

SCHEDULE OF RULES AND REGULATIONS

1. **Application for Service**. Each prospective Customer desiring electric service may be required to sign Distributor's standard form of application for service or contract before service is supplied by the Distributor.

2. **Deposit**. A deposit or suitable guarantee approximately equal to twice the average monthly bill may be required of any Customer before electric service is supplied. Distributor may at its option return deposit to Customer after one year. Distributor does not allow for deposits to be paid through installment payments in order to activate the account. After all required deposits are paid in full; interest will accrue on all deposits held longer than twelve months at the interest rate earned by Distributor on its Revenue Checking Account. Interest will be calculated and applied to the customer's unpaid bill annually on June 30th of each year. The deposit balance (including any interest earned) as well as the adequacy of such deposit shall be subject to review by the Customer and Distributor. The deposit balance plus any accrued interest shall be accounted for and will be credited to the Customer's unpaid bills upon termination of electric service or upon return of the deposit to the Customer.

Additional information can be found in Deposit Policy Number R-2.

3. **Point of Delivery**. The point of delivery is the point, as designated by Distributor, on Customer's premises where current is to be delivered to building or premises. All wiring and equipment beyond this point of delivery shall be provided and maintained by Customer at no expense to Distributor.

4. **Customer's Wiring--Standards**. All wiring of Customer must conform to Distributor's requirements and accepted modern standards, as exemplified by the requirements of the National Electrical Safety Code and the National Electrical Code.

5. **Inspections**. Distributor shall have the right, but shall not be obligated, to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or appliances not in accordance with Distributor's standards; but such inspection or failure to inspect or reject shall not render Distributor liable or responsible for any loss or damage resulting from defects in the installation, wiring, or appliances, or from violation of Distributor's rules, or from accidents which may occur upon Customer's premises.

6. **Underground Service Lines**. Customers desiring underground service lines from Distributor's overhead system must bear the excess cost incident thereto. Specifications and terms for such construction will be furnished by Distributor on request.

7. **Customer's Responsibility for Distributor's Property**. All meters, service connections, and other equipment furnished by Distributor shall be, and remain, the property of Distributor. Customer shall provide a space for and exercise proper care to protect the property of Distributor on its premises, and, in the event of loss or damage to Distributor's property arising from neglect of Customer to care for same, the cost of the necessary repairs or replacements shall be paid by Customer.

8. **Right of Access**. Distributor's identified employees shall have access to Customer's premises at all reasonable times for the purpose of reading meters, testing, repairing, removing, or exchanging any or all equipment belonging to Distributor.

9. Billing. Bills will be rendered monthly and shall be paid within 15 days from the date on the bill and shall be paid at the office of the Distributor. The available rights and remedies to dispute any bill with Distributor will also be printed on the back of all monthly bills. Bills that are paid after the due date (penalty date) on the billing statement provided shall be subject to an additional charge of 5%. This 5% penalty will only apply to the balance of the bill paid after the due date. Failure to receive a bill will not release a Customer from its payment obligations. If a bill is unpaid two (2) days after the due date, a separate late notice will be mailed to the Customer. This late notice includes a contact number should the customer desire to dispute the outstanding bill. Should the due date fall on a weekend or a Distributor established holiday, the next business day following the due date will be held as a day of grace for payment to be received. Payments made on the due date after hours at our night deposit at the utility building will not be subject to additional charges. Payments made after the due date will not be subject to additional charges if the remittance envelope bears the United States Postal Service date stamp of the due date or any date prior.

Additional information can be found in Suspension of Service Policy Number R-4 and the Penalty Late Payment Policy Number CP-4.

10. Discontinuance of Service by Distributor. Distributor may refuse to connect or may discontinue service for the violation of any of its Rules and Regulations, or for violation of any of the provisions of the Schedule of Rates and Charges, or of the application of Customer or contract with Customer. Distributor may discontinue service to Customer for the theft of current or the appearance of current theft devices on the premises of Customer. The discontinuance of service by Distributor for any causes as stated in this rule does not release Customer from his obligation to Distributor for the payment of minimum bills as specified in application of Customer or contract with Customer.

