

Tariff

For Electric Service Provided by

Pedernales Electric Cooperative, Inc.

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

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General Provisions

Character of Service - The Cooperative will provide single, open-wye, or three-phase alternating current at one of its standard secondary voltage from existing facilities as described in the Cooperative's Service Policy.

1. Payment - Rates are subject to the payment policies as provided in the Cooperative's Service Policy.
2. Sales Taxes - Sales taxes, where applicable, will be charged to the member in addition to the applicable rates. Members claiming exemption from sales taxes should provide an exemption form acceptable to the Cooperative.
3. Late Payment Processing Fee - The Cooperative may assess a \$20.00 processing fee to cover costs associated with delinquent notices. Bills to all non-residential accounts other than state agencies, may be assessed a Late Payment Processing Fee of \$20.00 or 6% of the unpaid balance, whichever is greater, if not paid by the due date.
4. Point of Delivery - The Point of Delivery is that point, as determined by Cooperative, where the electric power and energy leaves the Cooperative electric delivery system and is delivered to member.
5. Single Point Delivery - Rates are based upon service to the entire premises through a single delivery and metering point. Service to the same member at other points of delivery shall be separately metered and billed under the applicable rate schedule.
6. Standard Voltage Designations – The Cooperative adopts the following standard voltages for distribution:

Single Phase	Three Phase
120/240 V	120/208 V (wye)
*7200 V	*120/240 V (delta)
*14400 V	277/480 V (wye)
	*480V (delta)
	*1328/2300 V (wye)
	*2300/4160V (wye)
	*7200/12470 V (Primary Metered)
	*14400/24900 V (Primary Metered)

*These voltages are available at Cooperatives discretion.

These voltage designations are nominal design voltages and the actual normal delivery voltages so far as practicable will be maintained within variations permitted by industry standards. Member should obtain from the Cooperative the phase and voltage of the service available before committing to the purchase of motors or other equipment.

7. Power Factor Adjustment - (Large Power and Industrial Power) – Capacity delivery charges may be adjusted if the power factor is lower than ninety-seven percent (97%). Measured capacity (KW) may be increased by one percent (1%) for each one percent (1%) by which the power factor is less than ninety-seven percent (97%) lagging for a period of fifteen (15) consecutive minutes.

100.1 Residential and Farm/Ranch (R)

Applicability - Applicable to individually metered residences, farms, ranches, and their facilities.

Rates

Service Availability Charge: \$22.50 per month

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Delivery Charge: \$0.03212 per KWH

Base Power Cost: The per kWh base power costs for Power Supply Charges stated in the Power Cost Recovery (PCR) Tariff

Power Cost Adjustment: The charge per kWh for changes in Power Supply Charges relative to the base power cost and calculated in accordance with the Power Cost Recovery (PCR) Tariff

The monthly bill shall be the sum of the above charges plus any applicable fees.

100.2 Water Well (W)

Applicability - Applicable to water wells used solely for small scale agricultural purposes. Agricultural purposes include livestock watering, crop irrigation, and fisheries. Irrigation for recreational purposes is served under other Tariffs.

Rates

Service Availability Charge: \$19.50 per month

Delivery Charge: \$0.03212 per KWH

Base Power Cost: The per kWh base power costs for Power Supply Charges stated in the Power Cost Recovery (PCR) Tariff

Power Cost Adjustment: The charge per kWh for changes in Power Supply Charges relative to the base power cost and calculated in accordance with the Power Cost Recovery (PCR) Tariff

The monthly bill shall be the sum of the above charges plus any applicable fees.

100.3 Small Power (SP)

Applicability - Applicable to all commercial and industrial members whose demand is less than 75 kilowatts and whose use is not covered by another specific rate schedule. Member owned street lighting will also be billed under the Small Power Rate.

Rates

Service Availability Charge: \$37.50 per month

Delivery Charge: \$0.02488 per KWH

Base Power Cost: The per kWh base power costs for Power Supply Charges stated in the Power Cost Recovery (PCR) Tariff

Power Cost Adjustment: The charge per kWh for changes in Power Supply Charges relative to the base power cost and calculated in accordance with the Power Cost Recovery (PCR) Tariff

The monthly bill shall be the sum of the above charges plus any applicable fees.

100.4 Large Power (LP)

Applicability - Applicable to all commercial and industrial members whose demand is 75 kilowatts but less than 10,000 kilowatts, and whose use is not covered by another specific rate schedule.

Rates

Service Availability Charge: \$150.00 per month

Capacity Delivery Charge:

Secondary Level Service	\$4.00 per kW
Primary Level Service	\$3.92 per kW

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<u>Delivery Charge:</u>	Secondary Level Service	\$0.01048 per KWH
	Primary Level Service	\$0.01027 per KWH

Base Power Cost: The per kWh base power costs for Power Supply Charges stated in the Power Cost Recovery (PCR) Tariff

Power Cost Adjustment: The charge per kWh for changes in Power Supply Charges relative to the base power cost and calculated in accordance with the Power Cost Recovery (PCR) Tariff

The monthly bill shall be the sum of the above charges plus any applicable fees.

Secondary Rate – The Secondary Rate per kilowatt-hour shall be provided for those members receiving service at secondary voltages less than 6 kV at locations where the Cooperative owns the transformation facilities.

Primary Rate - Primary Rate per kilowatt-hour shall be provided for high voltage deliveries to the transformer at 6 kV or higher where the member has paid for the transformation facilities or where deliveries to the member are at 6 kV or higher. A delivery point meeting the above criteria shall be charged the Primary Rate whether the delivery is metered on the low side or the high side of the point of transformation. Meter readings from the low side transformation shall be adjusted for transformation losses.

100.5 Industrial Power (IP)

Applicability - Applicable to all commercial and industrial members whose firm demand is 10,000 kilowatts or more, and whose uses are not covered by another specific rate schedule.

Rates

Service Availability Charge: \$1,000.00

Capacity Delivery Charge: \$ 1.00 per kW

Power Supply Charge: The cost of power to serve the member, including capacity, ancillary services, delivery, energy, and fuel charges for the billing period plus adjustments applied to the current monthly billing to account for differences in actual purchased electricity costs billed in previous periods. The power cost will be calculated using billing units defined in the same manner as defined in the Wholesale rate to the Cooperative, including any ratchet provisions in the wholesale rate. The member's billing units for power cost may be adjusted for line losses, as determined by the Cooperative, to calculate the member's power cost at the wholesale supplier's metering point to the Cooperative.

The monthly bill shall be the sum of the above charges plus any applicable fees.

100.6 Power Plant Start Power (PPSP)

Applicability - Applicable to all commercially operated power plants whose firm demand is 1,000 kilowatts or more, and whose uses are not covered by another specific rate schedule.

Rates

Service Availability Charge: \$1,500.00 per month

Power Supply Charge: The cost of power to serve the member, including capacity, ancillary services, delivery, energy, and fuel charges for the billing period plus adjustments applied to the current monthly billing to account for differences in actual purchased electricity costs billed in previous periods. The power cost will be calculated using billing units defined in the same manner as defined in the Wholesale rate to the Cooperative, including any ratchet provisions in the wholesale rate. The member's billing units for power cost may be adjusted for line losses, as determined by the Cooperative, to calculate the member's power cost at the wholesale supplier's metering point to the Cooperative.

The monthly bill shall be the sum of the above charges plus any applicable fees.

100.7 Interconnection Back-up (IB)

Applicability - Applicable to members with small power production equipment of less than 20 kW who have executed an agreement for interconnection with the Cooperative. Service shall be through a single meter which measures the net energy consumed at the premises.

