

SURRY-YADKIN ELECTRIC MEMBERSHIP CORPORATION

SERVICE RULES

AND

REGULATIONS

Revised: January 22, 2014

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SERVICE RULES AND REGULATIONS

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Introduction

These Service Rules and Regulations, as part of the Service Agreement between Surry-Yadkin Electric Membership Corporation and the member, govern the supply and receiving of electric service. Membership is available to all persons within the service area of the Cooperative on a non-discriminatory basis as set forth in the Bylaws of the Cooperative. This document highlights

the main point found in the Service Agreement and does not constitute a contract between the Cooperative and the Member.

As a Member of the Cooperative, you are both a consumer and an owner of the Cooperative. You have the right to vote in selecting the Cooperative's Board of Directors. The Board of Directors sets policies that determine how the Cooperative operates.

We take great pride in providing you with quality service. Quality Service is our most important product. We will endeavor to maintain at all times the quality service that you expect and deserve; however, we cannot guarantee continuous and uninterrupted service.

The general summary of service is as follows:

1. You may obtain electric service if you establish and maintain satisfactory credit and provide the Cooperative with necessary and reasonable access to your property for your electric service and that of neighboring property.
2. You may establish your credit in one of two ways:
 - (a) Make a deposit with the Cooperative or;
 - (b) Have a satisfactory record with a credit reporting service acceptable to the Cooperative. The member will bear any costs incurred to establish same. The Cooperative will endeavor to fully explain all means of establishing credit.
3. Any cash deposit made will be interest bearing after (90) days and refundable after twenty-four (24) consecutive months of maintaining the status of Member in Good Standing for payment of your electric bills.

If required, for an account/location that has less than 12 months or no billing history, the Consumer Deposit will be \$500.00.

If required, for an account/location that has 12 months billing history, the deposit will be two (2) times the highest monthly bill.

A Consumer Deposit will not be required if a member or former member has or had within the past two years another Surry-Yadkin EMC account with a satisfactory payment history or their current credit rating with credit reporting agencies used by the EMC is satisfactory. Nor will a Consumer Deposit be required if individuals or businesses who are not current or former members have a satisfactory credit rating with credit reporting agencies used by the EMC.

A member has satisfactory payment record if, during the past twelve (12) months has not been delinquent more than twice; has not been on a Cut Off List; has not had more than two (2) returned checks, or has not tampered with the meter.

In instances of troubled accounts/locations management is authorized to require an additional deposit in an amount deemed necessary to protect the financial interests of the Cooperative. This deposit is refundable if all bills are paid.

4. The EMC uses a weekly billing cycle.

The EMC is responsible for retrieving all meter readings on a cycle basis. The EMC bills are generated accordingly.

All bills are net, due, and payable upon receipt.

A penalty will be added if payment is not received on the due date. If payment has not been received the next business day following the due date, a termination notice will be generated and a late notice fee will be added to the account.

Once the disconnect notice has been issued, accounts that are not paid are subject to disconnection within seven to eight days of the date of notice. If a Service Representative visits an account for the purpose of collection, or an in-person, or remote disconnection is performed, a service charge will be added. A service charge will be added for each visit or disconnection.

Extension of payment of electric bills to those members who are classified delinquent may be granted in circumstances of unusual and/or extreme hardship, critical illness, death of a member of the family or an unusual financial crisis. Extension of payment can be made only by authorized EMC service personnel.

If service is disconnected for nonpayment of account, a reconnection charge in addition to all unpaid bills, will be required before service is restored.

Failure to receive bills and notices does not exempt a member from payment.

Payment methods include, but are not limited to: cash, check, bank draft, debit/credit card or money order. Cash sent through the mail will be at the sender's risk.

For all service locations that are so equipped, disconnection for nonpayment of account, and any subsequent reconnection, will be performed via remote

disconnecting means. Where service has been disconnected remotely, all required payments for reconnection must be made via SmartHub, in person at the Cooperative's office or approved payment location, or via telephone. The Cooperative will not dispatch a service representative for the purpose of collecting payment on an account that has been remotely disconnected.

The Cooperative will normally install an electric meter, that is equipped with remote disconnect capability, whenever a service representative is dispatched to an account location for the purpose of collection or disconnection of a delinquent account. Remote disconnect meters will not be installed at single-phase service locations that are rated for more than 200 amps, nor any three-phase service locations. The Cooperative reserves the right to install or remove remote disconnect meters at any location, at its sole discretion.

All charges are to be set by the Board of Directors and reviewed and updated on a timely basis.

5. As a Member you can name another person to receive a copy of any disconnect notice. This other person may be able to help you avoid having your electric service disconnected but may not be obligated to pay the bills. If the Cooperative should fail to provide such notice to another person, it may still proceed to disconnect as described above.
6. The Member has the responsibility of notifying the Cooperative in writing with doctor's certification that a member of your household is either chronically seriously ill, disabled or on an electrically-operated life support system. If this notice is given, you may obtain special handling of your account should service become subject to disconnection for your failure to pay your electric bills.
7. If a Member of your household is 65 years old or older and is disabled or on a life support device, and if you are eligible and certified to receive energy assistance from your local social services department, the Cooperative will not disconnect your service in the period between December 15 and March 15 without first notifying the North Carolina Rural Electrification Authority and providing you an opportunity to be heard by an official of that Authority.
8. Upon your request, the Cooperative will test your electric meter for accuracy and will give you a report of the test results. A fee, paid in advance, will be charged for the testing; the fee will be refunded if the meter is found to be outside acceptable accuracy limits.
9. You will be offered a New Member orientation including, but not limited to, explanation of Cooperative principles, Bylaws, operating policies,

rates, meter reading, rebates, reporting of power failure, statement of nondiscrimination and conservation practices when you are accepted for membership in the Cooperative.

