

301. Conditions of Service

It shall be the policy of the Cooperative to supply electric service under the Cooperative's rate schedules applicable to the class of service supplied to all applicants therefore who require electric service at locations within the Cooperative's service area provided the following conditions are met:

301.1 Application for Electric Service

Any person desiring to receive electric service from the Cooperative shall apply for such service by properly completing, signing and submitting application for electric service. A separate application for electric service is required for each location where electric service is desired and is required whether the request pertains to a renewal of service or the initiation of new service. The application for electric service must be in the correct name of the individual requesting electric service. The Cooperative may require suitable identification.

301.2 Easement

The applicant shall furnish to the Cooperative, if required, an easement acceptable to the Cooperative and at no cost to the Cooperative granting the right to construct, operate and maintain any facilities which the Cooperative may be required to construct or install on the property of the applicant in order to furnish the required electric service, along with the right to replace, rebuild or remove said facilities and the right to service others from these facilities. The applicant shall allow Cooperative personnel to have free access to the applicant's premises at all reasonable hours and shall allow access any time for emergencies.

301.3 Membership in the Cooperative

Applicant shall properly complete, sign and submit an application for membership to the Cooperative. The applicant may also be required to pay the required membership fee.

301.4 Contracts

Prior to receiving service, applicants shall execute all contracts, which, under the Cooperative's Rules and Regulations and/or Rate Schedules, are required in connection with furnishing the type of service for which application is being made.

301.5 Fees and Deposits

Applicant shall pay to the Cooperative prior to receiving service all membership fees, deposits, connection costs, line extension costs, and any other amounts required by the Rules and Regulations of the Cooperative, which have been duly authorized.

301.6 Applicability

Service to the Member is governed by the Rules, Regulations and Rate Schedules of the Cooperative as established by the Cooperative's Board of Directors.

302. Response to Request for Service

The Cooperative shall serve each applicant for service within its certificated area as promptly as is practical after the applicant has complied with the provisions of Section 301, Conditions of Service.

Applications for new service not involving line extensions or new facilities should be completed within seven (7) working days.

Applications for service requiring line extensions should be completed within ninety (90) days, unless unavailability of materials, inclement weather, acquisition of right-of-way, or other circumstances beyond Cooperative's control cause unavoidable delays. Within ten (10) working days of the completion of the Conditions of Service by applicant, the Cooperative shall provide the Applicant with an estimated completion date.

Any construction cost options offered by the Cooperative, including the potential sharing of construction costs between the Cooperative and the applicant, or the sharing of costs between applicants and/or Members, shall be explained to the applicant following assessment of the work necessary to extend service.

303. Refusal of Service

The Cooperative may decline to serve an applicant if any one of the following conditions exist:

303.1 Failure to Fulfill Conditions of Service

If applicant has failed or refused within a reasonable period of time to fulfill the conditions precedent to electric service contained in Section 301, or

303.2 Indebtedness

If applicant has failed or refused to pay any indebtedness to any utility having previously provided applicant with electric service, or

303.3 Credit

Applicant has failed or refused to satisfactorily establish credit in accordance with the provisions of Section 305, or

303.4 Membership

Applicant has failed to qualify for membership or refused to pay the membership fee in accordance with the Cooperative's Rules and Regulations, or

303.5 Hazardous Conditions

If applicant's installation or equipment is known to be hazardous or of such character that satisfactory service can not be given, or

303.6 Failure to Comply with Governmental Regulations

Applicant fails to comply with federal, state or municipal regulations governing electric service.

304. Insufficient Cause for Refusal of Service

The following shall not be considered sufficient cause for refusal of service to an applicant or Member:

Delinquency in payment for service by a previous occupant of the premises to be served;

Failure to pay for merchandise, or charges for non-utility service purchased from the Cooperative;

Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;

Violation of the Cooperative's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others, or other service such as communication services, unless the Member has first been notified and been afforded reasonable opportunity to comply with said rules;

Failure to pay a bill of another Member as guarantor thereof, unless the guarantee was made in writing to the Cooperative as a condition precedent to service; and

Failure to pay the bill of another Member at the same address except where the change of Member identity is made to avoid or evade payment of the electric bill. A Member may request a supervisory review if the Cooperative determines that evasion has occurred and refuses to provide service.

305. Deposits**305.1 Amount of Deposit**

Any customer may be required to make a cash deposit with the utility to insure financial responsibility. Deposits or other guarantee of payment as a condition of new or continued service to a residential customer shall be required and accounted for in accordance with this tariff.

A deposit shall not exceed an amount equivalent, at the utility's option, to:

- (a) One sixth (1/6th) of that customer's estimated annual billings; or
- (b) Not more than three (3) times the estimated annual charges for electric service as specified in an Agreement for Electrical Service
- (c) Not less than \$10.00.

305.2 Establishment of Credit for Permanent Residential Customers

An applicant for permanent residential service may satisfactorily establish credit and shall not be required to pay a deposit:

- (a) Payment History – if the applicant for permanent residential service has been a customer of a utility providing electric service within the last two (2) years and is not delinquent in the payment of any such utility service account and during the last twelve (12) months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment;
- (b) Guarantee – if the applicant for permanent residential service furnishes in writing a satisfactory guarantee to secure the payment of bills for electric service;
- (c) Other means – if the applicant for permanent residential service demonstrates a satisfactory credit rating by appropriate means, including letters of credit reference or ownership of the residence that electric service is being requested.

305.3 Determination of Refund

Deposits shall be refunded during the twelfth (12th) month from the deposit receipt date provided that the customer has not been chronically delinquent. Chronically delinquent means more than two (2) late payments in the twelve (12) month period.

If the customer is not chronically delinquent for a twelve (12) month period, then the deposit will be refunded with interest for the twelve (12) months. The interest will be computed from the first day of receipt by Cooperative.

If a customer does not qualify for refund on the first anniversary, that customer's deposit shall not be refunded. The deposit will not be refunded until the customer maintains a good payment history for a successive twelve (12) month period.

All deposit records shall be reviewed annually for refund consideration. A customer may request a refund of deposit after twelve (12) months of service if not chronically delinquent.