Rates

As per the otherwise applicable tariff with charges other than the Service Availability Charge applied to net energy consumed at the premises.

100.8 Green Power (GP) (discontinued 10-17-2005)

Applicability - Applicable to members choosing to purchase electricity generated by 100% renewable energy sources. Participation is by billing cycle. Changes must be requested at least 5 days prior to the start of the next billing cycle. This rate has been discontinued. However, members receiving service under this rate prior to October 17, 2005 may continue to receive service under this rate at the Cooperative's discretion.

Rates

Service Availability Charge: As per the otherwise applicable tariff.

Delivery Charge: As per the otherwise applicable tariff (excluding any PCA) plus \$0.02 per KWH.

Power Cost Adjustment: The charge per kWh for changes in Power Supply Charges relative to the base power cost and calculated in accordance with the Power Cost Recovery (PCR) Tariff

The monthly bill shall be the Service Availability Charge plus charges at the above rate for energy consumed.

100.9 Renewable Power (RP)

Applicability - Applicable to members choosing to purchase electricity generated by 100% renewable energy sources. Participation is by billing cycle. Changes must be requested at least 5 days prior to the start of the next billing cycle.

Rates

Service Availability Charge: As per the otherwise applicable tariff.

Delivery Charge: As per the otherwise applicable tariff.

Base Power Cost: The per kWh base power costs for Power Supply Charges stated in the Power Cost Recovery (PCR) Tariff for Renewable

Power Cost Adjustment: The charge per kWh for changes in Power Supply Charges relative to the base power cost and calculated in accordance with the Power Cost Recovery (PCR) Tariff

The monthly bill shall be the sum of the above charges plus any applicable fees.

100.10 College Discount Rider (CDR)

Applicability - Applicable in conjunction with an otherwise applicable rate schedule for electric service to any facility of any four year state university, upper level institution, Texas State Technical College, or college to which the Cooperative is required to discount the base rates, as provided in Texas Utilities Code, §36.351. The provisions of the applicable rate schedule are modified only as shown herein.

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Monthly Rate - In accordance with the terms of the applicable rate schedule, except that the amount due under the applicable rate schedule, minus the cost of purchased electricity applicable to the member and excluding any adjustment factors, cost recovery factors, or specific facilities charges, and service fees, is reduced by 20%.

100.11 Area Lighting (AL)

Applicability - Applicable to outdoor dusk-to-dawn lighting where the Cooperative's existing facilities are suitable for the installation of the lighting. The Cooperative will furnish, install, and maintain lights on existing facilities. If additional facilities are required, the member will pay installation costs. The member will pay for costs of repairs, labor, and materials for damage due to vandalism. The member will also pay for all costs of relocating any light. This rate applies only to Cooperative owned lighting.

Rates

Delivery Charges:

<u>Lamp Size</u>		<u>kWh per month</u>		<u>Charge per Lamp</u>
100	Watt Sodium	45	kWh per month	\$ 8.15
250	Watt Sodium	110	kWh per month	\$16.30
175	Watt Metal Halide	78	kWh per month	\$ 8.15
175	Watt Mercury Vapor	75	kWh per month	\$ 8.15

Base Power Cost: The per kWh base power cost for Power Supply Charges stated in the Power Cost Recovery (PCR) Tariff

Power Cost Adjustment: The charge per kWh for changes in Power Supply Charges relative to the base power cost and calculated in accordance with the Power Cost Recovery (PCR) Tariff

The monthly bill shall be the sum of the above charges plus any applicable fees.

100.12 Interruptible Service Rider (ISR) (discontinued after 06-15-2009)

Applicability - This Rider is applicable to members under long-term contract with the Cooperative for firm full-requirement service. A contract must be executed between the Cooperative, the Lower Colorado River Authority (LCRA), and the member establishing the amount of interruptible and firm load to be served. If the member adds new load to its operations after the date of execution of the contract, that new load shall be added to the firm demand portion of the member's total load unless otherwise mutually agreed upon by the parties. The member's interruptible load must be separately metered as an additional point of delivery unless mutually agreed upon by the parties. Each member's interruptible amount must be a minimum load of five megawatts. The member must be able to demonstrate its ability to interrupt its demand within the period set forth in this tariff upon verbal notification by the Cooperative or the LCRA.

This Rider contains daily, monthly, and yearly limitations on interruptions imposed by the Cooperative and by the LCRA. The annual limitation will be measured by a continuous, moving, or rolling period of 12 consecutive months, hereinafter sometimes called the Limitation Year. With respect to any one day in which either the Cooperative or the LCRA proposes an interruption, the calendar month in which that day falls shall be the twelfth month of the Limitation Year.

Availability - The availability of this Rider shall be limited to members receiving service under this Rider as of the effective date of these tariffs and in the manner set forth in the LCRA's Interruptible Service Rider to Schedule WP-1 or any successor tariff provision adopted by the LCRA (Interruptible Tariff). The Cooperative may discontinue providing service under this Rider if interruptible wholesale power service is not available to the Cooperative.

Rate - The rate for this Rider shall equal the rate established for firm service, except that the rates for this Rider shall be increased or decreased in accordance with the Power Cost Recovery Factor applicable to members for whom

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Power Costs can be directly identified and assigned (PCRF_D) as set forth in Schedule PCRF. The Power Cost Recovery Factor applicable to members whose entire load is served under the Industrial Power Rate Schedule or the Interruptible Service Rider Rate Schedule from a wholesale delivery point as the only member receiving service from that wholesale delivery point, Power Cost - Direct, shall be applied to all load served as a single wholesale delivery point by the Cooperative's wholesale power supplier.

In the event that additional wholesale power charges result from the member's failure to comply with the request to interrupt by either the Cooperative or the LCRA, any and all costs associated with such failure to comply shall be applied to the billing of the member failing to interrupt service.

Interruptions - The LCRA will interrupt service to the Cooperative's interruptible service member in accordance with the provisions of the LCRA's Interruptible Tariff. As a standard operating procedure, the LCRA will attempt to give the member 120 minutes verbal notice prior to the commencement of interruption. During unplanned generation outages, unplanned maintenance of a generation unit, and/or when the LCRA has exceeded its Interruptible Threshold, the LCRA will provide at least a 60-minute verbal notice for the interruptible service member to curtail all interruptible capacity. Under extraordinary or emergency conditions, as determined at the discretion of the LCRA, the LCRA may advise the member of such conditions and request an interruption upon a 20-minute verbal notice. The Cooperative does not guarantee or warrant that notice will be provided in the manner and within the time limits set forth above.

The Cooperative shall have no liability and the member shall assume full responsibility for any loss, damage, or claim (including, but not limited to product loss and profit loss) by reason of any interruption or restoration of electric service.

Limitations on Interruptions - Limitations upon interruptions imposed by the LCRA shall be the limitations set forth in the LCRA's Interruptible Tariff.

Alternate Supply - In the event that the LCRA is unable to supply the Cooperative's interruptible member's requirements because of non-ERCOT emergencies, the interruptible member will be given the option of receiving alternative supply choices in accordance with the LCRA's Interruptible Tariff. The interruptible member shall assume the additional power costs of available short-term power of alternate power supplies. The cost of an alternate supply shall be added to the wholesale power cost calculated using the member's actual contract firm and interruptible service, as set forth above.

Non-Compliance - If at any time during the contract period either the Cooperative or the LCRA requests an interruption and the interruptible member does not comply with that request in whole or in part, the member failing to curtail service shall be subject to the Non-Compliance Penalties contained in the LCRA's Interruptible Tariff.