10. The Cooperative will make a full and prompt investigation of all service complaints. The recommended order for handling quality-of-service or billing complaints is as follows:
 - a) File a complaint at the local Cooperative office and allow reasonable time for investigation, advice, and action. If the results are still not satisfactory, then:
 - b) File a complaint with the Cooperative Manager, providing information and results from the initial complaint and/or naming local Cooperative personnel who handled the complaint. Allow reasonable time for the Manager to act. If the results are still not satisfactory, then:
 - c) File a complaint with the North Carolina Rural Electrification Authority in Raleigh, 4321 Mail Service Center, Raleigh, NC 27699-4321, (919) 733-7513. Allow reasonable time for the Authority to act. If results are still not satisfactory: then:
 - d) File a written complaint with the Cooperative Board of Directors. Allow reasonable time for the Board to act.
11. You may request and have installed by the Cooperative, at your expense, types of service that exceed what is normally supplied, provided that they meet the general conditions in the Service Rules and Regulations. If you need such services, please call us.
12. As a Member of this Cooperative, you will share in margins called Capital Credits, which are assigned in the Members' names. The refunding of the Capital Credits is at the discretion of the Board of Directors.

Office Hours

The Cooperative's general office is located at 510 South Main Street, Dobson, North Carolina.

The office is open for business between the hours of 8:00 a.m. and 5:00 p.m. Monday through Friday. Routine and regular service work is performed during these office hours, except that no routine or regular service work will be performed on Saturdays, Sundays, and holidays. Service work for unusual conditions or circumstances may be

arranged at other times upon request. Emergency repair work, i.e., clearing outages, correcting hazardous occurrences, is performed 24 hours a day, 7 days a week.

The business office and service personnel may be reached by calling 336-356-8241 or 1-800-682-5903, 24 hours a day, 7 days a week.

(Per Website)

Nondiscrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from

discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

(1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

(2) fax: (202) 690-7442; or

(3) email: program.intake@usda.gov.

This institution is an equal opportunity provider.

W. Gregory Puckett,

Executive Vice President & General Manager

SURRY-YADKIN ELECTRIC MEMBERSHIP CORPORATION

Dobson, North Carolina

DEFINITIONS

Applicant - A Member or prospective member who has applied for service.

Area Coverage - The public policy of obligating the Cooperative to provide service, on a nondiscriminatory basis, to all persons and entities desiring electrical service within

a service territory assigned to the Cooperative.

Billing Period - The time period between monthly billings.

Capital Credits - The amount of the Cooperative's net margins allocated to individual members and returned on a periodic basis as determined by the Board of Directors.

Clean and Maintained Right-of-way – Right-of-way area that is regularly maintained free of logs and brush.

Cooperative – Surry-Yadkin Electric Membership Corporation

Conservation – The practice of efficiently and effectively using electric generating and transmitting facilities while avoiding wasteful consumption of electrical energy.

Delinquent Bill – A bill for which payment is not received in the office by the close of business on the due date as stated on the bill.

Electric Service – The Cooperative's legally imposed duty of supplying to an established point of delivery energy service in the form of an alternating current of frequency at nominal 60 cycles per second and of various nominal voltages.

Foreign Electricity – Any electricity used by the Member that is obtained from a source other than the Cooperative. This includes, but is not limited to, power obtained from other power suppliers and customer-owned generators.

Household – Persons living together under one roof.

Member – Any person or legal entity who has applied for and been accepted into membership of the Cooperative for the purpose of receiving electric service.

Member In Good Standing – Any Member who has fulfilled all obligations of the Member for any and all accounts under the Member's name and who, within the previous twelve months has had:

- 1) Not more than two past due bills indicated in credit history,
- 2) No involuntary disconnections,
- 3) Not more than two (2) returned checks, or
- 4) No violations of meter tampering.

Meter Tampering – Diversion of power or the unauthorized alteration or manipulation of the Cooperative's meter, wires, seals, or other apparatus in such a way as to prevent the meter from recording accurately under the seal the amount of

electric service supplied to the Member. (This is a misdemeanor under law, State Statute 14.159.1, and subject to penalty and affects the status of member in Good standing.) Also termed as meter tampering - is the unauthorized alteration or manipulation of the Cooperative's load management equipment.

NCEMC – The North Carolina Electric Membership Corporation located in Raleigh, North Carolina, is the wholesale supplier of electric service for 26 Cooperatives in North Carolina. NCEMC is a cooperative owned by the 26 Cooperatives in the same manner that the Members receiving retail electric service from the Cooperatives own the Cooperatives.

Permanent Buildings – Buildings which have permanent foundations and permanent water and sewer facilities.

Person 65 Years or Older or Disabled – The Cooperative accepts the certification of the local county social services department as applied to the Energy Crisis Assistance Program.

Point of Deliver – The point at which ownership of the electric service is transferred from the seller to the buyer. The Point of Delivery will be, unless otherwise specified, where the Cooperative's wiring system terminates in the delivery of electric service to the Member's wiring system. On overhead services the Point of Delivery will be the weatherhead, and on underground services the Point of Delivery will be the line side of the meter base; however, the Member may be required to provide and maintain certain facilities between the Cooperative's facilities and the meter.

Seasonal – Member, facilities or premises which are active, in use or inhabited on a part-time basis, or during only certain months of the year.

