

# EMPIRE ELECTRIC ASSOCIATION, INC.

## STATE OF COLORADO

### RULES AND REGULATIONS

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Issuing Officer	<u>Neil E. Stephart</u>	Issue Date	<u>06/01/87</u>
	General Manager		
Rule & Regulation Resolution No.	<u>1</u>	Effective Date	<u>07/01/87</u>

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RULES AND REGULATIONS (COLORADO)  
INDEX

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	General Statement	24
Section I	Supplying of Service	25
Section II	Application of Rules	25
Section III	Definitions	26
Section IV	Initial Service to Applicant	29
Section V	Membership in the Association	36
Section VI	Extensions of Service, Lines and Facilities	36
Section VII	Construction Requirements	36
Section VIII	Inspection of Plant and Equipment	37
Section IX	Easements	37
Section X	Wiring Inspections	38
Section XI	Transformers, Protective Equipment and Billing Demand	39
Section XII	Standard Voltage, Frequency and Permissible Variations	39
Section XIII	Customer's Installation	43
Section XIV	Special Apparatus of Consumer	51
Section XV	Maintenance of Consumers Facilities	52
Section XVI	Alteration or Relocation of Facilities	53

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Rule & Regulation Resolution No. 1

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---

RULES AND REGULATIONS (COLORADO)  
INDEX

---

Section XVII	Attachments to Association's Poles	54
Section XVIII	Liability	55
Section XIX	Continuity of Service	57
Section XX	Interruptions of Service	58
Section XXI	Meter Regulations	58
Section XXII	Meter Reading and Bill Forms	62
Section XXIII	Filing of Rate Schedules, Rules and Regulations	64
Section XXIV	Rate Schedule	64
Section XXV	Choice of Rates	64
Section XXVI	Changes of Rate Schedule	65
Section XXVII	Surcharge for Municipal Charges	65
Section XXVIII	Billing	66
Section XXIX	Billing Period	66
Section XXX	Separate Billings	67
Section XXXI	Disputed Bills	67
Section XXXII	Failure to Receive Bills	67
Section XXXIII	Terms of Payment	68

---

Issuing Officer Neal E. Stephens  
General Manager

Issue Date 06/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

INDEX

---

Section	XXXIV	Billing Deposits	69
Section	XXXV	Resale of Electric Energy	72
Section	XXXVI	Access for the Association's Employees	72
Section	XXXVII	Diversion of Electric Energy	73
Section	XXXVIII	Service Charge	75
Section	XXXIX	Accidents	76
Section	XL	Complaints	76
Section	XLI	Normal Work Hours	76
Section	XLII	Foreign Electricity (Wind Generation, Etc.)	81
Section	XLIII	Discontinuance of Service (Subterfuge)	81
Section	XLIV	Budget Billing Plan	85
Section	XLV	Power Factor	89
Section	XLVI	Emergency Load Curtailment	89
Section	XLVII	Mobile Home Parks	90
Section	XLVIII	Reserved For Future Use	91
Section	XLVIX	Reserved For Future Use	91
Section	XLX	Line Extension Regulation	96

---

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Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

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GENERAL STATEMENT

These Electric Service Regulations are designed to govern the supplying and receiving of electric service in such a manner as will secure to each consumer the greatest practicable latitude in the enjoyment of electric service consistent with good service and safety to the consumer and other consumers and also consistent with good operating practices and the Rate Schedules of the Association, in all the territory served by the Association. They are subject to termination, change or modification, in whole or in part, upon 30 days notice by the Association's Board of Directors, and approval of any applicable Regulatory Commission.

These Regulations and the applicable Rate Schedule are hereby made a part of each Electric Service Agreement. In case of a conflict between any of the provisions of the Rate Schedule, Electric Service Regulations and the Electric Service Agreement, the provisions of the Rate Schedule will take precedence followed by the provisions of the Electric Service Regulations.

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Issuing Officer	<u>Neil E. Stephens</u> General Manager	Issue Date	<u>06/01/87</u>
Rule & Regulation Resolution No.	<u>1</u>	Effective Date	<u>07/01/87</u>

---

RULES AND REGULATIONS (COLORADO)

---

I. SUPPLYING OF SERVICE

Electric Service will be supplied under and pursuant to a properly executed Service Agreement and these Rules and Regulations and the applicable Rate Schedule.

Service furnished by the Association is also subject to the provisions of the Certificate of Incorporation and the Bylaws of the Association.

Any waiver at any time of the Association's rights or privileges under these rules and regulations will not be deemed a waiver as to any breach or other matter subsequently occurring.

Copies of the Association's rates, rules and regulations are available for inspection at the offices of the Association.

The following rules and regulations supersede all previous rules and regulations which may have been in effect.

II. APPLICATION OF RULES

A. All electric service shall be subject to the general rules and regulations contained herein, together with those rules and regulations applicable to the individual class of service taken by the consumer, with such supplements and revisions thereto as are from time to time in effect and on file with the Association.

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Issuing Officer Neal E. Stephens  
General Manager

Issue Date 06/01/87

Rule & Regulation Resolution No. 1

Effective Date 07/01/87

---

RULES AND REGULATIONS (COLORADO)

---

- B. The adoption of these rules in no way precludes the Association from altering or amending the same, in whole or in part, by act of the Board of Directors. In special cases, not contrary to statute, the Association may deviate from these rules if the Association finds compliance therewith to be impossible, impracticable or unnecessary. These rules shall not in any way relieve the Association from any of its duties under the laws of the United States, State of Colorado and the Bylaws of the Association.

III. DEFINITIONS

- A. The word ASSOCIATION, as used in these rules, shall be construed to mean Empire Electric Association, Incorporated.
- B. BACKBONE SYSTEM is all Association facilities that are now existing and fully operational.
- C. The words BOARD OF DIRECTORS shall mean a majority thereof the Board of Directors of Empire Electric Association acting at a regular or special meeting.
- D. The word COMMISSION, as used in the rules, shall be construed to mean the Public Utilities Commission of the State of Colorado.
- E. CONNECTED LOAD is the combined rated capacity of all the Customer's electrical energy consuming equipment.

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Issue Date 06/01/87

Rule & Regulation Resolution No. 1

Effective Date 07/01/87

---

RULES AND REGULATIONS (COLORADO)

---

- F. The word CONSUMER, as used in these rules, shall be construed to mean any person, group of persons, co-partnership, firm, corporation, institution, any agency of the Federal, State or local governments, their lessees, trustees or receivers appointed by any court, contracting for electric service from the Association for consumptive domestic, commercial, or industrial use.
- G. CONSUMER'S INSTALLATION is the wiring and apparatus owned by the Consumer on his side of the point of delivery (except the Association's meter and meter base).
- H. ELECTRIC SERVICE is the availability of electric power and energy at the Association's point of delivery, in the form, at the approximate voltage and for the purpose specified in the Electric Service Agreement (contract).
- I. ELECTRIC SERVICE AGREEMENT is an agreement between the Association and the consumer, in the form of "Application for Electric Service" which sets forth the rate schedule, term, minimum charges, construction deposits and refunds, for electric service to the premises and election of membership or non-member status in the Association.
- J. FACILITIES CHARGE is the charge to the consumer that recovers the Association's fixed costs.
- K. MINIMUM is that amount that is only billed if the consumer's usage does not exceed the contracted minimum, if applicable.

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Issuing Officer Nick E. Stephens  
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Issue Date 06/01/87

Rule & Regulation Resolution No. 1

Effective Date 07/01/87



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RULES AND REGULATIONS (COLORADO)

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- L. MONTH is the period of approximately 30 days intervening between regular meter reading dates.
- M. POINT OF DELIVERY is the point where the utility's electric facilities are first connected to the electric facilities of the customer. The location of the point of delivery will be determined by the Association in accordance with standard practice or as individual circumstances may dictate.
- N. POWER FACTOR is the ratio of active power (real) to apparent power.
- O. TRANSMISSION SYSTEM is all Association facilities energized at 43,800 volts or higher.
- P. TYPES OF SERVICE AVAILABLE
1. Residential (Town) Rate Schedule No. 3
  2. Farm & Home (Rural) Rate Schedule No. 4a
  3. Commercial and Small Power Rate Schedule No. 5a, 5b
  4. Large Power Rate Schedule No. 6a, 6b, 6c
  5. Security Lighting Rate Schedule No. 7a, 7b
  6. Overhead Street Lighting Rate Schedule No. 8
  7. Temporary Rate Schedule No. 9a, 9b
  8. Seasonal Rate Schedule No. 11

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Issuing Officer

*Nancy E. Stephens*  
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06/01/87

Rule & Regulation Resolution No.

1

Effective Date

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---

RULES AND REGULATIONS (COLORADO)

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Q. YEAR is the period between the date of commencement of service under the Electric Service Agreement and the same day of the following calendar year.

IV. INITIAL SERVICE TO APPLICANT

- A. Before applicant receives electric service the following conditions must be met:
1. Signing of an Electric Service Agreement.
  2. Payment of all fees and deposits required or arrangement of installment payments, if applicable.
  3. Payment of all past due amounts for electric service and/or other past due amounts, if any, billed from the Association.
- B. CONSUMER'S RIGHT TO CANCEL ELECTRIC SERVICE AGREEMENT. Where the Consumer entirely suspends operations during the Electric Service Agreement period with the intention permanently to abandon them, the Electric Service Agreement may be cancelled by written notice to the Association not less than 30 days before the effective date of the proposed cancellation, and by paying to the Association the amounts of all balances due the Association. No such cancellation shall release the Consumer from his obligation under any term minimum guarantees based on special investment made by the Association to serve the Consumer. If the discontinuance by Consumer is a breach of the Electric Service Agreement, the right of the Association to collect the sums mentioned herein shall be in addition to all other rights it may have on account of such breach.