In accordance with the terms and conditions of the LCRA's Interruptible Tariff, a member's failure to comply with a request to interrupt service may result in non-compliance penalties or in termination of interruptible service. The member's total load will be metered and compliance will be measured by determining that the member's load did not exceed the firm contract amount during the interruption period and calculated as follows:

Non-Compliance Kilowatt Demand = 1) less 2) where:

- 1 = The maximum total metered kilowatt demand during the interruption duration period.
- 2 = The firm contract kilowatt demand.

This provision shall not apply if the Limitations on Interruptions provisions set forth above are exceeded.

Term - Except as provided in Non-Compliance above, any party to the contract may cancel the interruptible contract upon three years written notice.

100.13 Power Cost Recovery (PCR)

This tariff is applicable to all rates except Industrial and Power Plant Start Power which have separate provisions for power cost recovery.

Base Power Cost – The base power cost per kWh for Power Supply Charges is:

Secondary Level Service: \$0.07208 per kWh
 Primary Level Service: \$0.07064 per kWh
 Secondary Level Service With Renewable: \$0.07708 per kWh

Power Cost Adjustment

For all kilowatt-hours sold to members taking service under all rates except Industrial and Power Plant Start Power, the monthly Power Cost Adjustment per kWh will be calculated as follows:

Basic PCA =	A - B ± C
	kWhs

Secondary Level Service PCA = Basic PCA
 Primary Level Service PCA = Basic PCA x 98%

Wind Power Subscribers = Applicable Secondary Level or Primary Level Service PCA per kWh plus Wind Power Premium per kWh.

Where:

- PCA = Power Cost Recovery (expressed in \$ per kWh) to be applied to estimated energy sales for the billing period.
- A = Total estimated purchased electricity cost (excluding power cost for Industrial and Power Plant Start Power and excluding Wind Power and/or Renewable Power costs applicable to members subscribing to Wind Power and/or Renewable Power) from all suppliers including fuel for the billing period minus \$0.005 per kWh of the kWh sold to Renewable Power Members.
- B = Total estimated purchased electricity cost (excluding power cost for Industrial and Power Plant Start Power and excluding Wind Power and/or Renewable Power costs applicable to members subscribing to Wind Power and/or Renewable Power) from all suppliers including fuel which are included in the Cooperative's base rates. The base power cost is computed as:
 - B = (D)(kWhs) minus \$0.005 per kWh of the kWh sold to Renewable Power Members.
 - D = Base power cost of \$0.07208 per kWh sold
- kWhs = Total estimated energy sales for billing period (excluding power cost for Industrial and Power Plant Start Power) minus 2% of the kWh sold for primary level service members.
- C = Adjustment to be applied to the current monthly billing to account for differences in actual purchased electricity costs and actual PCA revenues recovered in previous periods.

100.14 Wholesale Transmission Policy (WTS)

Availability - Planned and Unplanned Wholesale Transmission Service is available at all points where transmission facilities of adequate capacity and suitable voltage are available. Service under this rate schedule is not available until the expiration of the Facilities and Premises Lease and Operating Agreement between the Cooperative and the Lower Colorado River Authority.

Applicability - Wholesale Transmission Service is provided to any eligible member as that term is defined in Substantive Rule 25.5 of the Public Utility Commission (PUC), and shall be provided in accordance with Substantive Rules 25.191 and 25.195. Any power delivered onto or received from the Cooperative's transmission system under this rate schedule must be delivered or received at 60,000 volts or higher, three phase, 60 hertz alternating current, onto transmission lines which have been made available for this service. This rate schedule is applicable to Planned and Unplanned service over any transmission facilities at 60,000 volts or higher owned by the Cooperative.

Conditions

The Cooperative will provide transmission service to any eligible member, provided that:

- The eligible member has completed an Application for Annual Planned Service, an Application for Monthly Planned Service, or a Request for Unplanned Transmission Service in accordance with the procedural and scheduling requirements of PUC Substantive Rule 25.198;
- If the member has physical connections to the Cooperative system, the eligible member has an executed Interconnection Agreement for Transmission Service, or has requested in writing that the Cooperative file a proposed unexecuted agreement with the Commission;
- Both the Cooperative and the eligible member (or a designated agent) have completed installation of all equipment specified under the Interconnection Agreement for Transmission Service;
- The eligible member has arranged for ancillary services necessary for the transaction.

Pricing - Charges for planned and unplanned transmission service shall be in accordance with PUC Substantive Rule 25.192.

Losses - A wholesale transmission eligible member that uses transmission service shall compensate the Cooperative for energy losses resulting from such transmission service. The ERCOT transmission system independent system operator (ISO) under a method approved by the PUC shall calculate losses.

Resale of Transmission Rights - A wholesale transmission eligible member is permitted to resell any and all transmission service rights contracted for by the transmission member to other wholesale market participants, pursuant to PUC Substantive Rule 25.191. The transmission member shall inform the transmission provider and obtain ISO approval for any resale of transmission service rights.

Construction of New Facilities - The Cooperative shall follow the procedures set forth in PUC Substantive Rule 25.198 in working with the transmission member in order to identify required improvements to the transmission system. Upon receipt of a request for transmission service, the Cooperative shall perform a system security study to assess the ability of the existing transmission system to support the requested transmission service. The member requesting such service shall be responsible for the costs of such system security study and any subsequent facilities studies performed in order to determine any necessary system improvements.

In the event that existing facilities are adequate to support the requested transmission service, the transmission member will be assessed an amount equal to the cost of direct assignment facilities less any applicable depreciation.

In the event that existing facilities are inadequate to support the requested transmission service, the transmission member may be required to provide a contribution in aid-to-construction of direct assignment facilities. In that event, the Cooperative will provide the eligible member with a facilities study that will include an estimate of the contribution

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in aid-to-construction of direct assignment facilities to be charged to the transmission member for the cost of any required facilities or upgrades, and the time required to complete such construction and initiate the requested service.

In the event that new facilities must be constructed to provide the requested transmission service, the transmission member may be required to provide one or more of the following:

- A contribution in aid-to-construction for those facilities required to provide service to the transmission member. This would apply in those cases the required facilities would be of use to the Cooperative after the transmission member terminates service.
- The sum of installation and removal costs for the construction of facilities required for temporary service. This would apply in those cases where the duration of the service is less than a year and the required facilities would not be of use to the Cooperative after the transmission member terminates service.
- The sum of installation and removal costs for the construction of facilities which would not be of use to the Cooperative after the transmission member terminates service.

Voltage Support - The Cooperative will install whatever devices are necessary to maintain proper operating voltages on the Cooperative transmission system. However, should the need for such devices be directly or partially applicable to the addition of the transmission member, then the cost of such devices will be included in any contribution in aid-to-construction required of that member.

Power Factor - Each wholesale transmission member shall maintain a power factor of 97% or greater at each point of interconnection. If the member fails to maintain a 97% power factor, Pedernales Electric Cooperative will make the necessary improvements and shall charge the member for the costs of such improvements.

Reliability Guidelines - To maintain reliability of the ERCOT transmission grid, the Cooperative or other designated agent or representative shall operate its transmission system in accordance with the ERCOT Operating Guides, National Electric Reliability Council (NERC) guidelines, and any guidelines of the ISO that may apply to the Cooperative's system.

Payment - Any charges due to the Cooperative under this rate schedule shall be billed in accordance with PUC Substantive Rule 25.202. The eligible member shall make payment to the Cooperative in a manner consistent with the procedures and deadlines set forth in PUC Substantive Rule 25.202. Any late payments by member or member default shall be handled in accordance with PUC Substantive Rule 25.202.

Contract Term - Planned transmission service is available in multiples of one month. Planned transmission service for a period of less than 12 months shall be considered temporary. Unplanned transmission service may be available for periods of not less than one hour or more than 30 days.