Service Agreement – The agreement between the Cooperative and Member consisting of the following:

- Membership Application and/or card, signed by Member and Cooperative,
- Payment of any required fee,
- Bylaws,
- Operating Policies of the Cooperative,
- All necessary right-of-way easements,
- Applicable rate schedules and riders,
- Load management agreement (if applicable), and
- Service Rules and Regulations.

Service Voltage – The voltage at the point where the electric systems of the supplier and the user are connected (Point of Delivery). The Service Voltage is usually measured at the service meter base or entrance switch and allowable variations are usually expressed on a 120-volt base.

Standard Service Connection – Unless otherwise stated or agreed by the Cooperative, the standard service connection will be single phase, 60 cycles per second electric service provided to the point of delivery at 120/240 volts.

GENERAL SERVICE RULES AND REGULATIONS

100 ELECTRIC SERVICE AVAILABILITY

101 Application for Membership

The Service Agreement between the Cooperative and its Member will consist of the following:

- Membership Application and/or card, signed by Member and Cooperative,
- Payment of any required fees,
- Bylaws,
- Operating Policies of the Cooperative,
- All necessary right-of-way easements,
- Applicable rate schedules and riders,
- Load management agreement (if applicable),
- Service Rules and Regulations, and
- Contribution in Aid of Construction (if applicable).

A supplemental written contract on a form provided by the Cooperative may be required from any applicant requiring three-phase service, a contribution in aid of construction or whose estimated demand is 50 kW or more.

The Cooperative's form of Application for Membership must be completed, signed, and submitted. A nonrefundable connection charge, as specified in the Schedule of Charges, will be required. Neither the membership nor the Service Agreement is transferable or assignable.

When two or more rate schedules and/or riders are available, the Cooperative will assist in the selection, but it will be the Member's responsibility to determine which to select. Refer to Appendix for descriptions of the available Rate Schedule and Riders.

102 Security Deposit

If required, for an account/location that has less than 12 months or no billing history, the Consumer Deposit will be \$500.00.

If required, for an account/location that has 12 months billing history, the deposit will be two (2) times the highest monthly bill.

A Consumer Deposit will not be required if a member or former member has or had within the past two years another Surry-Yadkin EMC account with a satisfactory payment history or their current credit rating with credit reporting agencies used by the EMC is satisfactory. Nor will a Consumer Deposit be required if individuals or

businesses who are not current or former members have a satisfactory credit rating with credit reporting agencies used by the EMC.

A member has satisfactory payment record if, during the past twelve (12) months has not been delinquent more than twice; has not been on a Cut Off List; has not had more than two (2) returned checks, or has not tampered with the meter.

The Cooperative will accept a satisfactory record with an established credit rating service acceptable to the Cooperative. The member will bear any costs incurred to establish same. The Cooperative will endeavor to fully explain all means of establishing credit.

In instances of troubled accounts/locations management is authorized to require an additional deposit in an amount deemed necessary to protect the financial interests of the Cooperative. This deposit is refundable if all bills are paid.

The deposit will be refunded automatically, with interest beginning to accrue after the first (90) days, after a period of twenty four (24) consecutive months during which the Member has fulfilled all Member obligations as provided for in the Service Agreement. The interest rate will be determined by the Board of Directors. A deposit may be required at any time if the Member's payment record becomes unsatisfactory.

Upon termination of membership, the security deposit, including applicable interest, (if not already refunded) will be refunded or applied against any unpaid balance owed to the Cooperative.

103 Prepaid Metering Accounts

Members opting into the prepaid metering program, in addition to the Cooperative's standard rules and regulations appertained within this document, will be held accountable to the prepaid metering terms set below:

Applicability/Availability: The Cooperative's prepaid metering program is available to all single phase, non-demand residential members that have 200 AMP service. Medical priority accounts are not eligible for prepaid service.

New Members: New members opting in to prepay metering will be required to complete a membership application if an application is not currently on file. Payment of normal connection fees plus a minimum electric service prepayment are required for initial service. Prepaid accounts will be charged according to the current rate schedule.

Existing Members: Existing members opting to convert their account to prepaid will have any existing deposits applied to account balances or to their prepay account. Members must pay in full all pre-existing fees and unbilled energy or select to participate in the debt management program before an account can be converted from postpaid to prepay.

Debt Recovery: Existing members with account balances of no more than \$300.00 can use the debt management program. For each payment that is made on the prepaid account a portion will go towards the outstanding account balance. If debt recovery is utilized, 50% of each recharge (payment) will be applied to the debt until the balance is eliminated.

Payments: Payments can be made through SmartHub, via telephone, and at the Cooperative's office. Payments can be made 24 hours a day via credit card or debit card online or by calling the Cooperative at 336-356-8241. Cash payments can be made 24 hours a day via a payment kiosk that is located at the Cooperative's office.

Bill Viewing and Bill Calculation: Surry-Yadkin EMC will provide usage and balance information through the SmartHub service, where you can make payments as often as you would like or as your budget allows. The prepaid account will be calculated daily with daily adjustments of all charges and fees deducted from the prepaid credit balance.

Billing: Prepaid accounts do not receive paper statements. Prepay accounts are not eligible for e-bills. Daily prepaid account history (usage, charges and payments) will be available by phone or via the SmartHub application or website. SmartHub will also allow you to modify your notification settings. You are solely responsible for managing and updating the

notification settings on your prepaid account(s). All low balance and disconnect notices will be sent in the manner you select for your account. Failure to maintain your notification settings may result in disconnection without further notice. Notifications can be sent via email, text, or IVR call outs.