305.4 Interest

All deposits shall earn interest at the rate in accordance with state laws.

305.5 Deposit Records

The utility shall maintain the necessary records to provide adequate accounting of customer deposits.

306. Disconnection of Service

The customer, upon receiving electric service and the utility shall be required to conform and adhere to the rates, schedules and rules approved by the Board of Directors.

306.1 Billing and Disconnect Procedures

The customer and utility shall conform to the following procedures.

A. Monthly Bill

The charges for electric service shall be billed monthly covering a billing cycle of approximately thirty (30) days.

B. Terms of Payment

Each bill for utility service, regardless of the nature of the service, is due sixteen (16) days after issuance, unless such day falls on a holiday or weekend, in which case payment is due the next work day. If full payment is not received in the office of the Cooperative, the customer's account will be considered delinquent and subject to disconnection in accordance with these rules.

C. Delinquent Account

A customer shall be delinquent if payment has not been received by the utility by the due date.

D. Delinquent Notice

The utility shall prepare and post in the U.S. Mail a delinquent notice within five (5) days after the due date. The notice shall include a summary of the collection and disconnection procedures and related charges for the failure to pay the past due amount. The notice will state the account may be disconnected ten (10) days after the due date.

E. Collection of Delinquent Accounts

The utility may assess a collection charge as specified under Tariff "Services and Charges," provided the utility is required to make a trip to contact a customer. Only one collection may be assessed in the collection of a past due amount.

F. Disconnection of Electric Distribution Service

If a customer fails or refuses to pay the Cooperative in accordance with the provisions of the Electric Distribution Service Agreement, service rules, applicable rate schedule, deferred payment agreement, or guaranty agreement, then a customer may be disconnected for non payment of the past due amount. The procedure shall be as follows:

1. Within five (5) days the Delinquent Notice shall be mailed to the affected customer. This notice will state the account may be disconnected ten (10) days after the due date of the original bill.

2. If payment has not been received ten (10) days after the due date, the account may be disconnected for non-payment or failure to make a payment arrangement.

G. Reconnection of Service

The utility shall restore disconnected electric service upon full payment of all authorized charges.

H. Non delivery of Bills and Notices

The customer is not exempt from the terms and conditions set forth in this rule for the failure to receive the bills or notices properly submitted by the utility.

I. Prior Accounts

If a member has an active account with the cooperative, all past due amounts from previous accounts will be billed to the active account.

306.2 Disconnection of Service at Member's Request

Any Member desiring to discontinue electric utility service from the Cooperative shall give reasonable notice identifying the Member, the service location where discontinuance is desired, and the date service is requested to be discontinued. Such request shall be made with the appropriate Cooperative employee at any office of the Cooperative.

Following receipt of Member's request for discontinuance of service the Cooperative shall disconnect service. The Cooperative shall attempt to make the disconnection on the date requested by the Member, but the Cooperative shall not be obligated to make disconnection earlier than the second full business day following receipt of Member's request.

306.3 Cooperative Initiated Disconnection after Proper Notice

The Cooperative may discontinue service to a Member after proper notice under any of the following circumstances:

A. Non-Payment of a Bill

If the Member fails or refuses to pay a delinquent account or enter into a Deferred Payment Plan for electric service (whether or not based upon estimated billing); or

B. Deferred Payment Plan

If the Member fails to perform any obligation under the terms of a Deferred Payment Plan; or

C. Interference with Service

If the Member violates any rule pertaining to the use of electric service in a manner which interferes with or is likely to cause interference with electric service to other Members, or if the Member operates nonstandard equipment, provided that the Cooperative has made a reasonable effort to notify the Member and provided there has been a reasonable opportunity to remedy the situation; or

D. Failure to Make Application for Service

If the Member fails or refuses to make application for service in accordance with these rules in the Member's true name; or

E. Failure to Comply with Contract

If the Member fails or refuses to perform any obligation contained in Member's Electric Service Agreement, the Cooperative's service rules and regulations, the rate under which the Member is receiving electric service, or any applicable easement; or

F. Refusal of Access

If the Member fails or refuses to provide the Cooperative reasonable access to its facilities located on Member's premises; or

G. Comply with Law

If the Member fails or refuses to comply with any applicable Federal, State, Municipal, or other law, ordinance, rule, or regulation; or

H. Deposit Arrangement

If the Member fails to comply with a deposit arrangement; or

I. Backbilling

If the Member fails or refuses to timely pay any billing authorized by these rules resulting from previous underbilling, whether caused by meter inaccuracy or failure to register, misapplication of rates or otherwise, except that the Cooperative shall not submit Backbilling for a period which exceed three months if a meter is found not to register, and the Cooperative may not disconnect service for failure to pay charges arising from underbillings caused by faulty metering (unless provision of service had been tampered with) or if the Member fails to pay charges arising from an underbilling more than six months prior to the date the Cooperative initially notified the Member of the amount of the undercharge and the total additional amount due unless such under charge is a result of meter tampering, bypassing or diversion by the Member; or

J. Default on Guaranty Agreement

If the Member has signed a written Guaranty Agreement for another Member or applicant and fails or refuses to pay the amount due on the guaranteed account when requested to do so by the Cooperative.

306.4 Cooperative Initiated Disconnection without Notice

The Cooperative may disconnect service immediately and without notice under the following circumstances:

A. Hazardous Condition

When a hazardous condition exists in the Member's installation or equipment; or

B. Service is Connected or Reconnected without Authority

Where service is connected without authority by a person who has not made application for service, or where service has been reconnected without authority following termination of service; or

C. Meter Tampering and Unauthorized Use of Energy

If the Cooperative's meter which serves Member has been tampered with or bypassed; or Member uses or disposes of electric energy in a manner not authorized in these rules or the rate schedule under which Member receives service; or there has been a theft of electric service or violation of Section 28.03 of the Penal Code of the State of Texas.