100.15 Wholesale Distribution Service (WDS)

Availability - Planned and Unplanned Wholesale Distribution Service is available at all points where distribution facilities of adequate capacity and suitable voltage are available.

Applicability - Wholesale Distribution Service is provided to any eligible member as that term is defined in Substantive Rule 25.5 of the Public Utility Commission (PUC), and shall be provided in accordance with Substantive Rules 25.191 and 25.195. Any power delivered onto or received from the Cooperative's distribution system under this rate schedule must be delivered or received at less than 60,000 volts, three phase, 60 hertz alternating current, onto distribution lines which have been made available for this service. This rate schedule is applicable to Planned and Unplanned service over any distribution facilities at less than 60,000 volts owned by the Cooperative. This rate schedule is applicable in addition to the Cooperative's Wholesale Transmission Service rate schedule.

Conditions

The Cooperative will provide distribution service to any eligible member, provided that:

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- The eligible member has completed an Application for Annual Planned Service, an Application for Monthly Planned Service, or a Request for Unplanned Distribution Service in accordance with the procedural and scheduling requirements of PUC Substantive Rule 25.198;
- If the member has physical connections to the Cooperative system, the eligible member has an executed Interconnection Agreement for Distribution Service, or has requested in writing that the Cooperative file a proposed unexecuted agreement with the Commission;
- Both the Cooperative and the distribution member (or a designated agent) have completed installation of all equipment specified under the Interconnection Agreement for Distribution Service;
- The eligible member has arranged for ancillary services necessary for the transaction.

Pricing

Charges for planned and unplanned wholesale distribution service shall be in accordance with PUC Substantive Rule 25.192. Charges for Wholesale Distribution Service are applicable in addition to any charges for Wholesale Transmission Service that may also be required by the member. Charges for planned Wholesale Distribution Service shall be computed as follows:

$$\text{INV} \times \text{FRC} = \text{WDSC}$$

where,

INV = The investment necessary to provide Wholesale Distribution Service while maintaining the reliability, voltage, safety, and economic operation of the Cooperative's system. This investment amount will be recalculated from time to time at the discretion of the Cooperative to reflect any changes in the value of the facilities investment.

FRC = The Cooperative's monthly fixed rate charge as it may change from time to time as determined by the Cooperative. The monthly fixed rate charge factor for Cooperative-owned facilities for which no contribution in aid-to-construction has been made by the member shall include a capital cost component. The monthly fixed rate charge factor for Cooperative-owned facilities for which the member has made a contribution in aid-to-construction shall not include a capital cost component.

WDSC = The monthly charge for Wholesale Distribution Service.

Charges for unplanned Wholesale Distribution Service shall be sufficient to ensure the recovery of losses.

Losses - A Wholesale Distribution eligible member that uses distribution service shall compensate the Cooperative for energy losses resulting from such distribution service. Losses shall be calculated by the ERCOT distribution system independent system operator (ISO) under a method approved by the Public Utility Commission, or by the Cooperative if the ISO does not provide losses for a distribution transaction of the nature requested by the member.

Resale of Distribution Rights - A Wholesale Distribution eligible member is permitted to resell any and all distribution service rights contracted for by the distribution member to other wholesale market participants, pursuant to PUC Substantive Rule 25.191. The distribution member shall inform the distribution provider and obtain ISO approval for any resale of distribution service rights.

Construction of New Facilities - The Cooperative shall follow the procedures set forth in PUC Substantive Rule 25.198 in working with the distribution member in order to identify required improvements to the distribution system. Upon receipt of a request for distribution service, the Cooperative shall perform a system security study to support the requested distribution service. The member requesting such service shall be responsible for the costs of such system security study and any subsequent facilities studies performed in order to determine any necessary system improvements.

In the event that existing facilities are adequate to support the requested distribution service, service will be priced in accordance with Pricing above.

In the event that existing facilities are inadequate to support the requested distribution service, the distribution member may be required to provide a contribution in aid-to-construction of direct assignment facilities. In that event, the Cooperative will provide the eligible member with a facilities study that will include an estimate of the contribution in aid-to-construction of direct assignment facilities to be charged to the distribution member for the cost of any required facilities of upgrades, and the time required to complete such construction and initiate the requested service.

In the event that new facilities must be constructed to provide the requested distribution service, the distribution member may be required to provide one or more of the following:

- A contribution in aid-to-construction for those facilities required to provide service to the distribution member. This would apply in those cases the required facilities would be of use to the Cooperative after the distribution member terminates service.
- The sum of installation and removal costs for the construction of facilities required for temporary service. This would apply in those cases where the duration of the service is less than a year and the required facilities would not be of use to the Cooperative after the distribution member terminates service.
- The sum of installation and removal costs for the construction of facilities which would not be of use to the Cooperative after the distribution member terminates service.

Voltage Support - The Cooperative will install devices as necessary to maintain proper operating voltages on the Cooperative distribution system. However, should the need for such devices be directly or partially attributable to the addition of the distribution member, then the cost of such devices will be included in any contribution in aid-to-construction required of that member.

Power Factor - Each wholesale distribution member shall maintain a power factor of 97% or greater at each point of interconnection. If the member fails to maintain a 97% power factor, Pedernales Electric Cooperative will make the necessary improvements and shall charge the member for the costs of such improvements.

Reliability Guidelines - To maintain reliability of the ERCOT transmission grid and/or the Cooperative's distribution system, the Cooperative, or its designated agent or representative, shall operate the Cooperative's distribution system in accordance with the ERCOT Operating Guides, National Electric Reliability Council (NERC) guidelines, any guidelines of the ISO that may apply to the Cooperative's system, and the distribution planning criteria of the LCRA Association of Wholesale Members Power Supply and Transmission Planning Committee published in 1992.

Payment - Any charges due to the Cooperative under this rate schedule shall be billed in accordance with PUC Substantive Rule 25.202. The eligible member shall make payment to the Cooperative in a manner consistent with the procedures and deadlines set forth in PUC Substantive Rule 25.202. Any late payments by member or member default shall be handled in accordance with PUC Substantive Rule 25.202.

Contract Term - Planned distribution service is available in multiples of one month. Planned distribution service for a period of less than 12 months shall be considered temporary. Unplanned distribution service is available for periods of not less than one hour or more than 30 days.

100.16 Facilities Rental Rider (FRR)

Applicability - This service is available under the Cooperative's Facilities Rental Service Agreement, which Agreement shall include a minimum seven (7) year term. This service applies to Cooperative-owned distribution facilities that are in excess of the standard facilities and services that the Cooperative would normally provide under the applicable tariff schedule(s).

Rental Charges - The monthly rental charge for facilities owned, operated, and maintained by the Cooperative ("Monthly Facilities Rental Charge"), will be derived by multiplying the total calculated installed cost of the facilities to be rented (determined at the time of the signing of the Facilities Rental Service Agreement) times 1.3% ("Monthly Facilities Rental Rate"). The Member is responsible for the Monthly Facilities Rental Charge beginning with the effective date of initiating service or the date installation of the facilities was completed if the facilities were installed after the execution of the Facilities Rental Agreement, whichever occurs later.

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Monthly Facilities Rental Charge = calculated installed cost x 0.013 (Monthly Facilities Rental Rate)

Terms of Payment - Member shall pay the Monthly Facilities Rental Charge on a monthly basis, and the Monthly Facilities Rental Charge will be due and payable with the Member's monthly bill for electric service.