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Issuing Officer Neil E. Stephens  
General Manager

Issue Date 06/01/87

Rule & Regulation Resolution No. 1

Effective Date 07/01/87

---

RULES AND REGULATIONS (COLORADO)

---

C. REMEDIES OF ASSOCIATION. For any default or breach by Consumer of an Electric Service Agreement, including failure to pay bills promptly, the Association in addition to all other legal remedies, may terminate the Electric Service Agreement and/or suspend electric service. No such termination or suspension will be made without ten (10) days written notice to Consumer stating specifically why the Electric Service Agreement has been violated, except in cases of theft or unauthorized use or disposition of service by Consumer, or in case of a dangerous condition on Consumer's side of the Point of Delivery, or in case of utilization by Consumer of service in such manner as to cause danger to persons or property or to jeopardize service to Consumer or others. Failure of the Association at any time after any such default or breach either to suspend supply of service, to terminate the Electric Service Agreement, or to resort to any other legal remedy, shall not effect the Association's right thereafter to resort to or to exercise any one or more such remedies for the same or any future default or breach by Consumer

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RULES AND REGULATIONS (COLORADO)

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RULES AND REGULATIONS (COLORADO)

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V. MEMBERSHIP IN THE ASSOCIATION

Each applicant for service may become a member of the Association under the terms and conditions prescribed by the Bylaws of the Association. Only one membership will be issued to a consumer regardless of the number of meters that consumer may require, but as to all such additional meters, the management of this Association shall require a contract for service for each such additional meter.

VI. EXTENSIONS OF SERVICE, LINES AND FACILITIES

The Association's rules and regulations regarding extension of service, lines and facilities shall be as set forth in Section XIX.

XIX

VII. CONSTRUCTION REQUIREMENTS

A. The electric plant of the Association shall be constructed, installed, maintained and operated in accordance with accepted good engineering practices in the electric industry to assure, as far as reasonably possible, continuity of service, uniformity in the quality of service furnished, and the safety of persons and property.

B. The Association shall use as the minimum standard of accepted good practice the current edition of the National Electric Safety Code.

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Issuing Officer *Nick E. Stephens*  
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Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

---

VIII. INSPECTION OF PLANT AND EQUIPMENT

The Association shall provide for inspection of its plant and distribution equipment and facilities in such manner and with such frequency as good practice requires. In order that the same may be maintained in proper condition for use in rendering safe and adequate electrical service.

IX. EASEMENTS

A signed Electric Service Agreement, or receipt of service by a consumer, will be construed as an agreement granting to the Association an easement for electric lines, wires, conduits and other equipment of the Association necessary to render service to the consumer. If requested by the Association, the consumer will execute the Association's standard Right-of-Way Agreement granting to the Association, at no expense therefore, satisfactory easements for suitable location of the Association's wires, conduits, poles, transformers, metering equipment, and other appurtenances on, under or across lands owned or controlled by the consumer, and will furnish space and shelter satisfactory to the Association for all necessary apparatus of the Association located on the consumer's premises.

In the event the consumer shall divide premises by sale or other means in such a manner that one part shall be isolated from streets or alleys where the Association's electric lines are accessible, the consumer shall grant or reserve an easement for electric service over the part having access to electric lines for the benefit of the isolated part.

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General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

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X. WIRING INSPECTIONS

- A. Electric service shall not be rendered to new construction or remodeling until a licensed inspector shall first have inspected and approved all wiring and installations on the consumer's premises. The Association shall not be responsible, however, for failure of the applicant to obtain said inspection.
- B. The Association may, at its option, cause a similar inspection to be made of any existing consumer's wiring if the Association has reason to believe that dangerous wiring may exist on the consumer's side of the point of delivery. Service may be discontinued immediately in the event faulty wiring is discovered which creates a hazard to the occupants of the premises, property of the consumer, or the public and not resumed until such faulty wiring has been corrected to the satisfaction and approval of a licensed inspector.
- C. A licensed inspector shall mean an inspector licensed by the State of Colorado, Utah, Empire Electric Association, Inc., or any Governmental Agency legally empowered to license electrical inspectors.

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Rule & Regulation Resolution No. 1

Effective Date 02/04/88

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RULES AND REGULATIONS (COLORADO)

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XI. TRANSFORMERS, PROTECTIVE EQUIPMENT AND BILLING DEMAND

- A. Necessary step-down transformers, together with necessary protective equipment, will be installed and maintained by the Association unless otherwise specified in the applicable rate schedule on file. The Association will not be required to install in excess of 1 kVA of transformer capacity for each horsepower of the consumer's normal requirements. If the consumer's power requirements, previous to the end of six (6) months after installation of or prior change in transformers, proved to be substantially more or less than set forth in the application for service, the Association may make such reduction or increase in installed transformer capacity as it deems advisable and the consumer will pay to the Association the cost of making such change.
- B. Billing demand will be established by using the maximum average kilowatt load used by the consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered as indicated or recorded by a kilowatt demand meter.

XII. STANDARD VOLTAGE, FREQUENCY AND PERMISSIBLE VARIATIONS

- A. 1. The Association's standard nominal voltages for its secondary voltage distribution systems are as follows:

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Issuing Officer	<u><i>Nigel E. Stephens</i></u> General Manager	Issue Date	<u>01/04/88</u>
Rule & Regulation Resolution No.	<u>1</u>	Effective Date	<u>02/04/88</u>



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## RULES AND REGULATIONS (COLORADO)

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- a. 120 volts, single-phase, two wires.
- b. 120/240 volts, single-phase, three-wire.
- c. 240 volt or 480 volt, three-phase, three-wire, delta connected.
- d. 120/240 or 240/480 volt, three-phase, four-wire delta connected.
- e. 120/208 or 277/480 volt, three-phase, four-wire wye connected.

2. The Association's standard nominal voltage for its primary voltage distribution systems are as follows:

- a. 2.4/4.16 kV, three phase, four wire wye connected.
- b. 7.2/12.47 kV, three phase, four wire wye connected.
- c. 14.4/24.9 kV, three phase, four wire wye connected.

B. Every reasonable effort shall be made by the use of proper equipment and operation to maintain such voltage practically constant at all times. The voltage maintained at the Point of Delivery shall be reasonably constant as follows:

1. For service rendered under a lighting contract or primarily for lighting purposes, the voltage shall be within five (5) percent, plus or minus, of the standard adopted.

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01/04/88

Rule & Regulation Resolution No.

1

Effective Date

02/04/88

---

RULES AND REGULATIONS (COLORADO)

---

2. For service rendered under a power contract or primarily for power purposes, the voltage variation shall not exceed ten (10) percent above or ten (10) percent below the standard average voltage at any time when the service is furnished.
3. A greater variation of voltage than that specified above may be allowed when service is furnished directly from a transmission line or in a limited or extended area where consumers are widely scattered and the business done does not justify close voltage regulation. In such cases, the best voltage regulation will be provided that is practicable under the circumstances. This clause refers particularly to individual consumers or small groups of consumers whose service from a transmission line is incidental, and does not refer to the voltage regulation in communities, cities or towns for which the transmission line was primarily built.
- C. Variations in voltage in excess of those specified caused by the operation of power apparatus on the consumer's premises, which necessarily requires large starting currents, by the action of the elements, by infrequent and unavoidable fluctuation of short duration due to necessary station or line operations, shall not be considered a violation of this rule.

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Issuing Officer	<u>Neal E. Stephent</u> General Manager	Issue Date	<u>01/04/88</u>
Rule & Regulation Resolution No.	<u>1</u>	Effective Date	<u>02/04/88</u>

---

RULES AND REGULATIONS (COLORADO)

---

- D. 1. All wires and equipment, except Association's meters and accessories, on the Consumer's side of the Point of Delivery must be installed and maintained at the expense of the Consumer. All wires, apparatus and equipment shall be selected with a view to obtaining safety, good efficiency, good voltage regulation, and the highest practical power factor, and shall comply with the standards of the National Electrical Safety Code issued by the American National Standards Institute (ANSI) and the National Electric Code issued by the National Fire Protection Association (NFPA) and also with regulations of any governmental authority having jurisdiction. The consumer shall not employ or utilize any equipment, appliance or device that will adversely affect Association's service to the consumer or to other Consumers. Maximum loads to be supplied on 120 volt and 240 volt single phase circuits shall be in accordance with the Service Standards of the Association. Appropriate starting control devices for motors shall be installed. Electric fence controllers must be approved by the Underwriters Laboratories, Inc., and any governmental authority having jurisdiction. The Consumer shall so arrange his load that there will be, at the Point of Delivery, a reasonable electric load balance between the phases of a polyphase circuit and between the two sides of a single phase three-wire circuit.

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Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

## RULES AND REGULATIONS (COLORADO)

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2. Three phase service for motor installations aggregating less than 10 horsepower will be supplied upon payment by Consumer of the estimated additional cost required to be incurred by Association in order to supply three phase service instead of single phase service which normally would be supplied.
  
3. If Consumer uses welding machines, X-Ray apparatus, elevators or other equipment with highly fluctuating load characteristics, or having an abnormal effect on voltage, and whose operation requires the Association to install transformer capacity or other equipment in order to protect the quality of service to other Consumers or to provide for short period use of power by such equipment, the Association may either provide a separate service connection and supply service thereto under the applicable power schedule or for billing purposes add the rated capacity of such equipment to the Consumer's Demand as otherwise determined.

### XIII. CONSUMER'S INSTALLATION

- A. Before purchasing equipment or beginning construction of a proposed installation, the consumer shall be expected to confer with the Association to determine if the type of service, capacity, and voltage desired by the consumer is available, to determine if extensions of, or additions to, the Association's facilities will be required; and to secure definite location of the point of delivery. Before any additions to or alterations of existing

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Issuing Officer Neal E. Stephens  
General Manager

Issue Date 01/04/88  
Effective Date 02/04/88

Rule & Regulation Resolution No. 1

---

RULES AND REGULATIONS (COLORADO)

---

installations are made by the consumer which will materially affect the amount of service required, or which may require change in the type of service or the point of delivery, the Association must be notified reasonably in advance thereof as to the proposed additions or alterations in order that the Association may first determine if the service is available and, if so, that the necessary changes in the Association's facilities may be arranged for and completed.