Distributor evaluates weather conditions daily at www.weather.com for Hartselle, AL 35640. In the event the forecasted temperature is expected to exceed 97 degrees Fahrenheit (F) or is expected to be below 34 degrees (F) on that day, Distributor will postpone the disconnection of service of residential Customers scheduled for such disconnection due to non-payment. Where disconnection is postponed due to an extreme weather condition, the postponement will not extend beyond the extreme weather condition.

Upon Distributor's approval of Distributor's medical necessity form, disconnection of service of residential Customers will be postponed for 21 days from the original scheduled disconnection date to allow Customer time to make payment or alternative shelter arrangements. The medical necessity form must be completed by a medical doctor or nurse practitioner licensed to practice in the state of Alabama certifying that the disconnection of electric service would create a life-threatening medical situation for the Customer or other permanent resident of the Customer's household. It is the responsibility of the Customer to ensure that the form has been approved by Distributor. A life threatening medical condition does not relieve a Customer of the obligation to pay for electric service, including any late fees incurred or other applicable charges. Distributor will only grant this postponement for termination three (3) times in a twelve month period. If full payment of the past due amount, including all late fees, is not received by the end of the 21 day postponement period, electric service will be disconnected without further notice.

Additional information can be found in Suspension of Service Policy Number R-4.

11. Connection, Reconnection, and Disconnection Charges. Distributor establish and collect standard charges to cover the reasonable average cost, including administration, of connecting or reconnecting service, or disconnecting service as provided above. Higher charges may be established and collected when connections and reconnections are performed after normal office hours, or when special circumstances warrant.

12. Termination of Contract by Customer. Customers who have fulfilled their contract terms and wish to discontinue service must give at least three (3) days' written notice to that effect, unless contract specifies otherwise. Notice to discontinue service prior to expiration of contract term will not relieve Customer from any minimum or guaranteed payment under any contract or rate.

13. Service Charges for Temporary Service. Customers requiring electric service on a temporary basis may be required by Distributor to pay all costs for connection and disconnection incidental to the supplying and removing of service. This rule applies to circuses, carnivals, fairs, temporary construction, and the like.

14. Interruption of Service. Distributor will use reasonable diligence in supplying current, but shall not be liable for breach of contract in the event of, or for loss, injury, or damage to persons or property resulting from, interruptions in service, excessive or inadequate voltage, single phasing, or otherwise unsatisfactory service, whether or not caused by negligence.

15. Shortage of Electricity. In the event of an emergency or other condition causing a shortage in the amount of electricity for Distributor to meet the demand on its system, Distributor may, by an allocation method deemed equitable by Distributor, fix the amount of electricity to be made available for use by Customer and/or may otherwise restrict the time during which Customer may make use of electricity and the uses which Customer may make of electricity. If such actions become necessary, Customer may request a variance because of unusual circumstances including matters adversely affecting the public health, safety and welfare. If Customer fails to comply with such allocation or restriction, Distributor may take such remedial actions as it deems appropriate under the circumstances including temporarily disconnecting electric service and charging additional amounts because of the excess use of electricity. The provisions of the Section entitled Interruption of Service of this Schedule of Rules and Regulations are applicable to any such allocation or restriction.

16. Voltage Fluctuations Caused by Customer. Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to Distributor's system. Distributor may require Customer, at his own expense, to install suitable apparatus which will reasonably limit such fluctuations.

17. Additional Load. The service connection, transformers, meters, and equipment supplied by Distributor for each Customer have definite capacity, and no addition to the equipment or load connected thereto will be allowed except by consent of Distributor. Failure to give notice of additions or changes in load, and to obtain Distributor's consent for same, shall render Customer liable for any damage to any of Distributor's lines or equipment caused by the additional or changed installation.

