

Hopkinsville Electric System

Rules and Regulations

1. Application for Service. Each prospective Customer desiring electric service may be required to sign Hopkinsville Electric System's (subsequently referred to as HES and previously referred to as the Distributor) standard form of application for service or contract before service is supplied by HES.
2. Deposit: Residential Security Deposit: Whether a deposit will be required prior to the establishment of residential service is based on one or more of the following criteria: 1) a customer's Experian credit score (Credit score below 600 = \$400 deposit, Credit score between 600-700 = \$100 deposit, Credit score 701 and above = \$0 deposit 2) past 24 month payment history with HES 3) Customer is identified as a high credit risk as determined by the HES third party credit rating agency. If a deposit is required, the deposit will not exceed twice the highest estimated monthly bill for the rate classification. Deposits greater than one month's average bill and retained by HES more than twelve months will earn interest annually based on the rate of interest earned on the HES passbook savings account. A letter of credit from a previous utility stating all payments were made on or before the due date may be accepted in lieu of a deposit. The service must have been within the last 24 months. A residential deposit may be refunded after 12 consecutive months in which all payments were made on or before the due date and no payments were rejected or declined by the customer's financial institution and there are no current delinquencies on said or other accounts in the Customer's name. Upon termination of service, deposit and accrued interest may be applied by HES against unpaid bills of Customer, and , if any balance remains after such application is made, the balance will be refunded to Customer. The deposit balance (including interest) and adequacy is subject to review by the customer and HES.

Commercial/Industrial Security Deposit: A deposit or suitable guarantee (irrevocable bank letter of credit or surety bond) equal to twice the average monthly bill of the address the customer is seeking to secure commercial service for may be required before service is established. If the customer is establishing a NEW service where no history exists, the HES engineer on site will be consulted and suitable deposit will be determined based on demand and energy requirements. If the Customer has chosen a suitable guarantee and said guarantee is cancelled or otherwise becomes null and void. HES may require an immediate cash deposit. Cash deposits greater than one month's average bill and retained by HES more than twelve months will earn interest annually based on the rate of interest earned on the HES passbook savings account. HES may at its option return deposit plus any accrued interest to Customer after 60 consecutive months in which all payments were made on or before the due date and no payments were rejected or declined by the customer's financial institution and there are no current delinquencies on said or other accounts in the Customers name. Upon termination of service, deposit may be applied by HES against unpaid bills of Customer, and if any balance remains after such application is made, said balance shall be refunded to Customer. The deposit balance (including interest) and adequacy is subject to review by the customer and HES.

3. Point of Delivery. The point of delivery is the point, as designated by HES, 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 HES.
4. Customer's Wiring Standards. All wiring of Customer must conform to HES' requirements and accepted modern standards, as exemplified by the requirements of the National Electrical Safety Code and the National Electrical Code.
5. Inspection. HES shall have the right, but shall not be obligated, to inspect any installation before electricity is introduced or at any time. HES reserves the right to reject any wiring or appliances not in

accordance with HES' standards; but such inspection or failure to inspect or reject shall not render HES liable or responsible for any loss or damage resulting from defects in the installation, wiring, or appliances, or from violation of HES' rules, or from accidents which may occur upon Customer's premises.

6. **Underground Service Lines.** Customers desiring underground service lines from HES's overhead system must bear the excess cost incident thereto. Specifications and terms for such construction will be furnished by HES on request.
7. **Customer's Responsibility for HES's Property.** All meters, service connections, and other equipment furnished by HES shall be, and remain, the property of HES. Customer shall provide a space for and exercise proper care to protect the property of HES on its premises, and, in the event of loss or damage to HES's property arising from neglect of Customer to care for same, the cost of the necessary repairs or replacements shall be paid by Customer. Special equipment required by the customer, but not furnished by HES, shall be, and remain, the property of HES.
8. **Right of Access.** Identified employees or any other person designated by HES 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 HES.
9. **Billing.** Bills will be rendered monthly and shall be paid within 15 days from the date on the bill. Failure to receive bill will not release Customer from payment obligation. Should bills not be paid by due date specified on bill, HES may at any time thereafter, upon five (5) days' written notice to Customer, discontinue service. Bills paid after due date as specified on bill may be subject to additional charges (not to exceed 5% of the unpaid portion of the bill). Should the due date of bill fall on a Sunday or Holiday, the business day next following the due date will be held as a day of grace for delivery of payment.
10. **Discontinue of Service by HES.** HES 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. HES may discontinue service to Customer for the theft of current or the appearance of current theft devices on the premises of Customer. HES may discontinue service due to fire, flood, other natural disaster damage, accidents, construction, or removal or demolition of the premise when in the HES's opinion, continuance of electric service could jeopardize public safety or result in damage to HES's or a third party's property. The discontinuance of service by HES for any causes as stated in this rule does not release Customer from his obligation to HES for the payment of minimum bills as specified in application of Customer or contract with Customer.