- B. All wiring and electrical equipment on the consumer's side of the delivery point will be furnished, installed and maintained at all times by the consumer in conformity with good electrical practice, the National Electrical Code, the National Electrical Safety Code, the requirements of any governmental authority having jurisdiction and in accordance with the Association's rules and regulations.
- C. Except as otherwise provided in these rules and regulations, any overhead or underground distribution lines required beyond the point of delivery shall be installed, owned, operated and maintained by the consumer. Electric power and energy will be metered at a location designated by the Association, which location may be at a point other than the point of delivery.

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Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

---

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Rule & Regulation Resolution No. 1

Issue Date 01/04/88  
Effective Date 02/04/88

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## RULES AND REGULATIONS (COLORADO)

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### XIV. SPECIAL APPARATUS OF CONSUMER

- A. The consumer will, in every case, confer with the Association before any special apparatus or any apparatus requiring extremely close voltage regulation is connected. In the event that any equipment is connected to the Association's lines, the operation of which impairs service to other consumers, the Association reserves the right to require correction of the condition by the consumer. The Association may refuse or discontinue service to such equipment until such condition is corrected by the consumer. In certain circumstances, the use of equipment having fluctuating or intermittent load characteristics, or having an abnormal affect on voltage, may necessitate the furnishing of service to such equipment through isolated transformers and separate service loops, or installing transformer and/or line capacity in excess of that normally required by non-fluctuating or non-intermittent equipment in order to protect the quality of service to the consumer, or to other consumers. The Association reserves the right to charge the consumer the full cost of facilities to provide any special service required by such equipment and/or to prevent any impairment in service to the consumer or to other consumers. Where the consumer is billed under a measured demand, the Association may determine the billing demand on a shorter interval than specified in the rate schedule, or may make other suitable adjustment, irrespective of any provisions relative to billing demand determination contained in such rate.

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Issuing Officer *Near E. Stephens*  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

---

- B. Specifically, the Association reserves the right to deny service to a consumer using SCR's, Triacs or other wave chopping devices or any device capable of causing harmonics and subsequent interference to electronic devices on or adjacent to Association lines.
- C. The consumer shall reimburse the Association for any cost associated with relocation or alteration of facilities made at the request of the consumer for the consumer's convenience. Except in case of emergency, meters and other equipment of the Association will be removed or relocated only by employees of the Association. The Association shall, at its option, require a cash deposit sufficient in amount to pay for all estimated costs of the alteration or relocation. If due to an emergency, the consumer removes a meter or other facilities of the Association, said consumer is required to immediately notify the Association.

XV. MAINTENANCE OF CONSUMERS' FACILITIES

- A. The Consumer assumes all responsibility on Consumer's side of the point of delivery for service supplied or taken, as well as for the electrical installation and appliances used in connection therewith, and will indemnify, save harmless and defend the Association against all claims, demands, cost or expense, for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with, or growing out of, the transmission or use of electric service by the Consumer, at or on the Consumer's side of the point of delivery.

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Issuing Officer Abel E. Stephens  
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Rule & Regulation Resolution No. 1

Effective Date 02/04/88



---

RULES AND REGULATIONS (COLORADO)

---

- B. The Association may require the consumer to pay for service interruption calls made by employees of the Association to correct faulty electric facilities located on the consumer's side of the delivery point.
- C. If, for special reasons, the consumer requires or elects to use voltages other than the standard secondary and primary voltages of the Association's established distribution system, the special transformers will be installed, operated, and maintained by and at the expense of the Consumer. All voltage converters are subject to Association approval.

XVI. ALTERATION OR RELOCATION OF FACILITIES

- A. As Association's wires, transformers, meters, and other facilities used in supplying service to Consumer have a definite limited capacity, Consumer shall give notice to the Association and obtain Association's consent before making any material change or increases in Consumer's installation. Association as promptly as possible will give its approval to the proposed change or increase, or will advise Consumer upon what conditions service can be supplied for such change or increase.
- B. Requests for alteration or relocation of the Association's facilities for road moves, house moving, joint use, etc., shall be made sufficiently in advance to enable the Association to properly schedule the request alteration or relocation. Where possible, at least thirty (30) days notice should be given.

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Issuing Officer Nancy E. Stephens  
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Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

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- C. Should the Association's facilities be located on private right-of-way and where the Association has obtained an easement for its right of construction, then the person, firm or organization requesting the change shall guarantee the cost or applicable portion of the cost for the alteration or relocation by a specific contract or make a cash deposit of the estimated charges in advance.

XVII. ATTACHMENTS TO ASSOCIATION'S POLES

No posters, banners, placards, radio or TV antennae or any other object will be attached to the poles of the Association without written permission from the Association. The Association will not install, or permit installation of, the consumer's distribution wires or equipment on the Association's primary voltage poles; provided, however that where metering is on primary voltage poles, the consumer will be allowed to go underground from such meter.

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Issue Date 01/04/88  
Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

---

XVIII. LIABILITY

- A. All lines, wires, apparatus, instruments, meters, transformers, and materials supplied by the Association at its expense or under its rules and regulations will be and remain the property of the Association. The Association's property shall not be worked upon or interfered with by the consumer or other unauthorized persons.
- B. The consumer shall be responsible for any damage to or loss of the Association's property located on the consumer's premises, caused by or rising out of the acts, omissions or negligence of consumers, or the misuse or unauthorized use of the Association's property by consumers. The cost of replacing loss and/or repairing such damage shall be paid by the consumer. The consumer shall be held responsible for injury to the Association's employees if caused by consumer's acts, omissions or negligence.
- C. The consumer shall be responsible for any injury to persons or damage to property occasioned or caused by the acts, omissions or negligence of the consumer or any of his agents, employees, or licensee, in installing, maintaining, operating or using any of consumer's lines, wires, equipment, machinery, or apparatus, and for injury and damage caused by defects in the same.

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Rule & Regulation Resolution No. 1

Issue Date 01/04/88  
Effective Date 02/04/88

---

## RULES AND REGULATIONS (COLORADO)

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- D. The Association shall not be held liable for injury to persons or damage to property caused by its lines or equipment when contacted or interfered with by guy wires, ropes, aerial wires, attachments, trees, structures, or other objects not the property of the Association which cross over, under, through, or are in close proximity to the Association's lines and equipment. The Association should be given adequate notice before trees overhanging or in close proximity to the Association's lines or equipment are trimmed or removed, or when stacks, guys, radio aeriels, television antennas, wires, ropes, drain pipes, structures, or other objects are installed or removed near the Association's lines or equipment, but the Association assumes no liability whatsoever because of such notice.
- E. The Association shall not be held liable for injury to persons or damage to property caused by its underground lines or equipment when contacted or interfered with by pipelines, communication lines, power lines, posts, poles, foundations, trees and shrubbery, explosives, trenching or boring equipment, or other objects not the property of the Association which cross over, under, through, or are in close proximity to the Association's underground lines and equipment. The Association should be given notice as required by the appropriate jurisdictional authority before any excavation, drilling, blasting or driving of objects is undertaken or commenced in close proximity to the Association's underground lines or equipment, but the Association assumes no liability whatsoever because of such notice.

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Issuing Officer

Neal E. Stephens  
General Manager

Issue Date

01/04/88

Rule & Regulation Resolution No.

1

Effective Date

02/04/88

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RULES AND REGULATIONS (COLORADO)

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- F. The Association shall not be liable for injury to persons, damage to property, monetary loss, or loss of business caused by accidents, acts of God, fires, floods, strikes, wars, authority or orders of government, foreign objects, or any other causes and contingencies beyond its control.

XIX. CONTINUITY OF SERVICE

- A. The Association shall use reasonable diligence to provide constant and uninterrupted supply of electric power and energy, but if such supply shall fail or be interrupted or become defective through act of God, or the public enemy, or by accident, strikes, labor troubles, fires, contact by foreign elements, or inability to secure right-of-way or other permits needed, or any cause beyond reasonable control of the Association, the Association shall not be liable, therefore, for any injury to persons, damage to property, monetary loss or loss of business caused.
- B. For the purposes of making repairs to or changes in the Association's plant, transmission or distribution system, or other property, the Association may, without incurring any liability, suspend service for such period as may be required. The Association will not inconvenience the consumer unnecessarily and, whenever possible, will give reasonable notice to the consumer prior to such suspension of service.

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Issuing Officer ALBERT STEPHENSON  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

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RULES AND REGULATIONS (COLORADO)

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C. Interruption in service, however, will not relieve the consumer from any charges for service actually supplied, nor will accidents to consumer's equipment or machinery, or failure of consumer's installations not due to the fault of the Association, relieve the consumer of payment of minimum charges under the applicable rate or contract.

XX. INTERRUPTIONS OF SERVICE

The Association shall keep a record of all interruptions of service upon its entire system, including a statement of the time, duration and cause of any such interruption. All records under this rule shall be retained by the Association for a period of not less than three years.

XXI. METER REGULATIONS

A. INSTALLATION The Association will furnish, install, maintain and own the necessary meter or meters and accessories to measure the electric service used by the Customer. The Customer shall provide and maintain a satisfactory location for the installation of the meter, without expense to the Association. Meters shall not be located in an inaccessible area of the Customer's premise, such as inside house

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Issuing Officer Neal E. Stephens  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

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## RULES AND REGULATIONS (COLORADO)

---

porches or other locations that cannot be approached at all times. Metering installations shall be installed in accordance with the National Electric Safety Code and inspected and properly tagged by the State Electrical Inspector in his areas of jurisdiction before the service will be energized.