18. Standby and Resale Service. All purchased electric service (other than emergency or standby service) used on the premises of Customer shall be supplied exclusively by Distributor, and Customer shall not, directly or indirectly, sell, sublet, assign, or otherwise dispose of the electric service or any part thereof.

19. Notice of Trouble. Customer shall notify Distributor immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents affecting the supply of electricity. Such notices, if verbal, should be confirmed in writing.

20. Non-Standard Service. Customer shall pay the cost of any special installation necessary to meet his peculiar requirements for service at other than standard voltages, or for the supply of closer voltage regulation than required by standard practice.

21. Meter Tests. Distributor will, at its own expense, make periodical tests and inspections of its meters in order to maintain a high standard of accuracy. Distributor will make additional tests or inspections of its meters at the request of Customer. If tests made at Customer's request show that the meter is accurate within two percent (2%), slow or fast, no adjustment will be made in Customer's bill, and Distributor's standard testing charge will be paid by Customer. In case the test shows meter to be in excess of two percent (2%) fast or slow, an adjustment shall be made in Customer's bill over a period of not over thirty (30) days prior to date of such test, and cost of making test shall be borne by Distributor.

22. Relocation of Outdoor Lighting Facilities. Distributor shall, at the request of Customer, relocate or change existing Distributor-owned equipment. Customer shall reimburse Distributor for such changes at actual cost including appropriate overheads.

23. Billing Adjusted to Standard Periods. The demand charges and the blocks in the energy charges set forth in the rate schedules are based on billing periods of approximately one month. In the case of the first billing of new accounts (temporary service, cotton gins, and other seasonal Customers excepted) and final billings of all accounts (temporary service excepted) where the period covered by the billing involves fractions of a month, the demand charges and the blocks of the energy charge will be adjusted to a basis proportionate with the period of time during which service is extended.

24. Scope. This Schedule of Rules and Regulations is a part of all contracts for receiving electric service from Distributor, and applies to all service received from Distributor, whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this Schedule of Rules and Regulations together with a copy of Distributor's Schedule of Rates and Charges, which was approved in a public Hartselle Utilities Board of Directors' meeting, shall be kept open to inspection at the offices of Distributor located at 1010 Sparkman Street NW, Hartselle, AL 35640, or found on our website - www.hartselleutilities.org. Furthermore, Distributor will provide information regarding rates, service practice policies, and guidelines to Customers via the website - www.hartselleutilities.org and information including brochures and print media will also be available in our offices. A Customer will also receive such information upon application for electrical service, and at any time upon request. All retail rate actions initiated by Distributor will be communicated to the public via the website - www.hartselleutilities.org and through our quarterly newsletter mailed out with the utility bills for the month the newsletter is generated. Upon request by the Customer, Distributor will make available a Customer's energy consumption data for the prior 12 months' period. Additional information can be found in the Information to Customers Policy Number R-5.

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

26. Conflict. In case of conflict between any provision of any rate schedule and the Schedule of Rules and Regulations, the rate schedule shall apply.

Title:

DEPOSIT POLICY

Policy No. R-2

Effective Date: July 20, 2015

Adopted By Board: February 9, 1998

Revised By Board: July 20, 2015

Certified By: Ed Monroe
Chairman

Scope: This policy institutes the procedures for establishing account deposits.

Purpose: The purpose of this policy is to set forth the process for determining when deposits are enforced, the accepted methods of remuneration and the length of time required for deposits for customers of Hartselle Utilities.

Hartselle Utilities will provide its residential customers with two options for obtaining new service; by verification of credit worthiness with waiver of deposit or by payment of deposit on each service offered at the customer's proposed service address; as outlined in this policy. Deposits are required for all commercial and industrial customers.

I. RESIDENTIAL

Option One (Deposit Waiver)

- **Credit Report:** Credit rating of 720 or higher – No Deposit required. A fee of no less than \$5.00 and non-refundable (or the prevailing rate charged by Equifax per credit report) will be charged to any individual requesting a credit report. Any customer requesting waiver of deposit based on good credit must complete and sign a Consumer Credit Application. Hartselle Utilities adheres to all requirements under *The Fair Credit Reporting Act*.
- **Utility Company Letter of Credit:** Satisfactory payment history with present or recent past utility – No deposit required. (Recent past utility history must be for a minimum period of at least twelve (12) months within the last thirty-six (36) months.) A satisfactory payment history is defined as no more than three late payments in a twelve (12) month period.