306.5 Prohibited Disconnections of Service

The Cooperative shall not discontinue service to a Member for any of the following reasons:

A. Delinquency in payment for utility service by a previous occupant of the premises; or

B. Failure to pay for merchandise, or charges for non-utility service provided by the Cooperative; or

C. Failure to pay for a different type or class of utility service unless the charges for such service are included on the same bill; or

D. Failure to pay the account of another Member as guarantor thereof, unless the Cooperative has in writing the guarantee as a condition precedent to service; or

E. Failure to pay disputed bill that has not yet been resolved.

306.6 Proper Notice

Proper notice shall be notice given by separate mailing to the Member, or hand delivered at the Member's installation or premises at least ten (10) days prior to the earliest date of disconnection with the words "termination notice" or similar language prominently displayed on the notice. The information included in the notice shall be provided in English and Spanish as necessary to adequately inform the Member. The earliest date of disconnection may not fall on a holiday or weekend but shall fall on the next workday after the tenth day.

306.7 Disconnection on Holidays or Weekends

Unless a dangerous condition exists, the Cooperative shall not disconnect service on a day, or on a day immediately preceding a day, when personnel of the Cooperative are not available for the purpose of making collections and reconnecting service.

306.8 Postponements of Disconnection

A. Medical

The Cooperative will not discontinue service to a delinquent permanent residential Member residing in an individually metered dwelling unit when that Member establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is disconnected. Each time a Member seeks to avoid termination of service under this rule, the Member must have the attending physician call or contact the Cooperative within 16 days of issuance of the bill. A written statement must be received by the Cooperative from the physician or health care provider within twenty-six (26) days of the issuance of the Cooperative's bill. The prohibition against discontinuance of service provided by this rule shall last sixty-three (63) days from the issuance of the Cooperative's bill or such lesser period as may be agreed upon by the Cooperative and the Member. The Member who makes such request shall enter into a deferred payment plan.

B. Energy Assistance Grantees

The Cooperative shall not terminate service to a delinquent permanent residential customer if the Member has applied for and been granted emergency assistance funds if:

- (1) The agency for the administration of these has notified the Cooperative, prior to the date of disconnection, of approval of an award sufficient to cover the bill; or
- (2) If an agency for administration of these funds has notified the Cooperative, prior the date of disconnection of approval of an award sufficient to cover a portion of the bill, and the Member enters into an acceptable deferred payment plan for the remainder of the bill.

C. Extreme Weather

The Cooperative will not disconnect a Member until the Cooperative ascertains that no life threatening condition exists in the Member's household, or would exist, because of disconnection during severe weather conditions. Severe weather is defined as:

- (1) A day when the previous day's highest temperature did not exceed 32°F, and the temperature is predicted to remain below 32°F for the next 24 hours according to the nearest National Weather Service reports, or
- (2) In areas where an excessive heat alert is in effect as determined by the National Weather Service.

306.9 Effect of Disconnection of Service

A. Member's Obligation

Discontinuance of service shall not relieve Member from any obligation to the Cooperative or lessen or change any obligation in any manner.

B. Cooperative's Rights

Disconnection of service shall not reduce, diminish, or eliminate any legal right or remedy, accruing to the Cooperative on or before the date of discontinuance, nor shall discontinuance operate as a waiver of any legal right or remedy.

Failure of Cooperative to discontinue electric service at any time after default or breach of these Service Regulations, the rate under which Member is receiving electric service, or the Electric Service Agreement, or to resort to any legal remedy or its exercise of any one or more of such remedies does not affect the Cooperative's right to resort thereafter to any one or more of such remedies for the same or any default or breach of Member.

C. Dismantling of Cooperative Facilities

The Cooperative may, upon discontinuance of electric service to Member, dismantle and remove all lines, equipment, apparatus, or other facilities, which the Cooperative may have installed to provide electric service to Member. The Cooperative may, however, abandon in place, in whole or in part, its underground lines and equipment in lieu of removing such facilities.

D. Liability for Disconnection of Service

The Cooperative shall not be liable for any damages of any kind or character resulting from discontinuance or disconnection made pursuant to these rules or those prescribed by proper regulatory bodies.

E. Refund of Membership Fee

Within a reasonable time after discontinuance of service, the Cooperative shall make reasonable efforts to refund any balance remaining of Applicant's Membership fee, if applicable, after applying the fee to any unpaid bills and if Applicant is no longer required to maintain Membership.

307. Disputed Bills

In the event of a dispute between a Member and the Cooperative regarding any bill, the Member shall contact Cooperative prior to termination and notify Cooperative of the portion of the bill, which is disputed, and the basis for such dispute. Upon notification of the dispute and Member's basis therefore, Cooperative will make such investigation as shall be required by the particular circumstances and report the results thereof to the Member.

If the dispute is not thereby resolved, the Cooperative will inform the Member of the complaint procedures of the regulatory authority having jurisdiction over such service. Pending the completion of the determination of the dispute (but in no event more than sixty (60) days), the Member shall not be required to pay the disputed portion of the bill which exceeds the amount of the Member's average monthly usage at current rates. For purposes of this provision only, the Member's average monthly usage at current rates shall be the average of the Member's gross utility service for the preceding twelve (12) month period. Where no or insufficient previous usage history exists, consumption for calculating average monthly usage shall be estimated on the basis of usage levels of similar customers under similar circumstances.

308. Levelized Payment Plan

- A. The purpose of this plan is to provide qualified Residential and Commercial Customers under 35 kW demand, excluding oil wells, the opportunity for a monthly budget payment method. This plan allows a qualified Customer to average its electric bill over a 12-month time frame. Assuming no significant changes in the Customer's service requirements, this improves the Customer's ability to predict and budget power costs on a monthly basis.
- B. The following qualifications will apply:
 - 1. Customer must demonstrate an acceptable credit rating;
 - 2. Customer must request to be billed under this Levelized Payment Plan, and
 - 3. Customer must have a current 12-month billing history.
- C. To calculate the Customer's total monthly-levelized payment amount, the Cooperative will total the Customer's electric bill for the last 12 months and divide by 12 to get an average monthly bill.
- D. The Customer's account will be reviewed and adjusted as set forth below. The monthly bill submitted by the Cooperative to the Customer will show both the amount, which is billed under the regular schedule, and the Levelized Payment amount. The Customer shall pay the Levelized Payment amount each month on or before due date, but the Customer is responsible for payment under the regular rate schedule for the actual consumption of electricity. The difference between the amount that is paid will be carried either as a balance owed the Cooperative or a balance owed the Customer.
- E. The Cooperative will review the Levelized Payment amount with respect to the amount of the balance in the Customer's account, monthly; and will recalculate the Levelized Payment amount. In addition, the Levelized Payment amount may be increased to reflect any rate increase.
- F. Provided the Customer has been notified thirty (30) days in advance, the Cooperative shall cease to bill the Customer under this Levelized Payment Plan in any of the following situations. Any balance due to or owed by the Customer will be payable, and the Cooperative will offer a deferred payment plan in accordance with the Terms and Conditions of the Cooperative's Tariffs.