- B. FAILURE TO REGISTER If the Association's meter shall fail at any time to register accurately, or if the Association is unable to read a meter for any reason, the Association may estimate consumer's meter reading during the time of such meter failure or inability to read meter, on the basis of the best available data.

Any consumer shall be permitted to make installment payments if a bill includes amounts from past billing periods arising solely from events under control of the utility such as meter malfunctions, billing errors, utility meter reading errors or failure to read the meter, which failure shall not apply where the meter is not readily accessible to the utility and the consumer refuses to read his own meter. Any installment payments under the provisions of this rule may extend over a period equal in length to the period during which the errors were accumulated and shall bear no interest.

If any appliance or wiring connections are found on consumer's premises which prevent the meter from accurately recording the total amount of demand and/or energy used on the premises, the Association may refuse further service, and/or require the consumer to make such changes in his wiring installation as the Association deems proper, and may

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Issuing Officer *Nick E. Stephens*  
General Manager  
Rule & Regulation Resolution No. 1

Issue Date 01/04/88  
Effective Date 02/04/88

---

## RULES AND REGULATIONS (COLORADO)

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estimate the amount of energy consumed and not registered as accurately as it is able to do so. The consumer will be required to pay for such estimated consumption and costs of disconnecting and connecting service, plus other costs of meter repair.

- C. METER TESTS AND ADJUSTMENTS. Association will test and inspect its meters from time to time and maintain their accuracy of registration in accordance with generally accepted meter testing practices. The Association will make special tests when requested by the Consumer. If any such special test shows the average registration of a meter to be in error by more than 2% fast or slow the Association will bear the cost of test. If the amount of error is less than 2% the Consumer shall bear the cost of the test unless the meter has not been tested at the Consumer's request within twenty four (24) months' period immediately preceding such request. When an average error of more than 2% is determined the Association will make a refund where the meter is fast and the Consumer shall pay the difference where the meter is slow.

The billing adjustment for residential and commercial service will be made only for one-half the period intervening since the last test but not to exceed twelve (12) months. The billing adjustment for all other classes of service will be made only for a period of thirty days.

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Issuing Officer Neal E. Stephens  
General Manager  
Rule & Regulation Resolution No. 1

Issue Date 01/04/88  
Effective Date 02/04/88



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## RULES AND REGULATIONS (COLORADO)

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- D. STANDARD OF ACCURACY The average error of a meter is one-half the algebraic sum of the error at light load (1% to 10% of rated capacity) and the error at heavy load (60% to 100% of rated capacity). No meter will be installed which has an error of more than 2% fast or slow at light or heavy load. Whenever on installation, periodic or any other tests a meter is found to exceed these limits it will be adjusted or replaced.
- E. TRANSFORMER LOSSES When delivery of service is on the primary side of Consumer's transformers the Association may install its meter on the secondary side of the transformers and in such case transformer and other losses occurring between the Point of Delivery and the meters will be computed and added to the meter readings to determine the monthly demand and energy consumption.
- F. RECORDS OF TESTS AND OF METERS
1. Complete records shall be maintained on each meter owned, or used by the Association. Such records shall show the date of purchase, manufacturer's serial number, record of the present location, and date and results of the last test performed by the Association. This record shall be maintained for the life of the meter.

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Issuing Officer Neal E. Stephens  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

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2. Whenever a meter is tested, either on request or upon complaint, the test record shall include the information necessary to identifying the meter, the reason for making the test, together with all data taken at the time of the test in sufficiently complete form to permit the convenient checking of the methods employed and calculations made. The results of such test shall be conveyed to the consumer making the request or complaint, either orally or in writing. Such records shall be retained for a period of not less than two years.

XXII. METER READING AND BILL FORMS

- A. Each service meter shall clearly indicate the kilowatt-hours and units of demand where applicable for which a service charge is made to the consumer. In those cases where the register and/or chart reading must be multiplied by a constant or factor to obtain the units consumed, the factor, factors or constant shall be clearly marked on the register or face of the meter.
- B. At the time the Association reads the consumer's meter or thereafter, upon the Consumer's request, the Association will provide a card or slip showing the date of the reading, and either the total usage expressed in kilowatt-hours or other unit of service recorded.

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Issuing Officer	<u>Nicol E. Stephens</u> General Manager	Issue Date	<u>01/04/88</u>
Rule & Regulation Resolution No.	<u>1</u>	Effective Date	<u>02/04/88</u>

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RULES AND REGULATIONS (COLORADO)

---

- C. All bills rendered to the consumer for metered service furnished shall show:
1. Net amount due;
  2. Dates and meter readings beginning and ending the period during which service was rendered, unless the bill was estimated;
  3. A distinct marking to identify an estimated bill;
  4. An appropriate rate or rate code identification;
  5. Last date payable after which the bill becomes past due; and
  6. All other essential facts upon which the bill is based, including those factors and/or constants set forth in Rule XXII(A).
- D. When the Association reads meters, it shall do so nearly as possible at regular intervals. It shall not be required to read the meter at other than the regular meter reading periods, except in case of connection or disconnection of service.

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Issuing Officer Neil F. Stephens  
General Manager

Rule & Regulation Resolution No. 1

Issue Date 01/04/88

Effective Date 02/04/88

---

**RULES AND REGULATIONS (COLORADO)**

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E. Any consumer will be permitted to make installment payments if a bill includes amounts from past billing periods, arising solely from events under control of the Association such as meter malfunctions, billing errors, meter reading errors or failure to read the meter, which failure shall not apply where the meter is not readily accessible to the utility. Any installment payments under the provisions of this rule may extend over a period equal in length to the period during which the errors were accumulated and shall bear no interest.

XXIII. FILING OF RATE SCHEDULES, RULES AND REGULATIONS

Copies of all schedules of rates and individual contracts for service, charges for service connections and extensions of lines and all rules and regulations covering relations with the consumer shall be kept on file by the Association and shall be open to inspection by the public during business hours.

XXIV. RATE SCHEDULES

The rates prescribed by all Rate Schedules are subject to revisions upon approval of Association's Board of Directors with 30 days public notice and approval of the regulatory authority(ies) having jurisdiction.

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Issuing Officer Neal E. Stephens  
General Manager  
Rule & Regulation Resolution No. 1

Issue Date 01/04/88  
Effective Date 02/04/88

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RULES AND REGULATIONS (COLORADO)

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XXV. CHOICE OF RATES

The schedule of rates shall be on file at all offices of the Association and available to the applicant requesting service. When there are two (2) or more rates applicable to any class of service, the Association will, upon request of the applicant, explain the conditions, character of installation or use of service governing the several rates and assist in the selection of the rates most suitable for applicant's requirements. The applicant, however, shall be responsible for final selection of said rate, and the Association shall assume no liability therefore.

XXVI. CHANGES OF RATE SCHEDULE

A Consumer being billed under one of two or more optional Rate Schedules applicable to his class of service may elect to be billed on any other applicable Rate Schedule by notifying the Association in writing and the Association will bill the Consumer under such elected schedule from and after the date of the next meter reading. However, a Consumer having made such a change of Rate Schedule may not make another such change within the next twelve months, unless altered conditions or other good cause justify a change within a shorter period.

XXVII. SURCHARGE FOR MUNICIPAL CHARGES

All municipal charges shall be surcharged and collected only from Consumers within the boundaries of the respective municipal authorities.

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Issuing Officer *Nancy E. Stephens*  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

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RULES AND REGULATIONS (COLORADO)

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XXVIII. BILLING

- A. The Association will exercise all reasonable means to assure accurate computation of all bills for electric service. In the event errors in billing occur, the Association shall promptly refund to the consumer or credit their account in the amount of any overcharge having occurred therefrom. Likewise, the Association shall have the right to collect from the Consumer the amount of any undercharge, irrespective of the date or duration of such billing error, subject only to the conditions set forth in Rule XXIB under which the Consumer may make installment payments on said undercharge.
- B. Upon request of the Consumer, the Association will resurrect old billing records and provide multiple copies of bills, notarized bills, and special billing information. In such cases, however, the consumer may be required to pay the actual costs of a "Special Handling Charge".

XXIX. BILLING PERIOD

Bills ordinarily will be rendered regularly at monthly or other intervals, at the option of the Association. When bills are rendered other than monthly, the number of kwh in each block of the rate, the monthly minimum charge, and the initial charge and other charges if applicable, shall be multiplied by the number of months in the billing period. Estimated bills will be rendered when regular meter reading is not secured.

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Issuing Officer Near E. Stephens  
General Manager

Issue Date 01/04/88  
Effective Date 02/04/88

Rule & Regulation Resolution No. 1

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RULES AND REGULATIONS (COLORADO)

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XXX. SEPARATE BILLINGS

At each Point of Delivery the use of service shall be metered separately for each Consumer served. Whenever for any reason Association furnishes two or more meter installations for a single Consumer each point of metering shall be considered a separate service and be separately billed, unless contractually agreed otherwise by the Association.

XXXI. DISPUTED BILLS

If a Consumer gives notice at the Association's office, prior to the time that payment is due, that the correctness of the bill is disputed, stating reasons therefore, the Association will promptly investigate the complaint. However, such notice disputing correctness of a bill shall not be sufficient reason for withholding payment. If the bill is found to be incorrect, the Association will refund the amount of overpayment or credit the amount of overpayment to the next bill rendered. If the dispute is not settled by Management, the Consumer may pursue resolution of the dispute before the Board of Directors under their adopted procedures for such disputes.

XXXII. FAILURE TO RECEIVE BILL

A. Bills will be mailed to the address of the Consumer appearing in the Electric Service Agreement or to such other address as Consumer may from time to time request. When Consumer vacates the premises where he is receiving service his Electric Service agreement shall continue in effect until he notifies Association to cancel or transfer said

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Issuing Officer Neal E. Stephens  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

---

Agreement to another location, or until another Consumer becomes responsible for service to said premises.