Disconnection and Minimum Payments for Reconnection: A prepaid account will be subject to automated mechanical disconnection any time your account does not have a credit balance. Any returned checks or other fees on the account will be charged to the members' account immediately. If this causes the credit balance to be exhausted, service will be subject to disconnection. To restore service, you must recharge your account to a minimum of \$25.00.

Payment Arrangements: Prepaid accounts are not eligible for payment arrangements, budget billing or bank draft.

If an account is disconnected and does not become active after seven (7) days, the account will be considered inactive and Surry-Yadkin EMC will mail a final bill to the last known address on file.

Termination of Service and Final Billing: Service terminated at the request of the member will receive a refund of any remaining credit on the account after all final bill amounts have been calculated.

104 Additional Service Connections

A Member in Good Standing may have any number of service connections under one membership. The Member may be obligated to pay, pursuant to the above Section 102, the applicable service security deposit for each additional service and will be obligated to pay for all electric demand and energy used on the premises at the Cooperative's applicable rates. A Member with more than one account is equally responsible for current payment of all accounts and delinquency in one account may be deemed delinquency in all of such Member's accounts.

105 Area Coverage and Line Facilities

In providing area coverage service, the Cooperative will provide a standard permanent service connection that requires no facilities or services in excess of those normally provided by or acceptable to the Cooperative. The Cooperative may require additional fees for line extensions beyond the limits as provided by Cooperative policy.

When a Member or an individual requests that the Cooperative supply electric service in a manner which requires equipment and facilities in excess of those which the Cooperative would normally provide, and the Cooperative finds it practical to do so, such excess equipment and facilities will be provided as excess facilities with the expense being borne by the Member. Costs will be collected through excess facilities charges and/or contributions-in-aid of construction as agreed upon by the Cooperative and the Member.

106 Metering Facilities

The Cooperative normally provides and installs one meter and requires that the member provide for an approved meter base. The Member is required to provide approved connection facilities to the meter base. Any meter installed at the request of the Member that would not have been installed as standard equipment will be considered an excess facility. All meter bases must be installed on an accessible exterior wall. The center of the meter base should be no less than four feet and no more than six feet above finished grade level.

Members applying for more than one class of service on the same premises must arrange their wiring so that each class of service can be metered separately.

Regardless of ownership of the facilities, the Cooperative will have the right, at its option, and at its own expense, to place demand meters, voltmeters, locking devices, or other instruments on the premises of the Member for the purpose of monitoring and maintaining the member's service.

200 CONDITIONS OF SERVICE

201 General Conditions

The Cooperative will supply electrical service to the member after all of the following conditions are met:

- A. The Member is in compliance with all aspects of the Service Agreement and agrees to be bound by the Cooperative's Articles of Incorporation and Bylaws.
- B. The Member agrees to furnish, without cost to the Cooperative, all necessary easements and rights-of-way across the Member's land and any required easements and rights-of-way across other properties owned by the Member.
- C. The Member agrees to have all streets, alleys, and driveway entrances graded to within six (6) inches of final grade and have lot lines established before installation or extension of electrical service begins.
- D. The Member agrees that the Cooperative will have right of access to Member's premises at all times for the purpose of reading meters, testing, repairing, removing, maintaining or exchanging any or all equipment and facilities which are the property of the Cooperative, or when on any other business between the Cooperative and the Member. In cases where it is reasonably necessary and cost effective, the Cooperative may use, without payment to the Member, the Member's premises for accessing neighboring property served by the Cooperative.
- E. Any previous outstanding debts owed to the Cooperative by the Member have been paid.
- F. Provision of service in no way conflicts with public authorities.

- G. All Member wiring and equipment has met the requirements of the National Electrical Safety Code and of the Cooperative, in addition to the specifications of any local authorities having jurisdiction. Proof of inspections required to meet local and state governmental standards of the premises' wiring has been made available by the Member.
- H. The Member has not connected, and agrees not to connect in the future, any motors or other equipment which are not suitable for operation with the character of the service supplied by the Cooperative or which adversely affect the Cooperative's equipment or the service to other members.
- I. The Member agrees to be responsible for any additional facilities, protective devices, or corrective equipment necessary to provide adequate service or prevent interference with service to the Cooperative's other Members. Such loads include, but are not limited to, those requiring excessive capacity because of large momentary current demands or requiring close voltage regulation, such as welders, X-ray machines, or motor starting across the line.
- J. Member agrees to be responsible for notifying the Cooperative of any additions to or changes in the Member's equipment which might affect the quality of service or might increase the Member's demand.
- K. The Member agrees that when multi-phase service is furnished, the Member will at all times maintain a reasonable balance of load between the phases. Three-phase motors with high-starting or fluctuating currents must be installed in accordance with the Cooperative's Rate Schedule and Riders and Service Rules and Regulations.
- L. The Member agrees to promptly notify the Cooperative in writing with doctor's certification included if there is someone in their household who is either chronically seriously ill, disabled or on an electrically-operated life support system and if the Member desires special handling of the account in the event of failure to pay electric bills.
- M. The Member agrees to promptly notify the Cooperative with proper certification to receive special handling of the Member's account with respect to the Cold Weather Disconnection provision in Section 402.

202 Standard Supply Voltages

The Cooperative maintains one system of alternating current at a standard frequency of 60 cycles per second that is supplied throughout its system and within prudent utility practices. The Cooperative will determine the voltage, number of phases, and type of metering which will be supplied depending upon the Cooperative’s facilities available and upon the character, size and location of the load to be served. The Member will consult the Cooperative before proceeding with the purchase or installation or wiring of equipment. To avoid misunderstanding, this information should be in writing from both the Member and the Cooperative.