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1. Customer requests such action;
 2. Customer under Levelized Payment Plan moves from his/her point of service;
 3. This Levelized Payment Plan is discontinued;
 4. Customer is delinquent on one payment and does not “catch up” the next month, or
 5. Customer is delinquent on two payments.
- G. The Cooperative may require a deposit from Customers entering the Levelized Payment Plan; such deposit will not exceed an amount equivalent to one-sixth (1/6) of the actual annual billing.

The deposit and interest will be refunded immediately after the customer pays 12 consecutive monthly bills on time. Otherwise, the Cooperative may retain the deposit for the duration of the billing period under the Levelized Payment Plan. The Cooperative will pay interest on deposits as provided in the Terms and Conditions of the tariff.

309. Deferred Payment Plan

309.1 Availability of Deferred Payment Plan

The Cooperative shall offer, upon request, a deferred payment plan to any permanent residential Member who has expressed an inability to pay that Member's entire bill, if that Member has not been issued more than two termination notices at any time during the preceding 12 months.

The Cooperative shall not provide a deferred payment plan to any Member who is lacking sufficient credit or a satisfactory history of payment for previous service when the Member has had service from the present Cooperative for not more than three months. In cases of meter tampering, bypass, or diversion the Cooperative shall not offer a deferred payment plan.

Arrangements for a deferred plan may be made by visiting the Cooperative's business office or by contacting the Cooperative by telephone during regular business hours.

The deferred payment plan is not valid until signed by the Member. If the Member made arrangements for a deferred payment plan over the phone, the Cooperative will mail the deferred payment plan to the Member for the Member to sign and return.

The Cooperative will provide a copy of the deferred payment plan to the Member after the plan has been signed by the Member and the Cooperative.

309.2 Disconnection

Every deferred payment plan entered into as a result of Member's inability to pay the outstanding bill in full shall provide that service will not be discontinued if the Member pays current bills and a reasonable amount of the outstanding bill, and agrees to pay the balance in reasonable installments until the bill is paid. A payment of not more than one-third of the total deferred amount may be required as a reasonable amount under this paragraph.

If a Member has not fulfilled terms of a deferred payment agreement, the Cooperative shall have the right to disconnect service pursuant to the Cooperative's disconnection rules.

310. Member Complaints

Upon complaint to the Cooperative by a Member either at its office, by letter or by telephone, the Cooperative shall promptly make a suitable investigation and advise the complainant of the results thereof.

The customer shall not be required to pay the disputed portion of a bill, which exceeds the amount of that customer's average monthly usage at current rates pending the completion of the determination of the dispute, but in no event more than 60 days. The customer's average monthly usage at the current rate shall be the average of the customer's gross utility service for the preceding 12-month period. When no previous usage history exists, consumption for calculating the average monthly usage shall be estimated on the basis of usage levels of similar customers and under similar conditions

In the event the Member is dissatisfied with the Cooperative's report, the Cooperative shall advise the Member of the Member's right to file a complaint with the Board of Directors of the Cooperative.

311. Procedures When Over billing or Underbilling Occurs

If amounts billed for utility service are found to differ from the Cooperative's rates approved by the Cooperative's Board of Directors, or if the Cooperative fails to bill the Member for such service, a billing adjustment shall be calculated by the Cooperative.

311.1 Over billing

If the Member is due a refund, an adjustment shall be made for the entire period of the over billings. If the over billing is adjusted by the Cooperative within three billing cycles of the bill error, interest shall not accrue.

311.2 Underbilling

If the Member was under billed, the Cooperative may back bill the Member for the amount, which was under billed. The Backbilling is not to exceed six months unless the Cooperative can produce records to identify and justify the additional amount of Backbilling, or unless such underbilling is a result of meter tampering, bypass, or diversion by the Member.

If the underbilling is \$50 or more, the cooperative shall offer the Member a deferred payment plan option for the same length of time as that of the underbilling. Interest shall not apply to undercharged amounts unless such amounts are found to be the result of meter tampering, bypass, or diversion by the Member.

312. Member Protection Standards

The following customer protections standards are applicable to all Members of San Patricio Electric Cooperative:

Protection from fraudulent, unfair, misleading, deceptive, or anticompetitive practices, including protection from being billed for service that were not authorized or provided;

Availability of information in English, or upon request, in Spanish concerning rates, key terms and conditions, and the basis for any claim of environmental benefits of certain production facilities;

Protection from discrimination on the basis of race, color, sex, nationality, religion, marital status, income level, or source of income and from unreasonable discrimination on the basis of geographic location;

Privacy of customer consumption and credit information;

Accuracy of metering and billing;

Presentation of bills in a clear, readable format and easy-to-understand language that provides the following: clear, easily understandable identification, in each bill sent to a customer and a toll-free number to contact San Patricio Electric Cooperative with any questions;

Availability of information in English and Spanish upon request concerning low-income assistance programs and deferred payment plans;

All consumer protections and disclosures established by the Fair Credit Reporting Act (15 U.S.C. Section 1681 et seq.) and the Truth in Lending Act (15 U.S.C. Section 1601 et seq.); and

Programs provided by retail electric providers that offer eligible low-income customers energy efficiency programs, an affordable rate package, and bill payment assistance programs designed to reduce uncollectible accounts.