- B. Bills for electric service shall be considered as received by the Consumer when mailed by first-class mail to, or left at, the location where service is used, or at some other location that has been mutually agreed upon. If the consumer fails to receive a bill, the Association, upon request, will issue a duplicate. However, failure to receive a bill in no way exempts the consumer from payment of service rendered.

XXXIII. TERMS OF PAYMENT

- A. All bills for service, including any tax imposed by governmental authority, are due and payable in Federal Reserve Notes as authorized by the U.S. Federal Government at an office of the Association, or to an authorized agent of the Association, not later than the due date shown on the bill. Unless otherwise specified under these rules and regulations or the applicable rate schedule, the due date of a bill shall be ten (10) days following the billing date. Final bills and bills for connection and reconnection are due on presentation.

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Issuing Officer Neil E. Stephens  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88



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## RULES AND REGULATIONS (COLORADO & UTAH)

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made. When the Association receives a returned check, it may require that the Consumer make a trip to the main or district office of the Association and make payment in cash or money order plus up to a \$25.00 short check charge. This will not preclude the Association from disconnecting service where proper notification has already been made in writing.

### XXXIV. BILLING DEPOSITS

- A. A deposit to secure payment of bills as they become due may be required for any of the following:
1. At the time the Electric Service Agreement is made.
  2. If the consumer becomes delinquent in payment of their account three times during any twelve (12) consecutive month period.
  3. If the consumer is disconnected for nonpayment of the electric account.
  4. If the current deposit, including interest, is inadequate.
- B. The amount of the deposit will be the estimated average cost of electric service for ninety (90) calendar days.
- C. Deposits may be in the form of the following:
1. Cash Deposit.

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Issuing Officer *Neal E. Stevens*  
General Manager

Issue Date 04/01/98

Rules & Regulations Resolution No. 1

Effective Date 06/01/98

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## RULES AND REGULATIONS (COLORADO & UTAH)

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2. Third Party Guarantee - A Third Party Guarantee may be accepted in lieu of a cash deposit for residential accounts only, under terms and conditions acceptable to the Cooperative.
  3. Bank Letter of Credit - A Bank Letter of Credit may be accepted in lieu of cash deposit provided it is issued by a bank acceptable to the Cooperative and in a form and on terms acceptable to the Cooperative.
  4. Other Securities - Securities such as, but not limited to, Utility Guarantee Bonds, Certificates of Deposits and Money Market Certificates may be posted in lieu of cash deposits if they are in a form with terms and conditions acceptable to the Cooperative.
- D. Upon establishing a good credit record, deposits will be applied, refunded, returned or canceled, depending on the form and conditions of the deposit. Generally, a good credit record may be established as follows:
1. All customer classes who pay their electric bills promptly, and do not exceed one delinquency for a period of not less than twelve (12) consecutive months.
  2. The Cooperative reserves the right to establish additional terms and conditions.
  3. Proof of good residential credit through a "credit check" company under terms and conditions acceptable to the cooperative.
- E. Consumers who establish good credit under provisions of Section D are eligible to transfer credit to new accounts in their name under terms and conditions acceptable to the Cooperative.

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Issuing Officer *Neil S. Spivey*  
General Manager

Issue Date 04/01/98

Rules & Regulations Resolution No. 1

Effective Date 06/01/98

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## RULES AND REGULATIONS (COLORADO & UTAH)

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- F. Deposits of consumers who have a record of being disconnected for non-payment or have previously left the Cooperative owing an unpaid account, may be held as long as the consumer is receiving service.
- G. The existence of a deposit will not relieve any consumer from payment of current bills as they become due, and no deposit will be applied by the Cooperative to any indebtedness of the consumer except to a bill for electric services due or past due after service is disconnected.
- H. Interest will be paid on cash deposits as follows:
1. Interest on deposits shall be earned for the time held by the Cooperative and shall be calculated from the date the deposit is received.
  2. Simple interest shall be paid by the utility upon a deposit at the percentage rate per annum as follows: Rate of interest paid will be established annually by the Board of Directors and will be based on the average monthly interest rate for area bank Pass Book Savings Accounts.
  3. Upon establishing good credit, the accrued interest shall be applied or refunded together with the consumer's deposit.
  4. If a deposit is retained for periods longer than twelve months, at the option of the Cooperative, the accrued interest may be applied to the consumer's electric account.
  5. The Cooperative will post the current interest rate as authorized by the Board of Directors at the General Office in Cortez, Colorado.

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Issuing Officer

*Ned E. Segments*  
General Manager

Issue Date

04/01/98

Rules & Regulations Resolution No.

1

Effective Date

06/01/98

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RULES AND REGULATIONS (COLORADO)

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XXXV. RESALE OF ELECTRIC ENERGY

The Consumer shall not extend his/her electric facilities outside his/her premises for service to other consumers or premises, and shall not resell any of the energy received by him/her from the Association to any other person or persons on the Consumer's premises or for use on any other premises.

XXXVI. ACCESS FOR THE ASSOCIATION'S EMPLOYEES

- A. The Consumer shall provide reasonable access to his premises at all reasonable times for authorized employees of the Association for any proper purpose incidental to the supplying of electric service. The consumer may be required to pay the reasonable expenses of the Association for meter readings, connects and disconnects in the event such access is not provided.
- B. No point of delivery or meter will be located or maintained beyond the point where reasonable access is provided.
- C. Where the consumer does not provide access to his/her premises at all reasonable times for employees of the Association for the purpose of meter reading, the Consumer may be required to pay the reasonable expenditures of the Association for installing meters with remote indicators or relocating the existing meter facility.

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Issuing Officer Robert F. Stephens  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

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RULES AND REGULATIONS (COLORADO)

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XXXVII. DIVERSION OF ELECTRIC ENERGY

- A. The existence of electric energy consuming devices installed ahead of the meter or any tampering or interfering with wires, devices, or equipment connected to the Association's distribution system or the damage to, alteration or obstruction of any meter including the breaking of meter seals, without prior approval and knowledge of the Association, which will permit or make possible the use of the electric energy without its proper registration on the Association's meter, shall constitute prima facie evidence of diversion of electric energy by the consumer in whose name service is being rendered, or by the person benefiting from the use of such diverted energy. In the event that an Association test meter registers more electric energy in the same interval of time than does the meter installed at the consumer's premises after consumer's meter shall have been tested and found to be registering within the limits of accuracy prescribed by the Association's rules and regulations, such facts shall also constitute prima facie evidence of diversion of electric energy.

In such instances the Association shall, in any reasonable manner, compute the amount of diverted electric energy and shall have the right to enter the consumer's premises and make an actual count of all electric energy consuming devices to aid in such computation.

Where the Association is unable to make such count, the computation will be based on any other available information, or estimated. Such computation will be made for the

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Issuing Officer	<u>Neal E. Stephens</u>	Issue Date	<u>01/04/88</u>
	General Manager		
Rule & Regulation Resolution No.	<u>1</u>	Effective Date	<u>02/04/88</u>

---

## RULES AND REGULATIONS (COLORADO)

---

period beginning with the date on which the consumer began using electric energy in the location where the diversion occurred, unless evidence proves that the diversion commenced at a later date, and ending with the date on which the diversion ceased. Bills for electric energy diverted, based upon the aforesaid computation under the applicable rate effective during the period of diversion, plus the cost of investigating and confirming such diversion and costs associated with disconnecting service, shall be due and payable upon presentation.

If service has been discontinued for diversion of electric energy, the Association shall not render service to the consumer or to any other person for the consumer's use at the same or any other location until:

1. The Consumer has paid all bills as set forth in this rule.
2. The Consumer has paid to the Association the installation cost of or has had installed, at the consumer's expense, such entrance and service equipment as is necessary to prevent further diversions of electric energy.
3. The Consumer found diverting electric energy may be required to pay a billing deposit of three (3) months estimated billing in addition to any other charges.

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Issuing Officer *Ned F. Stephens*  
General Manager  
Rule & Regulation Resolution No. 1

Issue Date 01/04/88  
Effective Date 02/04/88

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## RULES AND REGULATIONS (COLORADO)

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B. Service may be discontinued under the following conditions:

1. Diversion of electric energy set forth in Sec. (A) above.
2. Imperative for safety reasons in opinion of the Association.
3. Ordered by any properly constituted governmental authority.
4. Previously disconnected service restored by other than Association personnel and the original cause for the discontinuance has not been cured.

C. The foregoing rules pertaining to diversion of electric energy are not in any way intended to affect or modify any action or prosecution under the civil and criminal statutes of the state of Colorado.

### XXXVIII. SERVICE CHARGE

The Association shall charge an amount equal to the total cost, but not less than \$20.00 Dollars during normal working hours and \$45.00 Dollars for all other hours, for all service trips required to connect service, reconnect service, disconnect service for non-payment or collect payment.

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Issuing Officer *N. J. Stephens*  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

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RULES AND REGULATIONS (COLORADO)

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XXXIX. ACCIDENTS

The Association shall keep a record of each accident happening in connection with the operation of its property, facilities or service, wherein any person shall have been killed or seriously injured, or whereby any serious property damage shall have resulted. Such report shall describe in detail:

- (1) Date, time, place, location
- (2) Extent of injuries and other damage
- (3) Names of all parties involved
- (4) Type of accident

XL. COMPLAINTS

The Association shall make a full and prompt investigation of all complaints made to it by its consumer and it shall keep a record of all written complaints received which shall show the name and address of the complainant, the date and character of the complaint, and the adjustment or disposal made thereof. This record shall be retained for a period of two years.

XLI. NORMAL WORK HOURS

Normal work hours of the Association shall be posted in a conspicuous place at the offices of the Association.