The service voltages described below are nominal, and variations permitted will be not less than 114 volts or more than 126 volts on a 120-volt basis.

Single Phase,	120/240 Volts
Three Phase,	120/208 Volts
Three Phase,	120/240 Volts
Three Phase,	277/480 Volts

It will not be considered a violation of voltage standard when voltages outside of the prescribed limits are caused by any of the following:

- Action of elements,
- Service interruptions,
- Temporary separation of parts of the system from the main system,
- Infrequent fluctuations of short duration,
- Voltage control for load management purposes,
- Other causes beyond the control of the Cooperative,
- Addition of Member equipment without proper notification to the Cooperative,
- Emergency operations, or
- The operation of the Member’s equipment.

203 Service Interruptions

The Cooperative does not guarantee continuous and uninterrupted service and will not be liable for loss or damage to any Member’s equipment, other personal property, real property, business losses or consequential damages caused by any failure to supply electric service or by any interruption or reversal of the supply of electric service, if such is due to any cause beyond the reasonable control of the Cooperative.

Such causes include, but are not limited to:

- A. An emergency action due to an adverse condition or disturbance on the system of the Cooperative, or on any other system directly or indirectly interconnected

with it, which requires automatic or manual interruption of the supply of electric service to some consumers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system.

- B. An Act of God, or the public enemy, or insurrection, riot, civil disorder, fire, or earthquake, or an order from Federal, State, Municipal, County or other public authority.
- C. Making necessary adjustments to, changes in or repairs on lines, substations, and facilities, and in cases where, in the Cooperative's opinion, the continuance of service to consumers' premises would endanger persons or property.

The Member will notify the Cooperative immediately of any defect in service or of any trouble or irregularity to the electric supply.

Maintenance work on lines or equipment requiring service interruption will be done, as far as practicable, at a time that will cause the least inconvenience to the Members. The Members to be affected by such planned interruptions will be notified in advance, if practicable.

204 Right-of-Way Maintenance

The Member will grant to the Cooperative, and the Cooperative will maintain right-of-way according to its specifications with the right to cut, trim and control the growth of trees, limbs and shrubbery located within the right-of-way and those outside the right-of-way that may interfere with or threaten to endanger the operation or maintenance of the Cooperative's line system. When trimming right-of-way, the Cooperative will remove debris at its expense from "clean and maintained" areas; that is, an area which is regularly maintained free of logs and brush, but not the removal of stumps. In other areas, right-of-way debris will be left in the right-of-way limit.

Members who desire to have trees trimmed or cut which are close to Cooperative power lines may request assistance from the Cooperative in cutting and trimming. If, in the opinion of the Cooperative, such trees or limbs thereon pose a possible hazard to the lines, the Cooperative will schedule such work to be done at its convenience.

205 Power Factor

The member will at all times maintain a power factor at the point of delivery as close to one hundred percent (100%) as practicable. Where the overall power factor of the Member's load is less than 90 percent (90%) lagging, the Cooperative may require the Member to install, at the Member's own expense, equipment to correct the power factor, and may adjust the Member's billing demand as specified by the applicable rate schedule. The Cooperative reserves the right to measure the power factor at any time.

206 Foreign Electricity, Parallel Service, and Standby Generation

The Member will not use the Cooperative's electric service in parallel with other electric service, nor will other electric service be introduced on the premises of the Member for use in conjunction with or as a supplement to the Cooperative's electric service, without the prior written consent of the Cooperative.

Where approved standby and/or supplemental on-site generation is provided by the Member, parallel operation of the member's generating equipment with the Cooperative's system will not be allowed, without express permission of the Cooperative. If such permission is obtained, the Member will install all Protective devices specified in the National Electrical Code, the National Electrical Safety Code or by the Cooperative, as applicable. In the use of standby on-site generation not in parallel, a double throw switch must be used to prevent possible injury to the Cooperative's personnel and equipment by making it impossible for power to feed back into the main line from the emergency generator. The member shall be liable for any injuries to property or persons resulting from such Member's failure to strictly comply with this provision.

207 Qualifying Facilities and Independent Power Producers

The Cooperative is required to comply with the Public Utility Regulatory Policies Act of 1978 (PURPA), along with rules and regulations promulgated under PURPA as they relate to qualifying facilities (QF). Any owner/operator of a QF desiring to connect with and sell electric demand and energy to the Cooperative shall notify the Cooperative. The Cooperative will provide the owner/operator with its current rates as specified in the attached Current Applicable Rate Schedule and Riders.

Any contracts for the sale of the electric demand and energy from a QF will be made between the owner/operator and the Cooperative or NCEMC. The Cooperative will assist the owner/operator in making initial contact with NCEMC.

Also, through a similar prior arrangement with NCEMC, all contracts for the sale of electric demand and energy from an independent power producer (IPP) will be made between the owner/operator and NCEMC. The Cooperative will assist the owner/operator in making initial contact with NCEMC.

208 Line and Facilities Conversion and Relocation

Upon request of a Member, the Cooperative will, if consistent with prudent utility practice, relocate lines, poles, and facilities. The Member may be required to pay in advance the cost of relocating the facilities and for acquisition of any required and approved additional right-of-way necessary for the relocation. At a Member's request, the Cooperative may convert existing adequate overhead facilities to underground, provided that the Member pays the Cooperative for the cost incurred.

