

HES Schedule of Rules and Regulations

Scope

1. 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, shall be kept open to inspection at the offices of HES.

Obtaining Electric Service

1. 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. Standard Power Contracts shall be required in addition to an application for service for all Customers whose monthly billing demand exceeds 50 kW. The Power Contract shall be executed at the time of application for service or at such time as Customer's load growth reaches 50 KW.
3. This Schedule of 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 Schedule of Rules and Regulations.
4. In case of conflict between any provision of any Rate Schedule and the Schedule of Rules and Regulations, the Rate Schedule shall apply.

Deposits and Fees

1. Residential Security Deposit:
 - a. Deposit policies are to be applied without regard to race, color, creed, sex, national origin or marital status.
 - b. 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.
 - c. A customer may waive the third party credit rating check and pay a \$400 deposit.
 - d. If a deposit is required, the deposit will not exceed twice the highest estimated monthly bill for the rate classification.
 - e. A letter of credit from a previous utility stating all payments were made on or before the due date for a period of 12 months or greater may be accepted in lieu of a deposit. The service must have been within the last 24 months.
 - f. Deposits retained by HES more than twelve months will earn interest annually based on the rate of interest earned on the HES passbook savings account.
 - g. The deposit balance, including interest, and adequacy is subject to review by customer and HES at any time.

- h. 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.
 - i. A deposit, increase in deposit, or suitable guarantee may be required of any customers that have been terminated for non-payment.
 - 2. Commercial/Industrial Security Deposit:
 - a. 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 calculated demand and energy requirements.
 - b. 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.
 - c. Cash deposits retained by HES more than twelve months will earn interest annually based on the rate of interest earned on the HES passbook savings account.
 - d. The deposit balance, including interest, and adequacy is subject to review by customer and HES at any time.
 - e. 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.
 - f. 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.
 - g. The deposit balance (including interest) and adequacy is subject to review by the customer and HES.
 - h. A deposit, increase in deposit, or suitable guarantee may be required of any customers that have been terminated for non-payment.
- 3. 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.
- 4. 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, etc.

5. Schedule of Miscellaneous Charges

- a. Connection or transfer- \$25.00
- b. Connection or transfer after normal business hours- \$75.00
- c. Reconnection during normal business hours- \$65.00 (includes \$25 reconnection charge)
- d. Reconnection after normal business hours- \$75.00 (includes \$25 reconnection charge)
- e. Disconnection requiring service truck- \$75.00
- f. After normal business hours service call- \$75.00
- g. Returned check charge- \$35.00
- h. Meter tampering charge- \$225 + estimated stolen current (person stealing current may be prosecuted to fullest extent of the law by HES)
- i. Meter test (requested by customer)- \$0 for first test if meter tests within allowable range of +/-2%. Any subsequent test- \$25.00
- j. Meter installation outside of normal business hours as requested by customer- \$75.00 (includes \$25 reconnection charge)
- k. Solar Array Engineering Fee- \$850 (includes application fee, engineering study, inspection and commissioning of the solar array)

Billing

1. Monthly billed customers

- a. Bills will be issued monthly to all non-prepay customers. For all classes of customers, the due date for payment of the bill will be 15 days after the bill is mailed to the customer. The actual due date will be printed on the bill. If a bill is unpaid 15 days after the due date on the bill, service may be terminated after providing the customer a disconnection notice and offering them the opportunity to discuss their bill with an HES customer service representative.
- b. Failure to receive a bill does not release the customer from payment responsibility.
- c. Should the due date of the bill fall on a Saturday, Sunday or a holiday, the business day next following the due date will be held as a day of grace for delivery of payment.
- d. Bills will be issued monthly and shall be paid at the office of Hopkinsville Electric System (HES). Bills may also be paid on the HES website (www.hop-electric.com) or by using the automated phone system at (270) 887-4200.
- e. Bills paid after the due date as specified on the bill may be subject to additional charges not to exceed 5% of the unpaid portion of the bill.
- f. HES will not accept partial payment of an electric bill except where personal hardship or other special circumstances exist as determined by the Customer Service Manager. In this event, the unpaid balance must be paid as specified by the Customer Service Manager.
- g. In the event that HES receives payment from a customer that has outstanding amounts due and owing for electric service and for other services provided by HES and the payment is insufficient to pay all such amounts, in the absence of specific written instructions from the customer, HES shall allocate and apply such payment on a pro rata basis according to the amounts owed for each service between all outstanding amounts owed to HES. Accounts not paid in full shall be subject to late payment charges and termination of service if left unpaid.

- h. A returned check charge of \$25 will be charged to the customer for each check returned.
 - i. Advance payment of an electric bill based on HES's estimate of the consumer's forthcoming bills may be accepted when such arrangement is of mutual benefit to the consumer and to HES.
 - j. After service is disconnected for non-payment, the past due amount, deposit update (if applicable) and reconnection charge of \$25 will be paid before service can be reconnected. Service will be reconnected after normal working hours only in emergency situations and subject to a service call charge of \$75. Service may not be reconnected in another person's name when the consumer whose account is unpaid continues to be a resident of the premises except where personal hardship or other circumstances exist as determine by HES management.
 - k. Any past due amounts from a Customer's previous HES accounts shall be added to the consumer's current electric bill and the total amount shall be due and payable on the due date of the current bill except where personal hardship or other circumstances exist as determined by HES management.
 - l. 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.
2. Prepay Customers
- a. To sign up for Prepay electric service, a customer must pay a \$25 connection charge, a \$50 reserve, and \$25 of prepaid electricity. If the customer is converting a current monthly billed account to a prepay account, the customer must pay a \$25 connection charge, and a \$50 reserve. If the monthly billed account is in disconnect status, the customer must also pay a \$25 reconnection charge.
 - b. Prepay customers are responsible for maintaining a positive balance on their account. New prepay customers are automatically enrolled to receive email and/or text alerts regarding their prepay account balance. Turning off these notices does not relieve the customer of their responsibility to monitor their account and maintain a positive balance.
 - c. Prepay customers may add money to their account at the HES office, by using the HES website or automated phone system, or by other methods provided by HES.
 - d. Any returned payment for insufficient funds will be deducted immediately from the customer's prepay account balance and a \$25 charge will be added.
 - e. Once a prepay customer's account balance reaches \$0, they will have until 8:30 AM the next morning to make a payment to avoid disconnection. If a \$0 balance is reached on a Friday, Saturday, or Sunday the customer will have until the following Monday at 8:30 AM to make a payment to avoid disconnection. If a \$0 balance is reached on a holiday, the customer will have until 8:30 AM on the next business day to make a payment to