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Issuing Officer *Alfred E. Steinhilber*  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88



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RULES AND REGULATIONS (COLORADO)

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RESERVED FOR FUTURE RULE OR REGULATION

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Issuing Officer	<u>Neal E. Stephens</u>	Issue Date	<u>01/04/88</u>
	General Manager		
Rule & Regulation Resolution No.	<u>1</u>	Effective Date	<u>02/04/88</u>

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## RULES AND REGULATIONS (COLORADO)

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### XLII. FOREIGN ELECTRICITY (WIND GENERATION, ETC.)

- A. The Association's rates are based upon exclusive use of its electric service by the consumer, except wholesale consumers. No other source of electric energy shall be connected to any installation attached to the Association's electric distribution systems except by contract approved by the Association.
- B. Standby generators for emergency use shall not be considered a foreign source of power. A double throw switch shall be required at each premises served by a standby generator to prevent backfeed into the utilities system.

### XLIII. DISCONTINUANCE OF SERVICE

- A. The Association shall not discontinue the service of any consumer for violation of any rule of the Association and/or for nonpayment of any sum due for electric service except upon written notice mailed by first-class mail or delivered, at least ten (10) days in advance of the disconnect, advising the consumer exactly what rule(s) has been violated for which service will be discontinued and/or the amount due and the date by which the same shall be paid. This rule shall not apply where a by-pass is discovered on a Consumer's service meter, or in the event of the discovery of a short-circuit on a Consumer's premises, or in the case of a consumer utilizing the service in such a manner as to make it dangerous to the public or occupants of the premises, thus making an immediate discontinuance of service to the premises imperative.

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Issuing Officer

Neal E. Stephens  
General Manager

Issue Date

01/04/88

Rule & Regulation Resolution No.

1

Effective Date

02/04/88

---

## RULES AND REGULATIONS (COLORADO)

---

- B. 1. a. In the event the Association gives notice of discontinuance of service, said notice shall advise consumer how to contact the utility personnel and/or management to resolve any dispute with respect to violation of any rule and/or with respect to amount due or due date. Any consumer may, with respect to an unresolved dispute contained on the notice, request a formal hearing in writing before members of Empire's Board of Directors, and an order not to terminate service will be issued only if: (1) The consumer has posted a deposit with the Association equal to the amount of the dispute, and, (2) Has previously attempted to resolve the matter with Association personnel by letter, telephone, or in person.
- b. A \$4.00 charge will be added to the amount due for each notice of discontinuance of service.
2. A residential consumer may avoid discontinuance of service by complying with one or more of the following conditions:
- a. Paying the notice amount, or,

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Issuing Officer

*Nancy E. Stephens*  
General Manager

Issue Date

01/04/88

Rule & Regulation Resolution No.

1

Effective Date

02/04/88

---

RULES AND REGULATIONS (COLORADO)

---

- b. Paying no charges and presenting the Association a current medical certificate signed by a physician, or health practitioner acting under a physician, licensed by the State of Colorado, stating: Termination of service would be especially dangerous to the health or safety of the consumer or a permanent resident of the consumer's household. This means that termination of service would aggravate an existing medical condition or create a medical emergency for the consumer or a permanent resident of the consumer's household.
- c. Any consumers, with a good credit record, finding themselves in a financial hardship may notify the Association and request special arrangements of short durations.
3. In situations involving permanent residents in a multi-unit dwelling where the utility service for the entire dwelling is recorded on a single meter, the Association, on the same day as it mails or delivers the notice of discontinuance to the consumer of record, shall mail by first-class mail or deliver a copy of said notice of discontinuance to each individual permanent resident of the dwelling unit. To the extent it is able to do so, the Association shall also post a copy of the notice of discontinuance in one or more of the common areas of the dwelling unit involved.

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Issuing Officer *Neal E. Stephens*  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

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4. Delinquency in payment for service rendered to a previous occupant of the premises to be served and unpaid charges for services or facilities not ordered by the present or prospective consumer shall not constitute a sufficient cause for refusal of service to a present or prospective consumer, provided, however, the Association may decline to furnish service for the use of a delinquent consumer by subterfuge in any manner. Subterfuge includes, but is not restricted to, an application for service at a given location in the name of another party by an applicant whose account is delinquent and who resides at the premises.
- C. Service will be restored within twelve (12) hours after the consumer satisfies one of the following provisions, unless extenuating circumstances prevent restoration.
1. Pays full amount of notice, plus all reconnect fees and/or security deposits.
  2. Residential consumer presents a current medical certificate signed by a physician or medical practitioner acting under a physician's license in the State of Colorado.

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Issuing Officer *Nancy E. Stephens*  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

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## RULES AND REGULATIONS (COLORADO)

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In the event a medical certification as aforesaid is delivered to or received by the Association, the non-discontinuance of service as herein prescribed shall be effective for sixty (60) days from the date of said medical certification. One thirty (30) day extension of non-termination of service, pursuant to this subsection may be affected by delivery to or receipt by the Association of a second medical certification, as aforesaid, prior to the expiration of the initial sixty (60) day non-termination period. After expiration of the extension provided by medical certifications, standard termination procedures will apply.

- D. In the event a consumer's service is immediately terminated without prior notice, thus not allowing the consumer to make an immediate appeal to the Board of Directors as provided in the regulations governing consumer complaints and related matters, he/she will have right to immediate appeal to the Board of Directors pursuant to the rules and regulations approved by the Board of Directors.

### XLIV. BUDGET BILLING PLAN

APPLIES TO:

Rate Schedule No. 3 - Residential Service

Rate Schedule No. 4A - Farm and Home Service

Rate Schedule No. 5A, 5B - Commercial and Small Power Service

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Issuing Officer *Nick E. Stephens*  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

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RULES AND REGULATIONS (COLORADO)

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- A. Consumers served under the above rate schedules may elect to pay monthly bills for service on a Budget Billing Plan, subject to the terms and conditions set forth herein. The Budget Billing Plan may be selected by an eligible consumer at the beginning of any monthly billing cycle for that consumer.
- B. Any consumer electing the Budget Billing Plan shall pay a monthly amount equal to a minimum of 1/10 of the total of his most recent twelve months bills, adjusted to reflect any rate increases which may have become effective during said twelve month period. If a consumer has no billing history for the residence or business to be placed on budget billing, Empire Electric will estimate the amount of the budget billing based on comparable home size, appliances and family size or business. Said monthly payment shall be made for the following eleven successive months with the final or twelfth month's payment being a settlement amount equal to the difference between the total payments made during the prior eleven months and the actual billing for the twelve month period. If the settlement amount is a credit balance, the credit will be applied to future billings. If the settlement amount is a balance owed by the consumer, the total balance will be due and payable on the due date indicated on the bill for the settlement months.

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Issuing Officer Neal E. Stephens  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

---

RULES AND REGULATIONS (COLORADO)

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- C. To be eligible to participate in the Budget Billing Plan, a consumer shall have met the following requirements.
1. The consumer shall owe no amounts to the Association for electric service except the current bill.
  2. The consumer shall execute a standard form, "Agreement for Budget Billing Plan", at least fifteen (15) days prior to the beginning of the Budget Billing Plan.
- D. Normal collection procedures shall be applicable if a consumer fails to pay the budget billing amount in any month due. If the consumer becomes delinquent on the budget billing, the consumer shall be required to pay the balance past due in full. The consumer will then be reinstated in the budget billing program, if so desired.
- E. The monthly budget billing amount may be adjusted, at the option of the Association, for any increase in the Association's rates. Said monthly budget billing amount may also be adjusted at the option of the Association if the consumer's use of electricity increases substantially.
- F. The consumer may elect to terminate the Budget Billing Plan at any time by notifying the Association in writing and by paying in full the entire settlement amount of the account.

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Issuing Officer Mark F. Steinhilber  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88



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## RULES AND REGULATIONS (COLORADO)

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- G. If a consumer is removed from the Budget Billing Plan for any reason other than a delinquent bill, the consumer shall be eligible to participate in the plan again immediately. If the removal is for a delinquent bill, the re-enrollment provision outlined above shall prevail.
- H. A deposit may be required of a consumer participating in the Budget Billing Plan based on the consumer's previous payment record. Any deposit presently with the Association may be used as part of the total.
- I. The Budget Billing Plan will automatically continue from year to year unless terminated by either party.
- J. The Budget Billing Plan will be adjusted each year by taking into consideration the following:
1. Rate increases put into effect during the year
  2. Credit or debit balances at adjustment time
  3. Change in usage
  4. Contract Agreements

The consumer will be notified of the adjusted amount of budget billing.

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Issuing Officer

Albert E. Stephens  
General Manager

Issue Date

01/04/88

Rule & Regulation Resolution No.

1

Effective Date

02/04/88

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RULES AND REGULATIONS (COLORADO)

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K. Each participant in the Budget Billing Plan who is a rural residential consumer must submit a monthly meter reading to Empire Electric Association, Inc., in order to remain in the plan.

XLV. POWER FACTOR

The Association's rates, except those containing a power factor clause, contemplate a consumer's use of service at an average power factor at the point where service is metered of not less than ninety-five (95) percent. When neon, Fluorescent, or other types of lighting or other inherently low power factor equipment is used, such equipment must be provided with suitable power factor corrective equipment so that the resulting power factor of such equipment is not less than ninety-five (95) percent. Where three-phase induction motors are the principle load served, as determined by the Association, consumers will connect capacitors so that their switching will be with the motor and sized according to the latest edition of the National Electric Code. The Association reserves the right to discontinue service to any consumer not complying herewith, after reasonable notice and opportunity to make the necessary corrections.