Option Two (Deposit)

- **Electric:** \$225.00
- **Gas:** \$75.00
- **Water:** \$40.00
- **Sewer:** \$60.00

Residential customers, who are required to pay deposits and subsequently maintain their account in a satisfactory manner for a twelve (12) month period, will have their deposit credited to their account at the end of that period.

II. COMMERCIAL

A sixty (60) month deposit is required for all commercial accounts. The deposit will be an estimated monthly bill multiplied by two. The following forms of deposit will be accepted as a deposit for any commercial account.

- Cash
- Irrevocable letter of credit

III. INDUSTRIAL

A sixty (60) month deposit is required for all industrial accounts. The deposit will be an estimated monthly bill multiplied by two. The following forms of deposit will be accepted as a deposit for any industrial account.

- Cash
- Irrevocable letter of credit

New commercial or industrial customers; or customers for which a new or increased security deposit obligation has arisen, that meet requirements to participate in the TVA Deposit Assurance Program (DAP) and select to do so, will maintain deposits per the program provisions as set forth below. TVA will pay one-hundred (100) percent of the annual premium cost for Year One and eighty (80) percent of the annual premium cost for Year Two through Year Five. Premiums not paid by TVA will be borne exclusively by the customer and will be paid in accordance with the terms set forth for all other customers in their customer rate class.

- Year 1 – 100 percent deposit
- Year 2 – 100 percent deposit
- Year 3 – 75 percent deposit
- Year 4 – 50 percent deposit
- Year 5 – 25 percent deposit
- No deposit will be required after sixty (60) months, provided the customer's account is in good standing, *unless* a customer has a power contract for 5MW or greater. Deposits for customers who qualify and select to participate in the DAP with a power contract of 5MW or greater, deposits will remain in force until/unless TVA terminates the program or the customers participation.

Calculation of commercial or industrial deposits will be based on utility history for alternate sites, when available, provided from a previous or current utility company. If no information is available, deposits will be based on accounts with similar loads presently being served by Hartselle Utilities.

Commercial or industrial customers who maintain their account in a satisfactory manner for a sixty (60) month period, and have a cash deposit on account, will receive a credit to their account in the amount of the deposit at the end of the sixty (60) month period. A written release will be issued to the financial institution, and a copy provided to the customer, for those customers who selected to provide an irrevocable letter of credit as deposit. Commercial or industrial customers who terminate service prior to sixty (60) months, with cash deposits on record, will have all deposits credited to their final bill. A written release

will be issued for customers who have irrevocable letters of credit in force, once the final bill has been paid in full.

Active **commercial or industrial** customers with a poor payment history, following the release of deposits, will be required to furnish new deposits. The new deposits will be based on an average monthly bill multiplied by two based on the customers' most recent twelve month period. A poor payment history is defined as three (3) or more delinquent payments in the most recent twelve (12) months. This deposit will be held for a minimum of sixty (60) months and released at the end of this period, if the customer's account has been paid in a satisfactory manner.

Transfer of service for residential, commercial or industrial customers will be handled without a deposit if the current account has been paid in a satisfactory manner. Customers with a collection history of more than 3 delinquent payments in the previous twelve (12) month period will be required to pay deposits.

Credit report, credit history from a previous utility company, or deposits must be provided/paid prior to account activation. Hartselle Utilities does not allow for deposits to be paid through installment payments in order to activate the account.

Hartselle Utilities reserves the right to require deposits exceeding those published in this policy for those customers that it deems necessary, but in no event will the deposit required exceed twice the highest estimated monthly bill for the rate classification.