avoid disconnection. If no payment is made by the 8:30 AM deadline, the customer's account will automatically disconnect at 10:30 AM.

- f. If a new prepay customer has a previous account balance with HES, that balance will be transferred to the customer's prepay account. 25% of any subsequent payments added to the customer's prepay account will be applied to the previous account balance until it is paid in full.
 - g. If a prepay customer allows their service to disconnect due to non-payment, to reconnect, they must pay the negative balance plus \$25.
 - h. All prepay customers pay a \$6 monthly prepay charge. Also, all HES customers (monthly billed and prepay) pay the same, fixed monthly customer charge. For prepay customers, this charge is broken down into a daily charge.
 - i. All prepay customers receive a "reconciliation charge" each month. Due to communication delays and/or rate structure changes, there may be variations between the HES billing system and the third-party vendor that are correctly monthly during reconciliation. This correction will be noted as a "Reconciliation Adjustment".
3. Demand Contract Reduction- To ensure maximum effectiveness of conservation efforts, HES will, until further notice:
- a. Enter into an amendment with any general power customer to reduce the contract demand(s) specified in such customer's power contract by a mutually satisfactory amount not to exceed the amount which HES, in its sole judgment, is a direct result of conservation and load management measures. Any customer seeking such a reduction shall supply HES information adequate in the HES's judgment to verify the conservation and load management actions taken by the customer and the resulting reduction in the customer's power requirements. Any questions regarding the amount of permissible reduction will be resolved by an energy audit performed by TVA.
 - b. Enter into an amendment with any general power customer to reduce the contract demand(s) specified in such customer's power contract following the first 12 months of service, but before completion of 18 months of service under a new contract, provided that the customer furnished information from which HES determines, in its sole judgment, that the contract demand reduction is needed to correct for an engineering error in the estimated requirements of its facilities under the normal use conditions anticipated at the time the contract was initiated and is not in any way due to any changes in power requirements resulting from subsequent changes in economic or business conditions. For a period of 90 days after the date on which the provisions herein become effective, contract demand reductions under this paragraph will be available to customers without regard to the 18-month limitation contained herein.
 - c. It is recognized there may be investments in power supply facilities or portions of them which are individually identifiable with the customer's contract and which HES would not otherwise have made if the customer had initially requested a lower contract demand in the power contract. Any reduction agreed to by HES under (a) or (b) above shall be subject to full reimbursement to HES by the customer for any such unnecessary investment.

Discontinuance of Electric Service

1. HES may refuse to connect or may discontinue service for the violation of any of its Schedule of Rules and Regulations, or for violation of any of the provisions of the Schedule of Rates, or of the application of Customer or contract with Customer.
2. HES may discontinue service to Customer for the theft of current or the appearance of current theft devices on the premises of Customer.
3. HES may discontinue service due to fire, flood, other natural disaster damage, accidents, construction, or removal or demolition of the premise when in the HESs opinion, continuance of electric service could jeopardize public safety or result in damage to HES's or a third party's property.
4. The discontinuance of service by HES for any causes as stated in this rule does not release Customer from their obligation to HES for the payment of minimum bills as specified in application of Customer or contract with Customer.
5. If payment is not received by the due date on the bill, HES may discontinue service 15 days after providing a disconnection notice to the customer informing the customer of the electric service disconnection and offering the customer the opportunity to discuss their bill with an HES customer service representative. 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.
6. 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. Weather-related postponement of disconnection may also be applied to Pay-as-you-go customers.
7. Upon HES's approval of the "HES medical necessity form" a customer may be enrolled in the Medical Necessity Program and 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 condition 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.

8. The Medical Necessity Program is not available to customers on the Pay-As-You-Go prepay service.

Terms of Service

1. 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.
2. 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.
3. 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.

HES Responsibilities

1. HES will make public information about rates, policies, or other pertinent information on the HES website. HES may also utilize mail, news media or social media to publicize this information.
2. HES will make information about rates and service practice policies available to customers upon application for service, or at any other time upon written or telephoned request.
3. 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.
4. All local retail rate actions and board meeting dates will be presented on the HES website (hop-electric.com)
5. 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.

6. 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, 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 HES.
7. 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.
8. 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 may bill the customer on a monthly basis.
9. HES shall allow the installation of Christmas lighting equipment on HES poles in cooperation with City government and/or civic organizations only. The installation and removal of Christmas lighting equipment on HES poles shall only be made by HES personnel or persons authorized by HES only. No Christmas lighting equipment belonging to business establishments or individuals will be allowed to be installed on HES poles.
10. HES will assist the KY Department of Highways in the repair of traffic signals to return them to proper operation to help maintain the safe flow of traffic.

Customer Responsibilities

1. 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.
2. 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.
3. 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.
4. 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.
5. Notice to discontinue service prior to expiration of contract term will not relieve Customer from any minimum or guaranteed payment under contract or rate.

6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.