Terms and Conditions - Should Cooperative-owned facilities require replacement during the term of the Facilities Rental Service Agreement, the total calculated installed cost of the facilities will be recomputed and increased or decreased, as the case may be by: (1) The total installed cost of the replacement equipment, including the costs of acquiring the replacement equipment, less (2) The installed cost of the original equipment.

Should the Member request that any of the rented facilities installed, owned, maintained or operated by the Cooperative be removed, or upon termination of service at a location without a new Member willing to continue a contract to rent the facilities, The Cooperative will remove such facilities within a reasonable amount of time at the Member's expense.

200 Service Policy

200.1 Condition of Service

The Cooperative's Service Policy applies to all locations within its service area, according to the type of service delivered and subject to the provisions of the Cooperative's rates and Line Extension Policy.

The Cooperative will provide electric service to all applicants within its service area, provided the following conditions are met:

- The applicant pays a membership fee and any other amounts, including any deposits, required by the Cooperative's rules, including amounts required by the Credit Requirements and Deposits Policy.
- The applicant is not delinquent on a past or present account.
- The applicant accepts the terms for membership and rules for service, and provides the Cooperative with information reasonably required to verify the identity of the applicant.
- The 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 applicant shall be the responsibility of the applicant, including the Cooperative's costs and expenses if the Cooperative participates in the acquisition of the easements through condemnation proceedings.
- Service can be supplied from existing Cooperative lines or the Cooperative can build new power lines according to the Line Extension Policy.
- Pedernales Electric Cooperative provides standard electric service from overhead lines. Underground electric service may be available at the sole option of the Cooperative. Service is provided at one rate, at one point of delivery, with one meter, at one of the Cooperative's standard voltages. Non-standard service may be available if requested but only if the Cooperative determines such service is feasible, and the applicant agrees to pay any additional cost to the Cooperative for delivering such non-standard service.
- The applicant provides a meter loop conforming to the Cooperative's standards and the National Electrical Code.
- The applicant's installation and equipment must not be hazardous or of such type that satisfactory service cannot be given.
- Temporary service will be billed on the applicable rate. Before the Cooperative provides temporary service, the applicant must pay the estimated cost to the Cooperative of installing and removing these facilities.

200.2 Membership Fee

Membership in the Cooperative is required 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. Termination of membership does not release a member or member's estate from debts owed the Cooperative.

200.3 Establishment Fee

A non-refundable \$75.00 fee will be collected for connecting service and/or transferring account information. This fee is in addition to the membership fee and other fees required.

200.4 Same Day Service Fee

If service is available at a location and a request for same day connection is made after noon on Monday through Friday or on Saturdays or Sundays, a \$250.00 non-refundable fee will be collected. This fee is in addition to the membership fee, establishment fee, and other fees required.

200.5 Service to Rental Locations

Owners, operators, landlords or lessors who provide lease or rented units and require continued service during periods of vacancies shall be required to make application for electric service for each leased or rented unit and shall be subject to the conditions of service set forth in the Cooperative's Membership Application and Certificate. Owners, operators, landlords or lessors shall be obligated to pay for such service but shall not be required to pay an establishment fee each time a vacancy occurs.

Upon sale of property, the owners, operators, landlords or lessors are responsible for notifying the Cooperative to update the account status. Until a change is requested, the owners, operators, landlords or lessors is responsible for all bills.

200.6 Real Estate Show Fee

Temporary residential service will be provided for a non-refundable fee of \$50.00 per day, four day maximum, to show residential property to potential buyers or renters. A membership fee will not be required. A Same Day Service Fee may also apply.

200.7 Continuity of Service

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

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 bona fide 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.

200.8 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.

200.9 Meter Tampering

A member's account will be debited a \$500.00 fee plus estimated energy consumed where meter tampering occurs.

200.10 Billing

Bills will be sent to members each month. Bills are due upon receipt and will become delinquent if not paid by the due date shown on the bill. Bills are not considered paid until Pedernales Electric Cooperative receives the payment. Accounts not paid by the due date may be assessed a \$20.00 Late Payment Processing Fee. Bills to all non-residential accounts other than state agencies, may be assessed a Late Payment Processing Fee of \$20.00 or 6% of the unpaid balance, whichever is greater, if not paid by the due date. All bills rendered to state agencies shall be in accordance with Chapter 2251 of the Texas Government Code. Bills will be calculated under the appropriate rate schedule. If the Cooperative finds that an account is being billed incorrectly, the account will be corrected immediately for future billings and the member will be notified.

200.11 Underbilling

If the member's account is under-billed because of failure to receive meter readings, faulty metering equipment, or other circumstance resulting in unreported use, the Cooperative will estimate the unbilled amount and adjust the member's bill accordingly, up to 12 months

200.12 Payment

All bills for electric service are payable by mail, in person at any Cooperative office, or via any of the payment options offered by the Cooperative. The Cooperative may discontinue service to members who fail to pay for service within seven days from the date of the delinquent notice. Members may make arrangements with the Cooperative for payment of delinquent accounts so that they will not be disconnected for non-payment. If the Cooperative dispatches a service representative to collect a delinquent bill, a \$75.00 **Collection Fee** will be included in the collection amount. Failure to pay a service representative the full amount owed at the time may result in immediate disconnection of service. If the member's service is disconnected, a reconnection will not be made until the account is paid in full and a reconnection fee together with a deposit is paid. Under no circumstances will the Cooperative be liable for losses incurred resulting from the disconnection of service due to a member's failure to pay for electrical service or any other reason for disconnection required by the Cooperative's policies.

200.13 Payment Options

- Deferred Payment Arrangement - A deferred payment arrangement is an agreement between the Cooperative and the Residential, Farm/Ranch, or Water Well member by which a delinquent account may be paid in installments that extend beyond the due date of the next bill. A member who is unable to pay his or her delinquent account and has not been delinquent on more than once in the last 12 months may be offered a deferred payment arrangement. The member must pay the current bill each month, plus the agreed upon portion of the amount deferred. Failure to fulfill the terms of the agreement will result in discontinuance of service and all amounts owed become due immediately. 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.
- Fixed Payment Plan – This plan allows a member to pay a fixed amount per month based on twelve months usage plus 10 percent divided by 12. A true-up and recalculation will be required no more than every 12 months. 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.
- 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.
- 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:
 1. To pay automatically, a member can make arrangements by contacting a Cooperative representative and requesting a payment plan be set up, or

2. 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.
- 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:
 1. The current bill due, or
 2. 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.

200.14 Interconnection

Any interconnection with the Cooperative must be in accordance with the Cooperative's Interconnection Policy for Small Generators and only after execution of the Cooperative's Agreement for Interconnection.

200.15 Disconnection of Service

Service may be disconnected for any of the following reasons:

- The member in whose name the account is established may request disconnection.
- The member's account is delinquent and unpaid.
- If the member pays a delinquent account balance with a check returned to the Cooperative for insufficient funds.
- Failure to comply with the terms of any payment agreement.
- Failure to pay a deposit when required.
- Failure to pay guaranteed amount when required.
- Where the Cooperative discovers that service is being obtained in any unlawful manner.
- Where a known dangerous condition exists for as long as it exists.
- If the member's use of electric service interferes with the service of other members.
- If required by the lawful ordinance of a municipality having authority to order such disconnection.

200.16 Reconnection Fee

The Cooperative will assess a \$100.00 fee for reconnection after non-payment.

200.17 Disputed Bills

In the event of disputes between a member and the Cooperative regarding any bill for electric service, the Cooperative will investigate the circumstances and report the results to the member. If the dispute remains, the member may meet with a Cooperative representative to resolve it. If unresolved, the member will be advised of the Member Complaints procedures of the Cooperative. Members are obligated to pay billings that are not disputed.