If payment is not received by the due date on the bill, HES may discontinue service 10 days after providing a separate written notice by mail to the customer informing the customer of the electric service disconnection and the available rights and remedies to dispute the bill with HES. No further notice will be provided before electrical service is disconnected. If the customer has been disconnected for non-payment, on-line payments will not suffice as notification that service is requested to be re-established.

HES evaluates weather conditions daily at the national weather service web page for Hopkinsville, KY 42240. HES will not disconnect any residential customer for non-payment if the heat index is predicted to be higher than 105 degrees (F) or if the high temperature of the day is projected to be below freezing (32 degrees) F. HES will postpone the disconnection of service of residential customers scheduled for the disconnection due to non-payment. Where the disconnection is postponed

due to an extreme weather condition, the postponement will not exceed beyond the extreme weather condition.

Upon HES's approval of the "HES medical necessity form", the disconnection of service will be postponed for 30 days from the original scheduled disconnection date to allow the 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 states of Kentucky or Tennessee (and re-certified annually) 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 HES. If the customer does not re-certify annually, the medical necessity form will become void. A life threatening medical conditions does not relieve a customer of the obligation to pay for electric service, including any late fees incurred or other applicable charges. HES will only grant this postponement for termination one time in a twelve month period. If full payment of the past due amount, including all late fees, is not received by the end of the 30 day postponement period, electric service will be disconnected without further notice.

11. Connection, Reconnection, and Disconnection Charges. HES may establish and collect standard charges to cover the reasonable average cost, including administration, of connection or reconnection 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. Notice to discontinue service prior to expiration of contract term will not relieve Customer from any minimum or guaranteed payment under contract or rate.
13. Service Charges for Temporary Service. Customers requiring electric service on a temporary basis may be required by HES 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. HES 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, 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 HES to meet the demand on its system, HES may, by an allocation method deemed equitable by HES, 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 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, HES 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 these 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 HES's system. HES 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 HES for each Customer have definite capacity. No addition to the equipment or load connected thereto will be allowed except by consent of HES. Customer shall be responsible for any damage to any of HES' lines or equipment caused by the additional or changed installation.
18. Standby and Resale Service. All purchased electric service (other than emergency or standby) used on the premises of Customer shall be supplied exclusively by HES, 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 HES 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/her 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. HES will, at its own expense, make periodical tests and inspections of its meters in order to maintain a high standard of accuracy. HES 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 HES'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, and 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 HES.
22. Relocation of Existing Facilities. HES shall, at the request of Customer, relocate or change existing HES-owned equipment. Customer shall reimburse HES for such changes at actual cost including appropriate overhead.
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 charges will be adjusted to a basis proportionate with the period of time during which service is extended.
24. Power Contracts. Standard Power Contracts shall be required in addition to an application for service for all Customers whose monthly billing demand exceeds 49 kW. The Power Contract shall be executed at the time of application for service or at such time as Customer's load growth reaches 49 kW.
25. Special Program Assistance. HES, in fulfillment of the purposes and provisions of the Tennessee Valley Authority Act and as part of its electric service, may make available special program assistance to eligible electric Customers for energy improvements. Some programs may make funds available in the form of a low interest loan to the Customer for the energy improvements. These loans will require the Customer to sign a repayment agreement and HES will bill the customer on a monthly basis.
26. Scope. This Schedule of Rules and Regulations is a part of all contracts for receiving electric service from HES, and applies to all service received from HES, whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this schedule, together with a copy of HES's Schedule of Rates and Charges, shall be kept open to inspection at the offices of HES.

27. 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.
28. Conflict. In case of conflict between any provision of any rate schedule and the Schedule of Rules and Regulations, the rate schedule shall apply.
29. Information to Customer. HES will make information about rates and service practice policies available upon application for service, at any other time upon written or telephoned request, and on the HES website (hop-electric.com). HES, on written request from a Customer, will provide a statement of monthly consumption of that Customer for the prior twelve months if the information is reasonable ascertainable. All local retail rate actions and board meeting dates will be presented on the HES website (hop-electric.com)

Revised: January 1, 2011

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