Under most circumstances, the Cooperative will, upon request, raise or lower lines to afford a safe passage for buildings or equipment being moved. Parties making such requests will be required to pay the cost of the labor and any material and equipment used. Also, such parties will be required to make a deposit, in advance, of the estimated cost to the Cooperative.

209 Energy Management Assistance

The Cooperative will investigate, render advice and lend assistance needed for all reasonable requests of the Member pertaining to the Member's account, usage, bill, load management equipment, and energy conservation measures. Specified fees may apply.

300 BILLING

301 Responsibility to Read Meter

Meters will be read by the Cooperative, or its appointed contractor. The Member may elect to have a non-advanced meter, if available, and a monthly field visit fee will apply for this non-advanced meter. If for any reason a meter is not read, the meter reading and corresponding use for the period will be estimated based on prior usage and other applicable factors.

302 Due Dates and Failure to Pay

Bills are due and payable upon receipt and are considered delinquent if payment is not received in the Cooperative's office by the close of business on the due date as specified on the bill. Members whose bills become delinquent will be charged a late payment charge not to exceed one and a half percent (1.5%) per month. If the bill is still delinquent at the time the next month's bill is prepared, the next month's bill will show the previous month's account balance.

The EMC uses a weekly billing cycle.

The EMC is responsible for retrieving all meter readings on a cycle basis. The EMC bills are generated accordingly.

All bills are net, due, and payable upon receipt.

A penalty will be added if payment is not received on the due date. If payment has not been received the next business day following the due date, a termination notice will be generated and a late notice fee will be added to the account.

Once the disconnect notice has been issued, accounts that are not paid are subject to disconnection within seven to eight days of the date of notice. If a Service Representative visits an account for the purpose of collection, or an in-person, or remote disconnection is performed, a service charge will be added. A service charge will be added for each visit or disconnection.

Extension of payment of electric bills to those members who are classified delinquent may be granted in circumstances of unusual and/or extreme hardship, critical illness, and death of a member of the family or an unusual financial crisis. Extension of payment can be made only by authorized EMC service personnel.

If service is disconnected for nonpayment of account, a reconnection charge in addition to all unpaid bills will be required before service is restored.

Failure to receive bills and notices does not exempt a member from payment.

Payment methods include, but are not limited to: cash, check, bank draft, debit/credit card or money order. Cash sent through the mail will be at the sender's risk.

For all service locations that are so equipped, disconnection for nonpayment of account, and any subsequent reconnection, will be performed via remote disconnecting means. Where service has been disconnected remotely, all required payments for reconnection must be made via SmartHub, in person at the Cooperative's office or approved payment location, or via telephone. The Cooperative will not dispatch a service representative for the purpose of collecting payment on an account that has been remotely disconnected.

The Cooperative will normally install an electric meter, that is equipped with remote disconnect capability, whenever a service representative is dispatched to an account location for the purpose of collection or disconnection of a delinquent account. Remote disconnect meters will

not be installed at single-phase service locations that are rated for more than 200 amps, nor any three-phase service locations. The Cooperative reserves the right to install or remove remote disconnect meters at any location, at its sole discretion.

All charges are to be set by the Board of Directors and reviewed and updated on a timely basis.

Members may request in writing that a copy of any disconnect notices be sent to a specified third party; however, failure to provide notice to such third party shall not relieve a Member of responsibility to make payment for service.

303 Multiple Services

If a Member has more than one account, the Cooperative reserves the right to apply any payment made by the Member to any account owed to the Cooperative by the Member. All funds received will first be applied to any interest and penalty on the delinquent account(s) with the remaining funds to be applied against the electric service bill. Delinquency of a Member in any account may be deemed delinquency in all such Member's accounts and may result in disconnection of all service if not satisfied in a timely fashion.

304 Bill in Dispute

Failure to receive a bill does not exempt a Member from payment. A duplicate bill may be obtained from the Cooperative. Neither a dispute concerning the amount of a bill nor a claim or demand by the Member against the Cooperative will alter the normal requirements for payment. See Complaint Procedure in Section 503 for resolution of disputed bills.

305 Method of Payment

Payments may be made at the offices of the Cooperative or through any authorized collection agents.

Payments may be made:

- In person
- Kiosk
- By mail (check or money order only) *
- By bank draft

- Recurring debit or credit
- By phone
- The Cooperative's website
- SmartHub

(* Payments must be made in ample time to allow prompt receipt to the Cooperative's office.)

A payment is considered "made" when cash or other negotiable equivalent is in the possession of the Cooperative and posted to the Member's account.

A Budget Billing Program is offered to members who request this throughout the year. For information please contact the Cooperative's business office.

306 Returned Checks

Any Member in Good Standing whose check for payment of service is returned for insufficient funds will be notified immediately and a returned check fee will be added to the Member's account. Such charge may be up to the maximum allowed by North Carolina law (General Statute 25-3-572). The Member's account will be considered to be delinquent, and billed in accordance with the provisions of Section 302, above relating to delinquent accounts.

If the Member is not in Good Standing prior to the time the check is returned, service shall be discontinued immediately and without further notice being given. If the Cooperative receives more than two such checks from a Member in any 12 month period, the Cooperative may refuse to accept further personal checks from the Member.

307 Corrections for Errors

The Cooperative will periodically test and inspect its meters. A Member may request in writing that a meter be tested. A Meter Test Charge, as specified in the Schedule of Charges, will be imposed but will be refunded if the meter is found to be in error in excess of plus or minus one half percent (1/2%).

A report will be supplied to the Member within a reasonable time after the completion of the requested test.