200.18 Member Complaints

The Cooperative has established procedures to address all complaints from members. Complaints will be investigated and the results will be reported to the complainant. If dissatisfied, the complainant may file a written complaint with either the Cooperative's General Manager or Assistant General Manager. The complainant will be advised of the results within 10 days of the complaint.

Service should not be disconnected before completion of the review. If the member chooses not to participate in a review, the Cooperative may disconnect service, provided proper notice has been issued under the disconnect procedures.

200.19 Returned Check/Denied Bank Draft/Denied Credit Card

The member's account will be debited for the amount of each returned check, plus a \$30.00 fee. If an account is setup for automatic payment by credit card or bank draft and then is denied, the member's account will be debited for the denied amount, plus a \$30.00 fee. If the member pays a delinquent account balance with a check returned to the Cooperative for insufficient funds the account will be disconnected.

200.20 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.

200.21 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.

200.22 Account Research Services

When records are requested by subpoena, a fee of \$40.00 per hour will be charged to the requestor.

200.23 Easement Release

The Cooperative will assess a \$300.00 fee for processing an Application for Easement Release.

200.24 Switchover Policy

In cases where electric service is being provided to a member by the Cooperative and the member requests disconnection of electric service to obtain electric service from another utility certified to the area, the following rules shall apply:

The member shall request the Cooperative, in writing, to disconnect electric service from the desired location.

The member shall pay the following charges prior to disconnection:

- A charge of \$100.00 to cover labor and transportation costs involved in the disconnection.

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- A charge for distribution facilities rendered idle as a result of the disconnection and not useable elsewhere on the system based on the original cost of such facilities less accumulated depreciation, salvage, and any previous contribution in aid-to-construction.
- A charge for the labor and transportation costs involved in removing any idle facilities. This charge will only apply if removal is requested by the disconnecting member, if removal is required for safety reasons, or if the salvage value of the facilities does not exceed such removal costs.
- All charges for electric service up to the date of disconnection.

Upon payment of the above charges, the member shall receive a paid receipt from the Cooperative for presentation to the connecting utility.

The member shall be advised that the connecting electric utility may not provide service to said member until such connecting utility has evidence that the member has paid all charges provided for under this tariff.

200.25 Status of the Policy

The Service Policy is subject to change by the Board of Directors.

300 Line Extension Policy

300.1 General Policy

The Cooperative extends its distribution facilities to members or applicants in accordance with the following line extension provisions. Each provision classifies the predominant type of electric service/use anticipated on member's or applicant's premises and specifies conditions under which a line extension may be made. For each location where electric service is desired, member's or applicant's classification involves an evaluation of the type of installation and its use. member's or applicant's classification shall be determined by the Cooperative. In the event that the classification assigned by the Cooperative is incorrect based upon member's or applicant's subsequent actual use of the installation then the Cooperative may alter member's or applicant's classification and apply the correct line extension classification, making appropriate adjustment to the member's or applicant's account or billing.

Service will not be provided and no work to extend service to the applicant's or member's delivery point shall be performed until the applicant or member has paid any and all fees or charges associated with the provision of service. This includes membership fees, establishment fees, facilities charges, deposits, and/or system impact fees.

300.2 Permanent Overhead Residential, Farm, and Ranch Service

The Cooperative will construct a new overhead distribution extension consistent with the Cooperative's current specifications to serve a permanent residential installation under the following provisions:

A. Applicability.

To qualify as an extension to a permanent residential installation the location where member or applicant is requesting service shall comply with the following provisions:

- (1) be a permanent installation. To qualify as a permanent location, the applicant will either have a definite plan for or has commenced the construction of the building or other permanent facilities stipulated in the application by installing a water well or slab/foundation.
- (2) be a single or multi-family residence.
- (3) if located within a residential subdivision or multi-family residential development, the developer must have complied with the residential development line extension policy of the Cooperative and paid all aid to construction required therein.

B. Point of Delivery.

The Cooperative extends its electric facilities only to the Point of Delivery (as defined in Section 100(4) of this Tariff). Member or applicant shall install and be solely responsible for wiring of the installation and all service entrance wiring through the weatherhead and the meter base to customer's main disconnect switch or service center.

C. Facilities Charge.

- (1) The Cooperative shall estimate the cost for the line extension based on current unit material and labor costs according to the Cooperative's current standards and specifications. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering, right-of-way acquisition and clearing, and all other costs directly attributable to the extension.
- (2) There will be no charge to the member or applicant for the first \$2000.00 of estimated cost of making the extension and such amount shall be the Cooperative's obligation. The member or

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applicant shall be required to pay as aid to construction the estimated cost of the extension in excess of such amount.

D. Routing.

- (1) The line extension shall be constructed along the most direct route. Any deviation from the most direct route shall be at the Cooperative's sole discretion.
- (2) In all cases, the line extension shall be constructed on dedicated rights-of-way or on a route covered by an easement on the Cooperative's standard form.
- (3) Any and all right-of-way clearing shall be performed to the Cooperative's specifications. The estimated cost of the clearing shall be included in the estimated cost of the line extension. At the option of the member or applicant and with the agreement of the Cooperative, the applicant may perform the clearing or hire separately a contractor to perform the clearing, provided it is performed in a timely manner and to the Cooperative's specifications.

E. System Impact Fee.

A non-refundable charge of \$200.00 will be collected for extending service to a new location. This amount represents a contribution in aid of construction toward the Cooperative's System Cost associated with substation and distribution backbone facilities and is in addition to any amount due for the line extension.

300.3 Other Residential, Farm, and Ranch Overhead Service Extensions

The Cooperative will construct a new extension of its overhead system to serve other residential installations under the following provisions:

A. Applicability.

To qualify as an extension to other residential class installations, the location where the member or applicant is requesting service shall:

- (1) be a residence or dwelling unit not qualifying as a permanent installation; or
- (2) be a barn, shop, water well, gate opener, or other service that is not used for any commercial purpose.

B. Point of Delivery.

The Cooperative extends its electric facilities only to the Point of Delivery (as defined in Section 100(4) of this Tariff). Member or applicant shall install and be solely responsible for wiring of the installation and all service entrance wiring through the weatherhead and the meter base to member's or applicant's main disconnect switch or service center.

C. Facilities Charge.

- (1) The Cooperative shall estimate the cost for the line extension based on current unit material and labor costs for the same type of construction in the most recent data available. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering, right-of-way acquisition and clearing, and all other costs directly attributable to the extension.
- (2) There will be no charge to the member or applicant for the first \$800.00 of estimated cost of making the extension and such amount shall be the Cooperative's obligation. The member or

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applicant shall be required to pay as aid to construction the estimated cost of the extension in excess of such amount.

D. System Impact Fee.

A non-refundable charge of \$200.00 will be collected for extending service to a new location. This amount represents a contribution in aid of construction toward the Cooperative's System Cost associated with substation and distribution backbone facilities and is in addition to any amount due for the line extension.

300.4 Other Overhead Line Extensions

The Cooperative will construct a new extension of its overhead distribution system to serve all other permanent installations under the following provisions:

A. Applicability.

To qualify for an extension under this section 300.4, the location where member or applicant is requesting service shall:

- (1) be a permanent installation, and
- (2) be classified as commercial, industrial, or public building installation; and
- (3) if located within a commercial development, the developer must have complied with the commercial development line extension policy of the Cooperative and paid all aid to construction required therein.

B. Point of Delivery.

The Cooperative extends its electric facilities only to the Point of Delivery (as defined in Section 100(4)) of this Tariff). Member or applicant shall install and be solely responsible for wiring of the installation on member's or applicant's side of the point of delivery.