XLVI. EMERGENCY LOAD CURTAILMENT

Should the Association determine, by instrumentation or other recognized means, that it will be necessary to restrain or control service, the Association shall either temporarily reduce voltage 5% on affected transmission and distribution lines, temporarily interrupt service on the affected transmission and distribution lines or set a schedule of hours of operation for all the consumers on

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Issuing Officer

Neal E. Stephens  
General Manager

Issue Date

01/04/88

Rule & Regulation Resolution No.

1

Effective Date

02/04/88

---

RULES AND REGULATIONS (COLORADO)

---

the affected transmission and distribution lines. Such curtailment of service shall be applicable whether caused by temporarily inadequate facilities of the Association or the Association's power supplier.

XLVII. MOBILE HOME PARKS

A. Electric service to mobile home parks and/or to the owner and occupant of mobile homes within mobile home parks will be in accordance with one of the following options:

1. Under this option the electric energy shall be furnished to the proprietor of each mobile home court on a commercial rate basis. No sub-metering by the operator shall be permitted.
2. Separate meters may be installed for each mobile home in a mobile home court and such meters shall be read separately and billed to the individual mobile home owner.

Option No. 2 shall not apply to transient mobile home occupants who arrange for space in a mobile home court or park for less than a thirty day period. All such transient mobile homes shall be connected to the Mobile Home Park Owner or Operators own meters.

Service to mobile homes for domestic use will be billed under the appropriate rate schedule, Residential or Farm and Home Service, depending on the location of the mobile home.

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Issuing Officer	<u>Nancy E. Stephens</u> General Manager	Issue Date	<u>01/04/88</u>
Rule & Regulation Resolution No.	<u>1</u>	Effective Date	<u>02/04/88</u>

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RULES AND REGULATIONS (COLORADO)

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XLVIII-XLIX RESERVED FOR FUTURE RULE OR REGULATION

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Issuing Officer *Walter E. Stephens*  
General Manager

Issue Date 01/04/88

Rule & Regulation Resolution No. 1

Effective Date 02/04/88

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RULES AND REGULATIONS (COLORADO & UTAH)

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XLX. LINE EXTENSION REGULATION

Sub-Section	I.	Definition of Terms	97
Sub-Section	II.	General Provisions	99
Sub-Section	III.	Terms and Conditions - Permanent Service	101
Sub-Section	IV.	Terms and Conditions - Indeterminate Service	102
Sub-Section	V.	Terms and Conditions - Temporary Service	103
Sub-Section	VI.	Terms and Conditions - Line Extensions Where No Service is Required	104

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Issuing Officer	<u>Neal E. Stephens</u> General Manager	Issue Date	<u>01/01/98</u>
Decision or Authority	<u>Board Approval 12/19/97</u>	Effective Date	<u>02/16/98</u>

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## RULES AND REGULATIONS (COLORADO & UTAH)

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### SS I. DEFINITION OF TERMS

Aid-In Construction Advance

Amount paid to the *Cooperative* in advance and prior to scheduling of *line extension* construction by the *Cooperative*. Such amount is non-refundable except as stated in this line extension regulation.

Applicant

Any person, firm, corporation, or body politic applying for electric service or electric service upgrade from the *Cooperative*.

Classification Standards

Standards set by the *Cooperative* to classify permanent and indeterminate electric services or electric service upgrades.

Construction Cost of Line Extension

The total construction cost of the *line extension* or upgrade including but not limited to transmission lines, distribution lines, secondary lines, services, transformers, engineering, overheads, cost share payments, plus the cost of any additions to or rearrangement of present facilities necessary to serve the *Applicant*, plus the cost of all rights-of-way, easements, permits or licenses to use the land, plus the cost of any required environmental studies.

Cooperative

The word "Cooperative" as used in these rules shall be construed to mean Empire Electric Association, Incorporated.

Developer

Any person, firm, corporation, or body politic requesting a *line extension* where no service is required.

Electric System

The *Cooperative's* electric lines used for the purpose of general distribution of electric energy to its consumers.

Extension Completion Date

The date when construction of a *line extension* is substantially complete as determined by the *Cooperative*.

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Issuing Officer	<u>Neal E. Stephens</u> General Manager	Issue Date	<u>01/01/98</u>
Decision or Authority	<u>Board Approval 12/19/97</u>	Effective Date	<u>02/16/98</u>

---

## RULES AND REGULATIONS (COLORADO & UTAH)

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### Indeterminate Service

Electric service which is of an indefinite or indeterminate nature or where the *Cooperative* determines that the degree of risk associated with furnishing electric service, and the expected relationships between cost, revenues, and permanency of electric service do not warrant investment by the *Cooperative* in a *line extension* to said service.

### Line Extension

Any construction of facilities which may include but is not limited to transmission lines, substations, primary and secondary distribution lines, transformers, service laterals, meters and meter installation facilities and all other appurtenant facilities to supply service.

### Permanent Service

Electric service where the use of service is on a permanent basis and a continuous return to the *Cooperative* of sufficient revenue to support the necessary investment is reasonably assured.

### Standard Construction Allowance

That portion of construction made by the *Cooperative* at its expense. The amount of *the standard construction allowance* will not exceed 80% of the value determined from each cost of service study for each rate class. The *standard construction allowance* shall be used after approval of the cost of service study by the *Cooperative's* Board of Directors and any regulatory bodies who may then have jurisdiction.

### Standards of Construction

Standards for construction of electric facilities, including but not limited to material, design, and construction practices, as currently determined by the *Cooperative*.

### Temporary Service

Electric service which is of a temporary nature as that required by, but not limited to circuses, bazaars, fairs, concessions and similar enterprises, to construction works, etc., of a temporary nature and to ventures of such uncertain, speculative character that their permanency is questionable, such as mining, oil and gas production operation, during the preliminary or development period, or building construction.

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Issuing Officer	<u>Neal E. Stephens</u>	Issue Date	<u>01/01/98</u>
	General Manager		
Decision or Authority	<u>Board Approval 12/19/97</u>	Effective Date	<u>02/16/98</u>

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## RULES AND REGULATIONS (COLORADO & UTAH)

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### SS II. GENERAL PROVISIONS

The purpose of this subsection is to set forth the general provisions and standards of the *Cooperative's* line extension regulation. It is the intention of this regulation to:

1. Consider the cost relationship between existing consumers and *applicants* for new or modified service.
2. Set forth uniform requirements for each *applicant*.
3. Consider the degree of risk associated with furnishing electric service, and the expected relationships between cost, revenues, and permanency of electric service.

The following requirements are for new *line extensions* and/or modifications to the existing *electric system*:

- A. The *Cooperative* will provide electric service to all *applicants* within its certificated area which meet the requirements of the *Cooperative*.
- B. When an *applicant* requests electric service or an increase of existing service and where such request necessitates an additional investment, the *Cooperative*, after consideration of the *applicant's* electric requirements, will designate the service requested as being permanent, indeterminate, or temporary in accordance with the definitions set forth in this regulation and the *Cooperative's classification standards*.
- C. The *construction cost of line extension* shall be determined by the *Cooperative*.
- D. Line extensions of the *Cooperative's* distribution system will be made only on rights-of-way acceptable to the *Cooperative*.
- E. Location of the *line extension* origin and the route to be followed in the construction of a *line extension* shall be determined by the *Cooperative*. Based upon various considerations, the origin point need not necessarily be the point on the existing electric system most proximate to the *applicant's* premises, nor the route selected be the shortest distance between the origin and the delivery point.
- F. At the option of the *Cooperative*, the contract for service may include a service or facilities charge in addition to the applicable monthly *minimum* when justified, for extraordinary operations and maintenance of facilities built specifically for the *applicant* or by reason of the nature or location of the load being served.
- G. At the option of the *Cooperative*, a non-interest bearing engineering advance of not less than \$100.00 will be required prior to preparation of any engineering estimates in situations where the use of the service is in doubt. All or a portion of the advance will be credited or refunded upon completion of a contractual agreement between the *Cooperative* and the *applicant*. The advance will be refunded or credited to the job once service is being utilized by the *applicant*. In the situation where the *applicant*

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Issuing Officer	<u>Neal E. Stephens</u> General Manager	Issue Date	<u>01/01/98</u>
Decision or Authority	<u>Board Approval 12/19/97</u>	Effective Date	<u>02/16/98</u>



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## RULES AND REGULATIONS (COLORADO & UTAH)

---

does not contract for service within six (6) months after the completion of the engineering studies and investigation, the advance minus costs incurred by the *Cooperative* will be refunded to the *applicant*.

- H. The *Cooperative* reserves the right to approve all locations for transformers, meters, or other electrical equipment. In the situation where the location is unacceptable because of inaccessibility due to terrain, buildings or any other obstructions, or other operational considerations, the *Cooperative* shall refuse to make service available to the *applicant* until such time that an acceptable location to both parties can be attained.
- I. The ownership of all electric facilities provided wholly or in part at the expense of an *applicant* under these rules shall at all times be vested exclusively in the *Cooperative*.
- J. The regulations in this rule contemplate that the type of construction required to provide the quantity and grade of service involved will be determined by the *Cooperative's standards of construction*.
- K. Nothing contained in these general provisions shall be interpreted as a prohibition against the construction of an extension having more than minimum capacity (as determined by the *standards of construction*) to meet the requirements of the *applicant* to be then served, provided such additional capacity is constructed by the *Cooperative* without obligation by *applicant*.
- L. The *Cooperative's* line extension policies shall not be construed to place a greater burden on any new *applicant* connected to an existing *line extension* than would have been placed on said *applicant* had a totally new *line extension* been constructed for his/her use.
- M. The *Cooperative* reserves the right to deal independently on situations on their own merits and without reference to the provisions of this regulation when there is unacceptable risk, as determined by the *Cooperative*, associated with furnishing electric service and the expected relationships between cost, investment, revenues, and permanency of electric service. When the *construction cost of line extension* is estimated to be greater than \$50,000, or when the proposed service capacity is 1,000 kVA or greater, the *Cooperative* reserves the right to administer independently on these situations on their own merits and without reference to the other provisions of this regulation.
- N. When provisions of *line extension* and service contracts have been fulfilled, service will be continued upon payment of the applicable rate schedule and/or service agreement (contract) *minimum* or facilities charges for service or for having service available. Otherwise, the facilities may be removed by the *Cooperative*. Service required thereafter at the same location will be provided under the then applicable line extension regulation.
- O. The *Cooperative's* classification of a service *applicant* and determination of construction costs shall be made exclusively by the *Cooperative*.
- P. For construction contemplated in this line extension regulation, the *applicant* may be required to provide conduit, trenching, bedding, boring, and backfill for underground extensions, and various

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Issuing Officer Neal E. Stephens Issue Date 01/01/98  
General Manager

Decision or Authority Board Approval 12/19/97 Effective Date 02/16/98

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## RULES AND REGULATIONS (COLORADO & UTAH)

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other *line extension* facilities including but not limited to meter pedestals, meter bases, meter base mountings, stand-off brackets, roof masts, and mast conduits.