314. Line Extension Policy**314.1 Permanent****A. Applicability**

This policy is applicable to individual distribution services where the amount of use and permanency of service can, in the opinion of the Cooperative, be reasonably assured.

B. Feasibility

The Cooperative shall not be required to make an extension or provide distribution facilities that would cause a financial hardship on the Cooperative and its existing consumers.

The Cooperative reserves the right to limit new or additional distribution service commensurate with the available unreserved capacity in transmission, distribution and substation facilities. In all cases, where such existing facilities are limited, the Cooperative will require written contract for a suitable initial contract period which will justify and support the necessary investment and reservation of capacity required to render such distribution service.

C. Definitions

The following terms shall have the following meaning for the purposes of this policy.

1. Contribution in Aid of Construction - a payment to the Cooperative for a line extension, made prior to the start of work on a project and based on cost and is not subject to refund.
2. Line Extension - the addition to, or modification of, the Cooperative's electric distribution system, for the purpose of providing distribution service to a consumer or group of consumers.
3. Minimum Line Extension - the minimum line extension is designed solely to meet the needs of the consumer requesting distribution service, and is consistent with Cooperative and industry design and safety standards.
4. Permanent Service - distribution service to installations where the amount of use and permanency of service can, in the opinion of the Cooperative, be reasonably assured.

The applicant for distribution service shall permanently occupy, own, or have a valid sales contract to purchase the property on which the installation is located. A long-term lease is also acceptable.

All installations shall have a permanent source of potable water and approved sewage facilities. Stock watering and irrigation facilities are excluded.

6. Line Class - one of four types of construction: single phase, overhead; three phase overhead; single phase underground; three phase underground.
7. Construction Credit - San Patricio Electric will allow a construction credit of \$800.00, per meter, for each residential or commercial permanent service.
8. Line Footage - the length of a line extension in feet, measured along the centerline of the construction route.

D. General Requirements

Thirty (30) days after a residential customer has complied with all the reasonable utility requirements, the Cooperative will provide to such customer a written estimate of the cost of the line extension.

The Cooperative will complete construction of the line extension within sixty (60) days after the consumer signs the Cooperative's line extension agreement, pays the Contribution in Aid of Construction, and after the Cooperative has secured all applicable permits, rights of way, materials and labor necessary for the line extension and the Cooperative has completed all necessary contractual obligations.

For the purposes of compliance with National Electrical Safety Codes, and general electric industry practices and in accordance with San Patricio Electric by-laws, Article 2, Section 2.09, the consumer provides an easement to San Patricio Electric Cooperative, Inc.

A written application and contract may be required for distribution service made under this policy. The contract will cover the period of distribution service, character of distribution service and details of the costs of construction, including material, labor and all other expense necessary for the service extension.

To assure the additions to the system of the Cooperative will not cause undue hardship upon the Cooperative or its existing consumers, each new line extension consumer shall maintain an active account in accordance with the applicable tariff for a period of time sufficient to recover the cost of the line extension or the construction credit, whichever is less. This is in addition to any installment payments made under "Method of Payment", page 3 of this policy. The consumer may pay the total cost of the line extension or the construction credit and not be obligated for any period of time.

E. Line Extension Charge

No line extension charge will be made for permanent residential or commercial distribution service provided the total cost of the line extension does not exceed the dollar amount of \$800.00.

A line extension charge will be collected in the following instances:

2. If the Line Extension exceeds the construction credit amount, the applicant shall, prior to the start of construction, pay for the cost of the additional line construction cost.

3. (a) When a consumer desires underground service the consumer will pay all costs associated with the construction.

(b) Underground service during construction will be allowed by a permanent wall or a junction box being installed at a point mutually agreeable to the Cooperative and consumer. Additional costs created by moving or repairing the underground facilities, during construction, will be paid by the consumer. All underground facilities will only be placed on final graded property.

F. Design and Routing

In its design and engineering of electrical systems, the Cooperative shall take into account system needs for expansion and area wide service. Sound engineering and economic considerations may require systems to be designed and built which exceed the needs of the consumer requesting service.

Area wide distribution service or system improvement shall be defined as any service or system capacity beyond what is specifically required for the particular development in question. The Cooperative shall bear the costs of electrical system work done for the sake of area wide or system improvement. Consumers will pay for that part of the distribution system, which is necessary for the specific needs of the service.

G. Method of Payment

Consumers shall pay the Contribution in Aid of Construction (when required) in full, prior to the start of construction. In a case where the extension exceeds one half mile in length, the applicant choose to sign a contract stating that they shall pay a minimum of 20% of the total with the balance to be paid in equal installments over a period of time not to exceed 5 years at the determination of the Cooperative. Simple interest of 9% will be added to the installment amount.

H. Refund Due to the Connection of Other Consumers

Original applicants will be eligible for refunds of the Contribution in Aid of Construction up to five (5) years from completion of the line extension. The date of completion is the date of the Cooperative's final accounting.

If during the five (5) year period additional consumers connect to the line extension for which there is an outstanding Contribution in Aid of Construction; the new consumers will pay a pro-rata (percentage of line footage and the number of years remaining of 5 years) share of the outstanding Contribution in Aid of Construction. The first refund will be paid to the original applicant and subsequent refunds will be divided among additional consumers that have connected to the line extension. Refunds will continue until the outstanding Contribution in Aid of Construction is used up.

Refunds will not exceed the original Contribution in Aid of Construction. No construction credits will be considered in the refunding process because a construction credit was provided in the original extension.

No refunds will be made on an extension to an extension. This is defined as any extension that exceeds the construction credit of \$800.00.

I. Consumer Equipment

The Consumer shall install only such motors or other apparatus or appliances as are suitable for operation with the character of the distribution service supplied by the Cooperative and which are not detrimental to that service.

Further, the electric power must not be used in such a manner as to cause abnormal voltage fluctuations or disturbances to the Cooperative's distribution system. The Cooperative may require the installation of approved starting current load limiting devices on motors. Upper limits of inrush starting current will be determined by the Cooperative.