After all required deposits are paid in full; interest will accrue on all deposits held longer than twelve (12) months at the interest rate earned by Hartselle Utilities on its Revenue Checking Account. Interest will be calculated and applied to the customer's unpaid bill annually on June 30th of each year. The deposit balance (including any interest earned) as well as the adequacy of such deposit shall be subject to review by the Customer and Hartselle Utilities. The deposit balance plus any accrued interest shall be accounted for and will be credited to the customer's unpaid bills upon termination of electric service or upon return of the deposit to the customer.

DEPOSITS UNCLAIMED AFTER TWO YEARS WILL BECOME THE PROPERTY OF HARTSELLE UTILITIES.

Title:

SUSPENSION OF SERVICE

Policy No. R-4

Effective Date: October 5, 2015

Adopted By Board: November 4, 1996

Revised By Board: October 5, 2015

Certified By:

Ed Monroe
Chairman

Scope: This policy applies to all customers of Hartselle Utilities with a delinquent account.

Purpose: The purpose of this policy is to set forth the procedures by which suspension of service will occur and the charges for reconnection of service once suspension has occurred.

Bills are due on or before the due date reflected on the monthly statement mailed to each account holder. To delay payment after the due date is unsatisfactory. Partial payments are accepted prior to the due date with the understanding that the balance is required before the suspension date. A notice that service is subject to suspension for a past due balance will be printed on all monthly bills. The available rights and remedies to dispute any bill with Hartselle Utilities will also be printed on the back of all monthly bills. If a bill is unpaid two (2) days after the due date, a separate late notice will be mailed to the customer. Procedures for notification to account holders who have issued a returned check or returned bank draft will be made in accordance with Policy R-3. If the account is unpaid ten (10) days beyond the due date, service will be suspended.

Hartselle Utilities evaluates weather conditions daily at www.weather.com for Hartselle, AL 35640. In the event the forecasted temperature is expected to exceed 97 degrees Fahrenheit (F) or is expected to be below 34 degrees (F) on that day, Hartselle Utilities will postpone the disconnection of service of residential customers scheduled for such disconnection due to non-payment. Where disconnection is postponed due to an extreme weather condition, the postponement will not extend beyond the extreme weather condition.

Upon Hartselle Utilities' approval of Hartselle Utilities' "Request for Extension of Service Due to Medical Necessity" form, disconnection of service of residential customers will be postponed for 21 days from the original scheduled disconnection date to allow customer time to make payment or alternative shelter arrangements. The medical necessity form must be completed by a medical doctor or nurse practitioner licensed to practice in the state of Alabama certifying that the disconnection of electric service would create a life-threatening medical situation for the customer or other permanent resident of the customer's household. It is the responsibility of the customer to ensure that the form has been approved by Hartselle Utilities. A life threatening medical condition does not relieve a customer of the obligation to pay for electric service, including any late fees incurred or other applicable charges. Hartselle Utilities will only grant this postponement for termination 3 times in a twelve month period. If full payment of the past due amount, including all late fees, is not received by the end of the 21 day postponement period, electric service will be disconnected without further notice.

In the event that a customer's circumstances present an extraordinary financial situation not otherwise addressed by these policies, any customer of Hartselle Utilities may request an extension of payment beyond their normal due date. Hartselle Utilities reserves the right to enter into or deny an extended payment agreement as a result of the request. However, it is critical for customers to understand that the time to contact Hartselle Utilities about an extended payment agreement is BEFORE actually being disconnected for non-payment. Once a customer is disconnected, options for making a payment arrangement are not available. The extended payment agreement will be properly documented in Hartselle Utilities' files and if the customer fails to meet the arrangement terms, then this will be sufficient reason to discontinue service without further notice. Any extended payment arrangement must abide by Hartselle Utilities' long term customer service standard whereby all customers within a rate class are treated consistently and fairly. Please see Policy BL-11 for the Extended Payment Agreement form that must be completed by the customer.