C. Facilities Charge.

- (1) The Cooperative shall estimate the cost for the line extension based on current unit material and labor costs for the same type of construction. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering right-of-way acquisition and clearing, overhead, and all other costs attributable to the extension.
- (2) A contribution in aid of construction for provision of electric service is required if the estimated annual revenue from member or applicant, excluding purchased power cost, is less than the revenue requirement associated with the Cooperative's system and direct investment costs of providing service to member or applicant. The amount of the customer's contribution in aid of construction shall be determined by the following formula. If the amount calculated below is zero or negative, no contribution in aid of construction is required for provision of electric service.

Cooperative's Allowable Investment (CAI) = Annual Revenue / Return Factor

Total Project Cost (TPC) = Direct Cost + System Cost

Member's/Applicant's Contribution = TPC - CAI

Where:

Direct Cost = The cost of distribution or transmission facilities necessary to provide electric service to the member or applicant, determined by estimating all necessary expenditures, including, but not limited to overhead distribution

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facilities, metering and rearrangement of existing electrical facilities. This cost includes only the cost of the above-mentioned facilities that are necessary to provide service to the particular customer requesting service and does not include the costs of facilities necessary to meet future anticipated load growth, or to improve the service reliability in the general area for the benefit of existing and future customers.

System Cost = Cooperative's average allocated investment costs and rate base items associated with transmission backbone facilities, distribution substation facilities and distribution backbone facilities as determined from the Cooperative's most recent cost of service study.

Annual Revenue = Annual revenue from the member or applicant computed using estimated billing units less the estimated annual cost of purchased power.

Return Factor = The fixed charge rate, including O&M, Depreciation, Taxes and a return on investment, necessary to convert an annual revenue stream to the total revenue associated with the life of the project.

- (3) For members or applicants with loads greater than 1000 kW the Cooperative shall exercise prudent judgment in determining the conditions under which a specific line extension will be made and shall view each case individually. The Cooperative shall analyze costs to provide service and base facilities charges on the rate of return generated by the rate design. Special contractual arrangements will be made with the member or applicant and may include contribution in aid of construction in advance of construction or as a monthly facilities charge, special contract minimums, special service specifications, special contract terms greater than 5 years, or other arrangements or conditions deemed reasonable by the Cooperative. All amounts paid to the Cooperative as contribution in aid of construction shall be non-refundable.

D. Contract Term.

Where a line extension is required to provide service, the Cooperative may require member or applicant to sign an Agreement For Electric Service or a term of up to 5 years, provided, however, that an agreement for a longer term may be required in accordance with Section 300.4(C)(3) above.

E. System Impact Fee.

A non-refundable charge of \$200.00 will be collected for extending service to a new location. This amount represents a contribution in aid of construction toward the Cooperative's System Cost associated with substation and distribution backbone facilities and is in addition to any amount due for the line extension.

300.5 Residential Developments

A. Applicability.

The Cooperative will construct a new extension of its overhead distribution system to provide service within residential developments under the following conditions:

- (1) The development is a platted, recorded residential subdivision to be primarily used or developed for permanent single or multi-family residential dwelling units;
- (2) The land developer shall comply with all applicable provisions of the Service Rules and Regulations of the Cooperative;
- (3) All Cooperative facilities will be installed in recorded public or private easements along streets or public rights-of-way deemed suitable by the Cooperative;

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- (4) Cooperative facilities will not be installed along the backs of lots or in areas deemed inaccessible by the Cooperative;
- (5) The developer provides at no cost to the Cooperative:
 - (a) Right-of-way easements and covenants on owner's property that are satisfactory to the Cooperative;
 - (b) Site plans (streets, wet utilities, mechanical, electrical, plumbing, and landscaping plans, etc.), notice of construction start dates and construction schedules that are reasonable and industry typical for the type of work to be performed.
 - (c) Survey points for grades, lot corners, street ROW, and other locations reasonably necessary for installation of the electric system.

B. Facilities Charge.

- (1) The Cooperative shall estimate the cost for the electric facilities adequate to serve all prospective members in the development. These facilities will include primary and secondary conductors and any electric equipment, and devices required for service to the development. The estimate for these facilities will be based on current unit material and labor costs for the same type of construction in the most recent data available. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering, right-of-way acquisition and clearing, and all other costs directly attributable to the extension. The estimate will not include costs for voltage transformation or services.
- (2) The developer will bear the cost of the facilities, identified in paragraph B.1 of this section, required for the distribution system within the subdivision. Each member or applicant for residential service within the subdivision shall receive service under the provisions of section 300.2 of this policy and shall be responsible for any contributions in aid of construction and any system impact fees required by the provision of such service.
- (3) Any commercial facilities associated with the development such as offices, clubhouses, laundry facilities, etc. shall be separately considered under the provisions of section 300.4. The developer or member or applicant for such service shall be responsible for any contributions in aid of construction and any system impact fees required by the provision of such service.
- (4) Any undue cost experienced by the Cooperative during the construction of the distribution system within the subdivision to placement of obstacles by the developer or home builder will be paid by the developer, home builder, member or applicant.
- (5) All amounts paid to the Cooperative for construction shall be non-refundable.
- (6) All Cooperative facilities required within the limits of the subdivision will be installed on a schedule set by the Cooperative based on the necessary load requirements but prior to the provision of service to individual applicants.

300.6 Commercial Developments

A. Applicability.

The Cooperative will construct a new extension of its overhead distribution system to provide service within commercial developments where developer requests electric infrastructure to be installed in advance of development of a site or lot by a member or applicant, under the following conditions:

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- (1) The development is a platted commercial development with sites or lots for multiple members or applicants to be primarily used or developed for permanent commercial, industrial, retail, and/or office use;
- (2) The land developer shall comply with all applicable provisions of the Service Rules and Regulations of the Cooperative;
- (3) The developer will provide at no cost to the Cooperative:
 - (a) Right-of-way easements and covenants on owner's property that are satisfactory to the Cooperative;
 - (b) Site plans (streets, wet utilities, mechanical, electrical, plumbing, and landscaping plans, etc.), notice of construction start dates and construction schedules that are reasonable and industry typical for the type of work to be performed.
 - (c) Survey points for grades, lot corners, street ROW, and other locations reasonably necessary for installation of the electric system.
- (4) Line extensions to each member or applicant within the development will be according the terms and conditions in section 300.4 – Other Line Extensions.

B. Facilities Charge.

- (1) The Cooperative shall estimate the cost of the electric infrastructure adequate to serve all prospective members within the development. This will be determined in advance of development of a site or lot by a member or applicant based on current unit material and labor costs for the same type of construction. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering right-of-way acquisition and clearing, overhead, and all other costs attributable to the extension.
- (2) The developer will be required to pay in advance 100% of the estimated actual cost of such electric infrastructure. The Cooperative at its sole discretion may accept other guarantee or contractual arrangement in lieu of cash payment.

300.7 Underground Service

- A. The following provisions for the extension of underground service to individual members/applicants or residential or commercial developments are in addition to the standard provisions relating to overhead service.

B. Underground Service to Individual Members or Applicants:

Underground electric primary and secondary lines to serve members or applicants may, by special arrangement with the Cooperative, be provided subject to the above conditions. In addition, when receiving underground service, the member will be responsible for providing all trench and associated backfill, concrete work associated with padmounted gear, and all conduit and its installation.

C. Underground Service to Subdivisions or Commercial Developments:

Where a developer requests the construction of underground electric facilities within a platted subdivision or commercial development, the developer shall bear the cost of installing the underground electric system adequate to serve all prospective members who may require electric service from said underground system. The developer shall be responsible for providing all trench and associated backfill, concrete work associated with padmounted gear, and all conduit and its installation.