When a meter stops or fails to register correctly, or if the calibration is found to be in error of more than plus or minus one half percent (1/2%), the Member's account will be adjusted accordingly.

Billing Adjustments – Adjustments to the electric bill due to inaccurate metering equipment, errors in meter reading or billing will be made promptly. The Cooperative will issue immediate credit when it is in error and the Member will be expected to pay any appropriate additional charges as billed. Upon request by a Member, if circumstances warrant, payments to the Cooperative may be made in installments over a period equal in length to the same period of time during which the error occurred. If the interval during which the error occurred cannot be determined, then the billing adjustment will be based on an appropriate estimation of usage and/or demand for a given period of time not to exceed 12 months.

If the interval during which the error occurred can be determined, then the billing adjustment will be based on the appropriate estimation of usage and/or demand for that entire interval up to a maximum period of 12 months. Over charges will be refunded in full to the extent documentation exists for verification.

308 Credit

Upon request of a Member in good standing, in the sole discretion of the Cooperative, credit arrangements permitting deferred payment of bills may be extended to Members in accordance with the following standards:

- A. When it is determined that enforcement of the policy of due on receipt of bills will constitute an undue hardship upon the Member in relation to the amount of the bill and that extension of credit for a fixed time, or arrangement for installment payment of the bill will not unduly impair the Cooperative’s ability to effectuate final collection of the bill; or
- B. When the Member involved established to the satisfaction of the Cooperative that the Member’s inability to pay the bill has resulted from a mistake on the Cooperative’s part for which the Member was not responsible; or
- C. When the involved bill is a final bill covering service to a farm, home, or other residential structure and the main building thereof has been destroyed by fire not caused by act of arson on the part of the Member or the Member’s family; or
- D. When disconnection of service might impose immediate danger to the Member or other persons due to illness or some hazardous condition, or when the household is immediately and directly affected by a death.

309 Unavoidable Cessation of Service By Member

In the event the building served on the Member's premises is destroyed by fire, natural disaster, or other casualty, or the operation of its plant is shut down because of strike, fire, natural disaster, or other cause beyond the Member's control, resulting in a complete cessation of service, then upon written notice by the Member to the Cooperative within thirty (30) days thereafter, advising that the Member intends to resume service as soon as possible, any basic facility charge, or guarantee occurring after such cessation of service for which the Member may be liable will be waived during the period of such cessation, and the contract will be extended for a corresponding period. If requested by the Member, the Member's obligation to pay for charges incurred before cessation will be postponed with interest on a basis agreed to, in the discretion of the Cooperative. Otherwise, the agreement for service will immediately terminate.

400 DISCONNECTION AND RECONNECTION

401 Disconnection of Service by Cooperative

After notice has been given and reasonable time to comply has been allowed, service may be disconnected for noncompliance with the Bylaws of the Cooperative, the Service Agreement with the Cooperative, or any applicable Federal, State or other local laws, regulations or codes, including, but not limited to, nonpayment of bills or refusal of access to the Cooperative's meters or other facilities on the premises.

The Cooperative may disconnect service immediately and without notice for the following reasons:

- A. Discovery of tampering with meter or load management equipment or diversion of current.
- B. Use of power for unlawful or unauthorized reasons.
- C. By order of public authority.
- D. Discovery of an electrical condition determined by the Cooperative to be potentially dangerous and imminently hazardous to life or property of the Cooperative or the public.
- E. For repairs, emergency operations, unavoidable shortages, or interruptions in the Member's supply source.
- F. Introduction of foreign electricity on the premises without prior written consent.
- G. Broken Payment Arrangement or returned check presented to avoid disconnection.

- H. Waiver of default-Any delay or omission on the part of the Cooperative to exercise its right to discontinue service, or the acceptance of partial payment of any amount due by the Member to the Cooperative, will not be deemed a waiver by the Cooperative of such right if the Member continues to be or again becomes non-compliant with the Service Agreement.

402 Cold Weather Disconnection

With respect to the bills rendered between December 15 and March 15 of every year and in the spirit of the policy considerations expressed by Congress in the Public Utility Regulatory Policies (PURPA) of 1978, additional measures may be taken by the Cooperative to delay disconnection.

In order for a household to qualify for special payment consideration during this period, the Member must establish all of the following and the Cooperative must be notified by November 15:

- A. That a member of the Member's household is either disabled or 65 years of age or older.
- B. That the Member is unable to pay for such service in full.
- C. That the household is certified by the local social services office which administer the Energy Crisis Assistance Program or other similar programs to be eligible (whether funds are then available or not) to receive assistance under such programs.

The Cooperative may charge interest on deferred accounts that are subject to this provision. As provided in Section 201, the Member must provide advance notification and certification of meeting the requirements for special handling of accounts.

403 Reconnection of Service by Cooperative

Subsequent to the disconnection of electric service by the Cooperative for reasons listed in Sections 401 and 402 above, service may be reconnected under the following conditions:

- A. The conditions causing the disconnection are corrected.
- B. Payment has been made for the cost of repair or replacement of the Cooperative's meter or any other properties, if tampered with or otherwise damaged or destroyed.
- C. Where the service has been discontinued for non-payment of a bill, meter tampering, unauthorized or illegal use of power, the Cooperative will have the

right to refuse service to the same Member until the infraction is corrected, credit is re-established by the Member and all applicable accounts have been paid.

- D. The Member has agreed to comply with reasonable requirements to protect the Cooperative against further infractions.
- E. A reconnection fee and/or any other applicable service charges and security deposits, as specified in the Schedule of Charges, have been paid.