The consumer shall maintain a power factor of 90% or higher. If the consumer's power factor is below 90% the Cooperative may require that power factor equipment be installed as a condition of service.

J.

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K. Billing

The billing shall be in accordance with the applicable rate schedule or service contract.

L. Ownership of Distribution Facilities

The Cooperative shall retain the ownership of all materials and facilities for the distribution of electric energy whether or not they have been paid by the member, another person or entity.

314.2 Temporary Service**A. Applicability**

This policy is applicable to temporary, standby or special electric distribution services stated to be speculative in nature or any other type of installation where the amount of use and the permanency of distribution service cannot, in the opinion of the Cooperative, be reasonably assured.

B. Feasibility

The Cooperative shall not be required to make an extension or provide distribution facilities that would cause a financial hardship on the Cooperative and its existing consumers.

The Cooperative reserves the right to limit new or additional distribution service commensurate with the available unreserved capacity in transmission, distribution and substation facilities.

In all cases, where such existing distribution facilities are limited, the Cooperative will require a written contract for a suitable initial contract period which will justify and support the necessary investment and reservation of capacity required to render such distribution service.

C. Definitions

The following terms shall have the following meaning for the purposes of this policy.

1. Contribution in Aid of Construction - a payment to the Cooperative for a line extension, made prior to the start of work on a project and based on cost and is not subject to refund.
2. Line Extension - the addition to, or modification of, the Cooperative's electric distribution system, for the purpose of providing distribution service to a consumer or group of consumers.
3. Minimum Line Extension - the minimum line extension is designed solely to meet the needs of the consumer requesting distribution service, and is consistent with Cooperative and industry design and safety standards.
4. Temporary Service - distribution service to mobile homes, recreation vehicles, residential installations not occupied full time, such as hunting or fishing cabins, vacation homes, water wells, irrigation, other seasonal, or intermittent use or to installation for commercial enterprises of a speculative nature and any other type of installation where the amount of use and the permanency of distribution service cannot, in the opinion of the Cooperative, be reasonably assured.

D. Policy

Where it is necessary for the Cooperative to provide temporary distribution service, the applicant, prior to the start of construction, shall make an advance payment equal to the estimated cost of the project.

A written application and contract will be required for extensions made under this policy. The contract will cover the period of distribution service, character of distribution service and details of the charges, including material, labor and all other expense necessary for the distribution service extension.

For the purposes of compliance with National Electrical Safety Codes, and general electric industry practices and in accordance with San Patricio Electric By-Laws, Article 2, Section 2.09, the consumer provides an easement to San Patricio Electric Cooperative, Inc.

E. Consumer Equipment

The Consumer shall install only such motors or other apparatus or appliances as are suitable for operation with the character of the distribution service supplied by the Cooperative and which are not detrimental to that distribution service.

Further, the electric power must not be used in such a manner as to cause abnormal voltage fluctuations or disturbances to the Cooperative's distribution system. The Cooperative may require the installation of approved starting current load limiting devices on motors. Allowable limits of inrush starting current will be determined by the Cooperative.

The consumer shall maintain a power factor of 90% or higher. If the consumer's power factor is below 90% the Cooperative may require, as a condition of service, power factor correction equipment to be installed.

F. Reclassification of Service

If, during a one (1) year period commencing from the date of connection, the applicant's facilities can be reclassified from Temporary Service to Permanent distribution service, it is the consumer's responsibility to apply, with the Cooperative, for a reclassification of service. When the distribution service is classified as a permanent service, construction credits will be provided as detailed in the applicable policy.

G. Billing

The billing shall be in accordance with the applicable rate schedule or distribution service contract.

H. Ownership of Distribution Facilities

The Cooperative shall retain the ownership of all materials and facilities for the distribution of electric energy whether or not they have been paid by the member, another person or entity.

314.3 SubdivisionsA. Applicability

This policy is applicable to any individual, corporation or other identifiable organization ("Developer") engaged in the development, improvement or the construction of residential subdivisions or commercial and industrial developments.

For the purpose of this policy, a residential subdivision is defined as a parcel of land within the Cooperative's service area, meeting the criteria for subdivisions as may be defined in the Texas State Statutes and which has the approval of the governing county governments. Commercial and industrial developments are apartments, condominiums, office buildings, retail developments, manufacturing facilities and all other facilities developed for the purpose of providing service or a product to the general public.

B. Feasibility

The Cooperative shall not be required to make an extension or provide distribution facilities that would cause a financial hardship on the Cooperative and its existing consumers.

The Cooperative reserves the right to limit new or additional distribution service commensurate with the available unreserved capacity in transmission, distribution and substation facilities. In all cases, where such existing facilities are limited, the Cooperative will require written contract for a suitable initial contract period which will justify and support the necessary investment and reservation of capacity required to render such distribution service.

C. Definitions

The following terms shall have the following meaning for the purposes of this policy.

1. Contribution in Aid of Construction - a payment to the Cooperative for a line extension, made prior to the start of work on a project and based on cost and is not subject to refund.
2. Line Extension - the addition to, or modification of, the Cooperative's electric distribution system, for the purpose of providing distribution service to a consumer or group of consumers.
3. Minimum Line Extension - the minimum line extension is designed solely to meet the needs of the consumer requesting distribution service, and is consistent with Cooperative and industry design and safety standards.

D. General Requirements

A developer shall make application in writing to the Cooperative. The developer shall provide the Cooperative with a legally dedicated subdivision plan showing the boundaries, lot assignments, dedicated streets and alleys, accesses, easements, covenants, restrictions, future development potential and any other pertinent information that may be required by the Cooperative. The Cooperative shall, based upon the plans, give an estimated cost of construction of the entire development.

Thirty (30) days after an applicant has complied with all the reasonable Cooperative requirements, the Cooperative will provide to such customer a written estimate of the cost of the line extension.

The Cooperative will complete construction of the line extension within sixty (60) days after the applicant signs the Cooperative's line extension agreement, pays the Contribution in Aid of Construction, and after the Cooperative has secured all applicable permits, rights of way, materials and labor necessary for the line extension and the Cooperative has completed all necessary contractual obligations.