If a customer is unable to pay the full amount of the bill before the termination date, the customer may request to enter into an Extended Payment Agreement, subject to the following limits:

- (a) The customer's service must not have been disconnected within the prior six months.
- (b) The customer must not have defaulted on any previous Extended Payment Agreement in the past twelve (12) months.
- (c) The customer must pay a minimum of \$50 or 1/4th the bill amount due, whichever is less, prior to the original termination date
- (d) The customer agrees to pay the remaining balance of the bill within fourteen (14) days of the original termination date.

If utility service is suspended for non-payment Hartselle Utilities will collect the arrears amount for the account and any applicable reconnection fee before service is restored. If suspension of service has not physically taken place, but HU has dispatched personnel to suspend service for a delinquent account and the employee has arrived at the service location, a reconnect fee will be charged in addition to the amount in arrears for the account even if the account holder is prepared to resolve any delinquent balance. Reconnect fees are as follows:

- 1. \$40.00 during office hours at the meter;
- 2. \$65.00 after business hours at the meter;
- 3. \$100.00 during office hours at the weatherhead or pole - electric only; or
- 4. \$250.00 after business hours at the weatherhead or pole – electric only.

Requests for restoration of service due to a delinquent account received by the dispatcher after 9:00 p.m. nightly will be completed the next day. Service will be restored the next morning as soon as possible in accordance with previously established work schedules, but in most cases by 8:00a.m.

If an account is disconnected for non-payment and remains unpaid after ten (10) additional days, it will be closed and deposits applied. To re-establish service, the account will be evaluated based on recent payment history. Deposits and service charges will be set in accordance with existing Board Policy.

Service may not be suspended for accounts with a balance of \$25.00 or less as of the date suspension of service is scheduled to occur.

Exceptions to this policy may be granted at the sole discretion of the General Manager or the Board of Directors of Hartselle Utilities.

Title: PENALTY DATE PAYMENT POLICY

Policy No. CP-4

Effective Date: June 1, 2015

Adopted By Board: April 12, 1999

Revised By Board: June 1, 2015

Certified By: Ed Monroe
Chairman

Bills will be rendered monthly and shall be paid within 15 days from the date on the bill. Bills that are paid after the due date (penalty date) on the billing statement provided shall be subject to an additional charge of 5%. This 5% penalty will only apply to the balance of the bill paid after the due date. Failure to receive a bill will not release a customer from its payment obligations. Should bills not be paid by the due date specified on the bill, service may be discontinued as set out in Hartselle Utilities' policy R-4 "Suspension of Service". Should the due date fall on a weekend or a Hartselle Utility established holiday, the next business day following the due date will be held as a day of grace for payment to be received. Payments made on the due date after hours at our night deposit at the utility building will not be subject to additional charges. Payments made after the due date will not be subject to additional charges if the remittance envelope bears the United States Postal Service date stamp of the due date or any date prior.

Standard penalty dates are the 1st, 5th, 10th, 15th, 20th and 25th of each month.

Title:

INFORMATION TO CUSTOMERS

Policy No. R-5

Effective Date: June 1, 2015

Adopted By Board: June 1, 2015

Revised By Board: _____

Certified By: Ed Monroe
Chairman

The Schedule of Rules and Regulations is a part of all contracts for receiving electric service from Hartselle Utilities and applies to all service received from Hartselle Utilities, whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this Schedule of Rules and Regulations together with a copy of Hartselle Utilities' Schedule of Rates and Charges, which was approved in a public Hartselle Utilities Board of Directors' meeting, shall be kept open to inspection at the offices of Hartselle Utilities located at 1010 Sparkman Street NW, Hartselle, AL 35640, or found on our website - www.Hartselleutilities.org. Furthermore, Hartselle Utilities will provide information regarding rates, service practice policies, and guidelines to customers via the website - www.Hartselleutilities.org and information including brochures and print media will also be available in our offices. A customer will also receive such information upon application for electrical service, and at any time upon request. All retail rate actions initiated by Hartselle Utilities will be communicated to the public via the website - www.Hartselleutilities.org and through our quarterly newsletter mailed out with the utility bills for the month the newsletter is generated.

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