404 Termination of Service by Member

For termination of service, the Member should give a minimum of one working days' notice prior to requested disconnection unless a written contract specifies otherwise.

A Member may voluntarily withdraw in good standing from membership under both of the following conditions:

- A. Payment of any and all amounts due the Cooperative, and cessation of any noncompliance with the membership obligations, all as of the effective date of withdrawal; and either removal to other premises not furnished service by the Cooperative, or ceasing to use any central station electric service whatever at any of the premises to which such service has been furnished by the Cooperative pursuant to the service agreement; and
- B. Upon such withdrawal, the Member will receive a refund of the balance of any service security deposit held by the Cooperative after being applied to the Member's final bill.

500 COOPERATIVE AND MEMBER OBLIGATIONS

501 Approval and Cooperative's Board Authority

The Cooperative's Board of Directors is the governing body and is the final authority for making and revising these Service Rules and Regulations. These Service Rules and Regulations and Rate Schedules are on file in the Cooperative's Headquarters Office, and such filing and publishing will constitute official notice to all Members of such changes. Failure of the Cooperative to enforce any of the terms of these Rules and Regulations will not be deemed as a waiver of its right to do so.

In case of conflict between any provision of the Bylaws and the Service Rules and Regulations, the Bylaws will prevail. In case of conflict between any provision of a Rate Schedule or Rider and of these Service Rules and Regulations, the Rate Schedule or the Rider will prevail.

These Rules and Regulations and Rate Schedules and any changes will be filed with the North Carolina Rural Utility Service and, additionally, pursuant to North Carolina law (General Statute 62-138(f)), with the North Carolina Utilities Commission.

502 Responsibility of Member and Cooperative

Electric service is supplied by the Cooperative and purchased by the Member upon the express condition that after it passes the Point of Delivery it becomes the property of the Member to be used only as provided in the Service Agreement. The Cooperative will not be liable for loss or damage to any person, property, business losses or consequential damage whatsoever, resulting directly or indirectly from the use, misuse, or presence of the said electric service after it passes the point of delivery or for any loss or damage resulting from the presence, character, or condition of the wires or equipment of the Member or for the inspection or repair of the wires or equipment of the Member.

It is understood and agreed that the Cooperative is merely a supplier of electric service, and the Cooperative will not be responsible for any damage or injury to the buildings, motors, apparatus or other property of the Member due to lightning, defects in wiring or other electrical installations, defective equipment or other cause not due to the negligence of the Cooperative. The Cooperative will not be in any way responsible for the transmission, use or control of the electric service beyond the Point of Delivery, except as it may apply to the use of load management programs.

In maintaining rights-of-way, the Cooperative will not be liable for the damage to trees, shrubs, lawns, fences, sidewalks, or other obstructions to the installation, maintenance or replacement of facilities, unless caused by its own negligence.

All meters, service connections and other equipment furnished by the Cooperative will be, and will remain, the property of the Cooperative. The Member will not interfere with, or alter, the Cooperative's meters, seals, or other property, or permit the same to be done by others than the Cooperative's authorized agent or employee. Damage caused or permitted by the Member to the Cooperative's property will be paid for by the Member.

No person or organization will install or attach any wire, sign(s) or other material or equipment to any of the Cooperative's poles, conductors or other fixtures, except with express written consent of the Cooperative.

To the extent that Members may require electric service at a level of variation less than allowed under the standard service, any additional equipment required to ensure the level of power

quality required by the Member will be at the Member's expense. The Cooperative will assist the Member in the technical development of the level of power quality service it may request.

503 Complaint Procedure

A full and prompt investigation will be made of all service complaints. The recommended order for handling quality-of-service or rate complaints is as follows:

- A. File a complaint at the local Cooperative office and allow reasonable time for investigation, advice, and action. If the results are not satisfactory, then:
- B. File a written complaint with the Cooperative Manager, providing information and results from the initial complaint and/or naming local Cooperative personnel who handled the complaint. Allow reasonable time for the Manager to act. If the results are still not satisfactory, then:
- C. File a complaint with the North Carolina Rural Electrification Authority in Raleigh, North Carolina, 4321 Mail Service Center, Raleigh, NC 27699-4321, (919) 733-7513. Allow reasonable time for the Authority to act. If results are still not satisfactory, then:
- D. File a written complaint with the Cooperative Board of Directors. Allow reasonable time for the Board to schedule the item at a regular meeting. Allow reasonable time for the Board's order on the matter to be carried out.

APPENDIX 1
SCHEDULE OF CHARGES

Security Deposit – See Section 102, page 15

Initial Per Connection Charge – NONREFUNDABLE\$
25.00
(Exception – Same time/same premises connection)

Service Connects, Reconnects, Disconnects, etc.
(Next day service – No additional charge- Same day service\$
50.00

Reconnection Charge – Nonrefundable
(Per connection – same time/same premises)

Reconnection other than for Past Due Disconnect – Regular Office Hours \$
25.00

Transfer Fee \$
10.00

Late Payment Charge – On Past Due Amount – 1 ½% per month

Late Payment Notice Fee\$
5.00

Field Service Charge\$
25.00

Returned Check Charge\$
25.00

Meter Test Charge.....\$
75.00

Meter Tampering Fee.....1st Offense
\$250.00

.....2nd Offense
\$500.00

SURRY-YADKIN ELECTRIC MEMBERSHIP CORPORATION

SERVICE RULES AND REGULATIONS

June 24, 1993

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Revised - Board Approved - 12/18/2014 – Effective Date: January 1, 2015