of four years the member requests a new test, the Cooperative will make the test.
 - C. Following the completion of any requested test, the Cooperative will advise the member of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Adjustments Due to Meter Errors

- 1) If any meter is found to be not in compliance with the accuracy standards, readings will be corrected and adjusted bills may be rendered.
- 2) No refund is required from the Cooperative except to the member last served by the meter prior to the testing.
- 3) If a meter is found not to register for any period, unless bypassed or tampered with, the Cooperative should estimate and charge for units used, but not metered. The estimated charge should be based on amounts used under similar conditions during the period preceding or subsequent to the period the meter was found not to register, or during corresponding periods in previous years.

Meter Tampering

Meter tampering, bypass, or diversion will be defined as tampering with the Cooperative's meter or equipment, bypassing the same, or other instances of diversion, such as physically disorienting the meter; attaching objects to the meter to divert or bypass service; inserting objects into the meter; and other electrical and mechanical means of tampering with, bypassing, or diverting electrical service. Meter tampering is a criminal offense.

Interconnection Meters and Circuit Breakers

The Cooperative should ensure that all instruments and meters are maintained as may be necessary to obtain full information as to purchases, unless this information is metered and furnished by the electric utility supplying the energy. Any interconnection with the Cooperative must be in accordance with the Cooperative's Small Power Producer Interconnection Policy and only after execution of the Cooperative's Agreement for Interconnection.

Member Service Option [TO BE DISCONTINUED EFFECTIVE SEPTEMBER 1, 2013]

The following optional service is available to members:

Service Monitoring – This service is available for a fee of \$7.50 per month. The Cooperative will monitor the member's meter once a day and will notify the member or a designee if the power appears to be out on the member's side of the meter. The Cooperative cannot guarantee the exact nature of the suspected outage, but can only detect and inform the member of a zero usage read on the member's side of the meter.