- Q. A service contract will be executed between the *Cooperative* and the *applicant* to cover the requirements of this line extension regulation.
- R. Extensions shall be built within a reasonable period after all requirements of this regulation and other *Cooperative* rules and regulations are complied with by the *applicant*.
- S. *Line extensions* to security lights and street lights will be considered under the applicable rate tariff or street light contract.

### SS III. PERMANENT SERVICE

#### Terms and Conditions

*Permanent service* applies to residential, commercial, and large power rate classes. It will include increasing capacity for an existing consumer as well as extending electric service to a new consumer.

- A. *Permanent service* contract shall be for a five (5) year period.
- B. The *applicant* shall guarantee the *Cooperative* a minimum monthly charge of the higher of the following charges:
  - 1. The facilities charge specified in the applicable rate schedule.
  - 2. The transformer capacity charge specified in the applicable rate schedule.
  - 3. The *standard construction allowance* divided by sixty (60).
- C. The *applicant* shall pay the estimated *construction cost of line extension* less the *standard construction allowance* as a non-refundable, *aid-in-construction advance*.
- D. If, within the five (5) year period following the *extension completion date*, a new consumer requests service, and the *Cooperative* determines that use of subject *line extension* is required to provide such service, the costs shall be recalculated with appropriate refund and/or applicable minimum monthly charge reduction to the existing consumer(s) or their heir(s). All refunds cease at the end of the first five year period or upon the sale of the property where the *point of delivery* is located.
- E. When more than one *applicant* is to be served from a proposed extension, the *Cooperative* will prorate the estimated cost of those sections of the extension used in common to each affected *applicant*. Nothing herein shall preclude any *applicant* from voluntarily assuming more than the *applicant's* proportionate share of an extension.
- F. In the case where the *applicant* is not the owner of the premises to be served, the owner shall be required to sign the contract for electric service as either principal or as surety for the *applicant*.

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Issuing Officer	<u>Neal E. Stephens</u> General Manager	Issue Date	<u>01/01/98</u>
Decision or Authority	<u>Board Approval 12/19/97</u>	Effective Date	<u>02/16/98</u>

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## RULES AND REGULATIONS (COLORADO & UTAH)

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Otherwise, service will be considered indeterminate (see SSIV. B). For the purposes of this paragraph, the owner shall mean either the fee title owner, a lessor (lease must extend through the contract term) of the property, or in the case of government lands and Indian reservations, the entity or individual authorized by the controlling agency or Indian tribe.

- G. If a consumer under contract ceases to use service, any subsequent landowner who applies for service at that location will be required to assume the obligation of balance of the contract.

### SS IV. INDETERMINATE SERVICE

#### Terms and Conditions

*Indeterminate service* applies to residential, commercial, and large power rate classes. It will include increasing capacity for an existing consumer as well as extending electric service to a new consumer.

- A. *Indeterminate services* that are not eligible for re-classification shall include services to:
1. Natural resource extraction and processing
  2. Where there is little or no use of electric power and energy as determined by the *Cooperative*
- B. *Indeterminate services* that are eligible for re-classification shall include services to:
1. Where the *applicant* is not the owner of the land where the service is to be built (see SSIII F).
  2. Services that do not meet the permanency requirements of the *classification standards*.
- C. The *Cooperative* may, within the first five (5) years after service is made available, in its judgement declare an indeterminate consumer as permanent. If such consumer is reclassified as permanent, the *Cooperative* shall refund the *standard construction allowance* that would have applied at the time the construction costs were determined in accordance with the service contract.
- D. *Indeterminate service* contract with no refund provisions shall be for a minimum one (1) month period. *Indeterminate service* contracts with refund provisions that may be re-classified to permanent status shall be for a minimum five (5) year period.
- E. The *applicant* shall guarantee the *Cooperative* a minimum charge of the higher of the following charges:
1. The facilities charge specified in the applicable rate schedule.
  2. The transformer capacity charge specified in the applicable rate schedule.
  3. The *standard construction allowance* divided by sixty (60) (only for contracts with refund provisions that may be re-classified to permanent status).
- F. The *applicant* shall pay the estimated *construction cost of line extension* as an *aid-in-construction advance*. For contracts with refund provisions, the amount of the *aid-in-construction advance* that is the *standard construction allowance* may be refunded as defined herein.
- G. If, within the five (5) year period following the *extension completion date*, a new consumer requests

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Issuing Officer Neal E. Stephens Issue Date 01/01/98  
General Manager

Decision or Authority Board Approval 12/19/97 Effective Date 02/16/98

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## RULES AND REGULATIONS (COLORADO & UTAH)

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service, and the *Cooperative* determines that use of subject *line extension* is required to provide such service, the costs shall be recalculated with appropriate refund and/or applicable minimum monthly charge reduction to the existing consumer(s) or their heir(s). All refunds cease at the end of the first five year period or upon the sale of the property where the *point of delivery* is located.

- H. When more than one *applicant* is to be served from a proposed extension, the *Cooperative* will prorate the estimated cost of those sections of the extension used in common to each affected *applicant*. Nothing herein shall preclude any *applicant* from voluntarily assuming more than the *applicant's* proportionate share of an extension.
- I. If a consumer under a contract with refund provisions sells the property on which the service is located, or is in default of the contract obligations, all refund provisions cease.

### SS V. TEMPORARY SERVICE Terms and Conditions

*Temporary service* applies to residential, commercial, and large power rate classes. It will include increasing capacity for an existing consumer as well as extending electric service to a new consumer.

- A. *Applicant* must sign an agreement for electric service for a one (1) month minimum term.
- B. The *applicant* shall guarantee the *Cooperative* a minimum charge of the higher of the following charges:
  - 1. The facilities charge specified in the applicable rate schedule.
  - 2. The transformer capacity charge specified in the applicable rate schedule.
- C. *Applicant* shall pay to the *Cooperative* as an *aid-in-construction advance*, the estimated *construction cost of line extension* plus the cost of removing all overhead or underground facilities if such removal is determined to be necessary by the *Cooperative*. If *temporary service* is continued for more than 18 months following the *extension completion date*, the nature of such continued service will be evaluated and, if appropriate, reclassified as *indeterminate service* or *permanent service*.
- D. No refund of *aid-in-construction advances* for *temporary service* will be made unless the subject extension is subdivided by the addition of *permanent service* or *indeterminate service* consumers or in the event that the *temporary service* consumer is reclassified as permanent or in the event that the service is disconnected, the facilities are removed, and the *Cooperative* realizes some salvage from any of the removed equipment. All refunds shall cease and be forfeited within five (5) years following the *extension completion date*.

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Issuing Officer	<u>Neal E. Stephens</u> General Manager	Issue Date	<u>01/01/98</u>
Decision or Authority	<u>Board Approval 12/19/97</u>	Effective Date	<u>02/16/98</u>

---

## RULES AND REGULATIONS (COLORADO & UTAH)

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- E. *Temporary service* normally shall not be continued for a period longer than 18 months, except where heavy construction such as dams or tunnels, etc., are involved, and where the period of service in these instances cited herein is longer than 18 months, the *Cooperative* may continue to render *temporary service* under the agreements, but in any other instances if the period exceeds 18 months and the consumer or the consumers still desire and request service, it shall then be provided in accordance with all the terms of the extension regulation of the utility applicable to *permanent* or *indeterminate service* without further consideration of the obligation provided in the *temporary service* agreement.

### SS VI. LINE EXTENSIONS WHERE NO SERVICE IS REQUIRED

#### Terms and Conditions

*Line extensions* where no service is required are defined as *line extensions* for which there is no requirement for service by the *developer*. Such *line extensions* include but are not limited to those built to real estate subdivisions and development of property for sale.

- A. The *Cooperative* will install, own, maintain and operate the *electric system* to and on the real estate subdivision and/or development. The layout, design, and capacity of the system shall be determined by the *Cooperative*.
- B. The *developer* shall pay to the *Cooperative* as an *aid-in construction advance* the estimated *construction cost of line extension* to provide *line extensions* to and on the real estate subdivision and/or development necessary to provide service to the expected consumers in said development. Such costs are non-refundable.
- C. The *Cooperative* will provide service to *applicants* within the development by separate service agreement in accordance with the line extension regulation of the *Cooperative* for such service.
- D. The *developer* will provide permanent right-of-way easements acceptable to the *Cooperative* for the construction, operation and maintenance of the *electric system*.
- E. Prior to the start of construction, the *developer* will establish and provide an on site location of any property corners and boundary lines as required by the *Cooperative*.

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Issuing Officer	<u>Neal E. Stephens</u> General Manager	Issue Date	<u>01/01/98</u>
Decision or Authority	<u>Board Approval 12/19/97</u>	Effective Date	<u>02/16/98</u>