- D. Where the design of the development is such that switchgear are required for proper and safe operation of the distribution system, the developer will bear the cost of the switchgear. Where switchgear are installed solely for the convenience of the Cooperative, such as to provide flexibility in serving load outside of the development, then the Cooperative shall bear the cost of such switchgear.
- E. In all cases, underground secondary service lines from a meter to the member's main disconnect switch or service center shall be installed and maintained by the member and the Cooperative shall have no responsibility or liability in connection therewith.

300.8 Temporary Service

In any circumstance where the need for electric service is temporary the member or applicant shall pay 100 % of the estimated cost of construction plus the cost of removal.

300.9 Area Lighting

The Cooperative will provide secondary service conductor to serve an area lighting fixture without charge to the member or applicant. Member or applicant will pay in advance as non-refundable aid to construction the estimated cost of any additional facilities.

300.10 Line Clearance

The Cooperative will assist in the transportation of oversized objects through the area or in the construction of buried pipelines or other objects with the Cooperative's right-of-way by temporarily de-energizing Cooperative facilities or temporarily relocating or raising electric facilities provided that the Cooperative receives compensation for all costs incurred.

Costs incurred shall include labor, materials used, engineering, right of way acquisition and clearing, and vehicles or equipment used including mileage if applicable.

300.11 Ownership of Distribution Facilities

The Cooperative shall retain the ownership of all material and facilities installed by the Cooperative, developer, or applicant for the distribution of electric energy whether or not the same have been paid for by the member. All lines and facilities constructed or installed by the Cooperative are the property of the Cooperative

300.12 No Refund of Aid to Construction

Payments necessary for construction of facilities which will be used to deliver electric energy to the applicant or member are contributions in aid of construction and are not refundable.

300.13 Relocation of Facilities

- A. The Cooperative will relocate its facilities on member's or applicant's premises at member's or applicant's request provided member or applicant has (1) provided a satisfactory easement for the new facilities; and (2) paid in advance the estimated cost of the removal of the old facilities plus the estimated cost for the construction of the new facilities.
- B. If the Cooperative determines it is necessary to move its facilities because member or applicant fails or refuses to allow the Cooperative access to Cooperative's facilities at any time then member or applicant may be billed the estimated cost of relocation.
- C. The Cooperative will replace an existing overhead electric line with an underground line upon request of a member or applicant, land owner, or other party, provided, however, that Cooperative has

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- (1) determined in its sole discretion that such replacement does not adversely impact electric service reliability or the Cooperative's operating efficiencies,
- (2) received an adequate easement(s), in a form acceptable to the Cooperative, for the construction, installation, maintenance, operation, replacement and/or repair of the underground facilities, at no cost to the Cooperative, and
- (3) received payment in advance of the commencement of such replacement for all costs of removal of the overhead facilities and the full amount of the Cooperative's estimated cost for the construction and installation of the new underground facilities.

300.14 Formula for Calculating Contribution in Aid of Construction

The amount of the contribution in aid of construction for electric service is determined by the following formula. If amount calculated below is zero or negative, no contribution in aid of construction is required for provision of electric service.

$$\begin{aligned} \text{Cooperative's Allowable Investment} &= \text{Annual Revenue} / \text{Return Factor} \\ \text{Total Project Cost} &= \text{Direct Cost} + \text{System Cost} \\ \text{Member/Applicant Contribution} &= \text{Total Project Cost} - \text{Cooperative's Allowable Investment} \end{aligned}$$

Where:

Direct Cost = The cost of distribution or transmission facilities necessary to provide electric service to member or applicant, determined by estimating all necessary expenditures, including, but not limited to, metering, services, transformers, and rearrangement of existing electrical facilities. This cost includes only the cost of the above-mentioned facilities that are necessary to provide service to the particular customer requesting service and does not include the costs of facilities necessary to meet future anticipated load growth, or to improve the service reliability in the general area for the benefit of existing and future customers.

System Cost = Cooperative's average allocated investment costs associated with member's or applicant's on-peak and off-peak demands as approved in Cooperative's most recent rate case for the appropriate class of member or applicant. Investment cost accounts considered in determining the allocated investment costs are those applicable 300 series FERC accounts and other rate base items, including plant held for future use, cash working capital, materials and supplies, prepayments, customer deposits, reserve for insurance and other cost-fee capital.

Annual Revenue = Estimated annual revenue from member or applicant computed from estimated demand and kWh, excluding fuel cost and sales tax.

Return Factor = Fixed charge rate, including O&M, taxes, insurance, necessary to convert an annual revenue stream to the total revenue associated with estimated life of project.

300.15 Status of the Policy

The Line Extension Policy is subject to change by the Board of Directors.

400 CREDIT REQUIREMENTS AND DEPOSITS

400.1 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.
 - (1) Establishment of credit shall not relieve any member from complying with the Cooperative's requirements for prompt payment of bills.
 - (2) 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:
 - (1) clearing any unpaid or delinquent balances prior to re-establishing service with the Cooperative; and
 - (2) 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 member is not late in paying a bill more than once;
 - (ii) the member does not have service disconnected for nonpayment; and
 - (iii) the member does not have more than one returned check.
 - (3) 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 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.
 - (4) As an applicant, having a credit risk assessment conducted by the Cooperative or on its behalf and receiving a satisfactory credit risk assessment.

- (C) 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.

400.2 Credit requirements for non-residential members or applicants.

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.

400.3 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 (a) provide a satisfactory letter of credit history from its previous electric service provider or (b) receive a satisfactory credit risk

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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.
 - (3) 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.
 - (4) 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 an 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 applicant or existing member if the requested deposit is not paid upon request.
- (D) Guarantees of residential member accounts.
- (1) 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.
 - (2) The guarantee shall be voided and returned to the guarantor according to the provisions of Section 400.08.
 - (3) 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.
 - (4) 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.

- (5) 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.
- (6) 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.
- (7) 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.

400.4 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 subsection 400.8.

400.5 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 400.3 above, the amount of the deposit shall not be less than the amount of those fixed deposits.

400.6 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 within 30 days of the date of deposit, no interest payment is required. If the Cooperative keeps the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.

- (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.

400.7 Records of deposits.

- (A) The Cooperative shall keep records to show:
 - (1) the name and address of each depositor;
 - (2) the amount and date of the deposit; and
 - (3) 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.

400.8 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.

400.9 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 reestablish credit.

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500 FEE SCHEDULE

FEE SCHEDULE	
DESCRIPTION	FEES
Membership Fee	\$ 50.00
Establishment Fee	\$ 75.00
Deposits	Refer to Section 400 Credit Requirements and Deposits
System Impact Fee	\$ 200.00
Facilities charge	Refer to Section 300 Line Extension Policy
Same day service at existing location	\$ 250.00
Real Estate Show Fee	\$ 50.00 per day, 4 day maximum
Service Monitoring Fee	\$ 7.50 per month
Meter Tampering	\$ 500.00
Late Payment Processing Fee	\$ 20.00 for residential; \$20.00 or 6% of unpaid balance whichever is greater for non-residential accounts other than state agencies
Collection Fee	\$ 75.00
Reconnection Fee (reconnection after non-payment)	\$ 100.00
Return Check/Denied Bank Draft/Denied Credit Card	\$ 30.00
Open Records Fee – Staff research time	\$ 40.00 per hour
Open Records Fee – Copies	\$.25 cents per page for any pages in excess of 10 pages
Open Records Fee – Other materials and services not included in research time and copies.	Actual cost
Account Research Services by Subpoena	\$ 40.00 per hour
Easement Release	\$ 300.00