For the purposes of compliance with National Electrical Safety Codes, and general electric industry practices and in accordance with San Patricio Electric By-Laws, Article 2, Section 2.09, the consumer provides an easement to San Patricio Electric Cooperative, Inc.

A written application and contract will be required for extensions made under this policy. The contract will cover the period of distribution service, character of distribution service and details of the charges for the extension, including material, labor and all other expenses necessary for the distribution service extension.

E. Payment

The developer will be required to pay the total cost of the basic distribution system required to serve the subdivision or land development. This basic system shall consist of all parts of the distribution system.

F. Method of Payment

The developer, prior to the start of construction, shall pay the total construction costs.

G. Refund

To qualify for a refund the developer and San Patricio Electric Cooperative will enter into a written agreement allowing the developer to recover \$800.00 per permanent residential or commercial meter installed within 3 years of the original line extension in the subdivision. It is the developer's responsibility to notify the Cooperative of the meter, location and date of the permanent installation.

This agreement will be for a term of up to three years and begins on the date the work order is closed by the Cooperative. Payments will be made twice a year. The total refund will never exceed the amount of the developer's cost for the Cooperative's line extension in the subdivision.

H. System Design

The Cooperative will design the distribution system in accordance with applicable RUS standards and other rules and regulations applied to the Cooperative. The routing will be mutually agreeable to the Developer and the Cooperative. Underground facilities will only be placed on final graded property. All right of ways and obstructions will be cleared prior to the start of construction.

I. Ownership of Distribution Facilities

The Cooperative shall retain the ownership of all materials and facilities for the distribution of electric energy whether or not they have been paid by the member, another person or entity.

314.4 Up and Down Services

A. Applicability

This policy is applicable to all installations, which are mobile or portable, such as carnivals, concession stands, construction sites, facilities or projects of a known transitory nature.

B. Feasibility

The Cooperative shall not be required to construct Up and Down distribution facilities or provide distribution facilities that would cause a financial hardship on the Cooperative and its existing consumers.

The Cooperative reserves the right to limit new or additional distribution service commensurate with the available unreserved capacity in transmission, distribution and substation facilities. In all cases, where such existing distribution facilities are limited, the Cooperative will require written contract for a suitable initial contract period which will justify and support the necessary investment and reservation of capacity required to render such distribution service.

C. Policy

Where it is necessary for the Cooperative to provide Up and Down Distribution Service, the applicant shall pay the total cost of the Up and Down Distribution Service, as a non refundable contribution, prior to the start of construction.

For the purposes of compliance with National Electrical Safety Codes, and general electric industry practices and in accordance with San Patricio Electric By-Laws, Article 2, Section 2.09, the consumer provides an easement to San Patricio Electric Cooperative, Inc.

D. Consumer Equipment

The Consumer shall install only such motors or other apparatus or appliances as are suitable for operation with the character of the distribution service supplied by the Cooperative and which are not detrimental to that distribution service. Further, the electric power must not be used in such a manner as to cause abnormal voltage fluctuations or disturbances to the Cooperative's distribution system.

The Cooperative may require the installation of approved starting current load limiting devices on motors. Upper limits of inrush starting current will be determined by the Cooperative.

The consumer shall maintain a power factor of 90% or higher. If the consumer's power factor is below 90% the Cooperative may require power factor equipment be installed as a condition of service.

E. Billing

The billing shall be in accordance with the applicable distribution rate schedule or service contract.

F. Ownership of Distribution Facilities

The Cooperative shall retain the ownership of all materials and facilities for the distribution of electric energy whether or not they have been paid by the member, another person or entity.

314.5 Relocation or Changes to Cooperative Facilities.

A. Policy

When the Cooperative is requested to relocate it's facilities for the sole benefit and/or convenience of a consumer or entity, the cost of the relocation shall be paid prior to the start of the project.

B. Ownership of Distribution Facilities

The Cooperative shall retain the ownership of all materials and facilities for the distribution of electric energy whether or not they have been paid by the member, another person or entity.

314.6 Consumer Built Line Extensions.

A. Applicability

The purpose of this policy is for the Cooperative to give an applicant for distribution service, desiring to construct distribution service extensions, the opportunity to build or have contracted to build distribution service extensions. The Rural Utilities Service ("RUS") and National Rural Utilities Cooperative Finance Corporation ("CFC") hold mortgages on the Cooperative. These documents state that specific conditions must be met and maintained at all times. The following requirements must be addressed.

B. Requirements

The construction shall be properly engineered by San Patricio Electric and must meet all requirements of the National Electrical Safety Code (NESC). The design shall fit the Cooperative's long range planning and shall be approved by the Cooperative through its staking technician and the consulting engineering firm.

The proposed construction should be covered by valid and legal easements, on forms provided by San Patricio Electric, from all property owners along the route and all necessary permits should be obtained.

All environmental requirements and concerns must be satisfied. All insurance, bond and related requirements must be completed and adequate proof of meeting the requirements must be provided.

All construction must use standard RUS specifications. Materials used in construction must meet the requirements of RUS Bulletin 43-5, "List of Materials Acceptable for Use on Systems of RUS Borrowers" (or the subsequent updates).

The Cooperative shall have the right to inspect and observe construction at any time. Prior to the connection and energizing of the construction, the line must be inspected, tested and approved by the Cooperative's engineering firm.

No work will be performed on the Cooperative's existing distribution system by the applicant or the applicant's agent without the Cooperative's written approval. This is for the safety of both the applicant and the Cooperative.

C. Policy

Consumers desiring new distribution service lines and systems to be built to their premises may choose to construct such distribution systems on their behalf or have them constructed by a competent and qualified electrical contractor. After construction and acceptance, such distribution systems shall be donated to the Cooperative by the Consumer.

In recognition of the need to protect the public from electrical hazards, and the need for distribution systems which are useful and safely maintainable over a normal and customary service life, the following will govern the construction of consumer built distribution systems.

D. Design and Construction Specifications

The Cooperative will design the minimum line extension required to serve the Consumer, in accordance with the Cooperative's and RUS's standards and specifications. The Cooperative will provide distribution system design drawings and construction specifications to the Consumer. The Consumer shall pay the Cooperative for applicable design costs.

E. Material Specifications

The Cooperative shall specify all materials and equipment to be used in the distribution system including, but not limited to wire, cable, conduit, transformers, poles, fixtures, switch gear, relays, capacitors and insulators. The applicant will be free to acquire the materials from any source, provided that all materials will be from approved manufactures and meet the specifications of the RUS and Cooperative that are in effect at the time the Cooperative provides the Design and Construction Specifications to the Consumer.

F. Quality Control and Assurance

The Consumer agrees to comply with RUS and Cooperative specifications for materials, equipment and construction standards. In order to assure compliance, the Cooperative will select a Construction Inspector who will visit the construction site.

The Inspector shall have the authority to accept, reject, the work and materials of the Consumer or contractor and shall certify such acceptance or rejection at the time of inspection. The function of the Inspector shall be to verify compliance with safety, design, materials, equipment and installation specifications.

The Consumer agrees to pay the Cooperative for its costs incurred in the inspection of the distribution system.

G. Easements and Rights of Way

The Consumer shall provide to the Cooperative easements and rights-of-way in a Cooperative approved format, which reflect the "as-built" configuration and location of the electric system. The Consumer shall pay the Cooperative for its costs incurred to verify the easements and rights-of-way.

H. Licensing, Insurance, and Bonding Requirements and Compliance with Required Governmental Inspections

The Consumer agrees to be properly qualified, licensed and bonded or to hire only those contractors who are properly and currently qualified and licensed to construct electrical distribution systems, in accordance with State and local law and regulation.

In accordance with RUS Regulations and the Cooperative's mortgage requirements, the consumer or persons hired to perform work under service contracts with the Cooperative shall obtain insurance

and bond coverages as established in the referenced bulletins or current regulations of RUS. The requirements will be provided.

The Consumer agrees to comply with all applicable State and local construction inspection requirements.

I. Meters

The Consumer shall pay the Cooperative its costs incurred to purchase and install special meters.

J. Ownership of System and Resulting Tax Liability

After the distribution system has been constructed, and accepted by the Cooperative's Construction Inspector, the Consumer agrees to execute an Agreement (Consumer-built Distribution System) to transfer ownership to the Cooperative.

Should the Cooperative incur any tax liability, the Consumer agrees to pay the cost of said tax liability.

K. Property Records at the Time of Sale

The Consumer agrees to supply to the Cooperative its certified costs incurred in constructing the distribution system, so that proper accounting of the distribution system may be made by the Cooperative. The Cooperative agrees to keep such information confidential unless required to disclose (e.g. to regulatory or other governmental agencies or bodies).

L. Liability for Distribution System

Commencing with the date of donation of the distribution system to the Cooperative, the Cooperative will assume full and complete operating responsibility for the distribution system.

The Consumer shall be liable for the direct and indirect consequences of any defects or failures of the distribution system constructed by the Consumer for a period of one year, unless such defects or failures arise from the Cooperative's design, specifications, or improper operation of the distribution system.

314.7 Security Lights

A. Applicability

The Cooperative will extend its overhead electric distribution facilities to provide security light service. The member shall pay, in advance, a non-refundable contribution in aid of construction for the actual cost of all construction.

For the purposes of compliance with National Electrical Safety Codes, and general electric industry practices and in accordance with San Patricio Electric By-Laws, Article 2, Section 2.09, the consumer provides an easement to San Patricio Electric Cooperative, Inc.

B. Ownership of Distribution Facilities

The Cooperative shall retain the ownership of all materials and facilities for the security light service whether or not they have been paid by the member, another person or entity.

314.8 Ownership of Distribution Facilities.

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

314.9 Special Circumstances.

Any situation involving special circumstances not specifically covered in this Line Extension policy will require special consideration and approval of the Manager of the Cooperative. All extensions made under special circumstances shall be designed to recover all actual costs of construction.

314.10 Underground Line Extensions

Requests for extensions of underground facilities shall be handled in the same manner as overhead facilities extensions.

316. Dual Area Switchover

1. In areas designated as “Dually Certificated” by the Public Utility Commission of Texas where electric service is being provided to a property owner by the Cooperative, and said property owner requests the disconnection of electric service in order to obtain electric service from another certificated utility, the following rules shall apply:
 - a. The property owner shall request in writing to the Cooperative, the removal of electric service facilities from his/her location, specifying the date that service be terminated and this Cooperative’s account number(s) of the location to be disconnected.
 - b. Prior to disconnection, the property owner shall pay the Cooperative in full, all amounts owed the Cooperative on the account(s) involved including: current bills, payments due under contract, deferred payment agreement, delinquent payments and penalties if applicable.
 - c. In addition, the property owner shall pay the Cooperative, prior to the disconnection date, a \$99.00 disconnection fee.
 - d. The property owner shall also pay the Cooperative, prior to the disconnection date, an amount equal to the original total construction cost of all distribution facilities rendered idle and unusable as a result of this disconnection, less the depreciation and salvage value of those facilities. Any Contributions in Aid of Construction provided by the consumer for the disconnected facilities will be deducted from the original cost. Direct labor and transportation costs associated with removed unusable distribution facilities shall be charged.

2. In areas designated as “Dually Certificated” by the Public Utility Commission of Texas where electric service is being provided to a property owner by a utility other than the Cooperative and said property owner requests service from the Cooperative, the following rules shall apply:
 - a. The property owner shall notify the utility presently providing service of his/her desire to switch electric service to that of the Cooperative.
 - b. The property owner shall provide evidence that he/she has satisfactorily complied with the switchover tariff requirements of the utility from which service is being terminated.
 - c. Service will be extended to the property owner upon the completion of a) and b) above and in accordance with the standard line extension policy of the Cooperative for the class of service required.

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4. If a switchover is requested of a property owner in a “Dually Certificated” area for reasons of economics of service, elimination of duplication of facilities or other sound reasons, then only those amounts due under normal billing procedures will apply.