

Schedule of Rules and Regulations
Fulton Electric System

1. Applications for Service ... Each prospective customer desiring electric may be required to sign Distributor's standard form of application for service or contract before service is supplied by the Distributor.

2. Deposit...Deposit policies are to be applied without regard to race, color, creed, sex, age, national origin or marital status. Fulton Electric System (FES) utilizes Online Utility Exchange to obtain customer credit information. Residential deposits are required based on the following criteria. Maximum deposit no more than two times the average monthly residential bill.

Residential Deposit	FICO Credit Score
\$0	700-850
\$150	660-699
\$300	Less than 660

FES reserves the right at all times to adjust the amount of a customer's deposit if it deems that FES is not adequately protected from default by the customer. A maximum deposit no more than two times the average monthly residential bill. Any service applicant who refuses to provide adequate identification shall be deemed a credit risk and shall be subject to posting a maximum deposit. Annually upon written request of the customer or at the discretion of FES, the deposit requirement may be re-evaluated based on the most recent usage. Any customer whose service is terminated for non-payment for more than three (3) times a year and has not posted a security deposit, may be required to post a maximum deposit and pay all outstanding bills before service is restored. A customer whose service is terminated three (3) or more time and has posted a minimal deposit, may be required to increase their deposit to a maximum level and pay all outstanding bills before service is restored.

Interest at the rate paid for passbook savings accounts by savings and loan institutions within Fulton, Kentucky shall accrue on all deposits and be paid annually on request or at the time the deposit is refunded. FES shall have the right of recoument and/or to off-set deposits against any account of the customer. FES may obtain a credit report from an approved Credit Bureau; currently, Fulton Electric System (FES) utilizes Online Utility Exchange to obtain customer credit information.

If a customer wishes to activate services without producing required deposits, they may elect to sign up for our Prepay Program. This program allows the customer to purchase at least \$50 in utilities and service fee of \$30 at the time the application for service is filled out. The customer can add money to extend service at any time. If the customer's account balance is exhausted, the utility will shut off. To restore power the customer

must pay the negative balance and a \$10.00 reconnect fee along with a \$20.00 minimum balance payment; therefore, the risk of the customer leaving FES with unpaid balances are minimized, so no security deposit is required.

Upon termination of service any retained deposit and accrued interest shall be applied against any bills owed to FES. If a balance remains after such application, the said balance shall be refunded to the customer. The customer can request in writing an annual balance of the deposit and the interest earned.

Any existing customer who has not posted a security deposit and demonstrates poor payment history (i.e. has not paid current bill for 30 days or has had two or more delinquencies in any consecutive 24-month period), shall be deemed to have an unsatisfactory payment record and may be required to post a maximum deposit of \$300 in order to continue service.

For Small Commercial Customers with less than 50 KW, the deposit requirement will be two times the average monthly bill using a minimum of six months billing history. If there is no payment history for the site of the Small Commercial Customer, then an initial deposit of \$200 will be retained and the bills for the first three months will be averaged, and upon the average being determined, the Small Commercial Business Customer will either be refunded for any overage paid on the down payment or will be required to pay additional funds toward the deposit due by the 30th of the fourth month of service, but the deposit will not exceed \$1000.00.

Large Commercial or Industrial Customers:

All large commercial or industrial customers' (50 kW and over) deposit requirement shall equal twice the highest estimated monthly bill. Deposit estimates are calculated based on actual billing history for location where available. Where a billing history is not available, the deposit estimate is calculated based on anticipated demand and energy loading for the particulars of the customer. Any large commercial or industrial customer requiring a deposit of more than \$1000 may meet the deposit requirement by providing:

- A Certificate of deposit for the required amount, written in the name of the business and/or Fulton Electric System. The business owner must sign the CD when applying for service and surrender the CD to Fulton Electric System, which will be held by FES until services are discontinued and the account balance paid in full.
- A Surety Bond for the desired amount, similar to an insurance policy, which is issued to guarantee the payment of utility bills in the case of nonpayment by a company in which services have been terminated. This bond is under the classification of a financial guarantee and is required by a private obligee (in this case, FES). Some companies that issue bonds may charge the bond applicant an annual fee depending on risk.

Disclosure of Use of Information Obtained in a Report from a Consumer Reporting Agency:

FES's credit decision may be based in whole or in part on information obtained in a report from the consumer reporting agency listed below. The reporting agency did not make the decision and is unable to provide you with the specific reasons for the decision. Because information from a consumer credit report was used in evaluating your application, you have the right under the Fair Credit Reporting Act to request a free copy of the credit report from the company listed below within sixty (60) days of your receipt of this notice. If after receiving a copy of your credit report and you determine that the information is not accurate or complete, you have the right to request that the reporting agency listed below reinvestigate that information.

Online Information Services, Inc.
PO Box 1489
Winterville, NC 28590
1-800-630-6400

3. Point of Delivery... The point of delivery is the point as designed by Distributor, on Customer's premises where current is to be delivered to building or premises. All wiring and equipment beyond this point of delivery shall be provided and maintained by customer at no expense to the Distributor.

4. Customer's Wiring Standards... All wiring of Customer must conform to Distributor's requirements and accepted modern standards, as exemplified by the requirements of the National Electrical Safety Code and the National Electrical Code.

5. Inspection... Distributor shall have the right, but shall not be obligated, to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or appliance not in accordance with Distributor's standards: but such inspection or failure to inspect or reject shall not render Distributor liable or responsible for any loss or damage resulting from defects in the installation, wiring, or appliances or from violation of Distributor's rules, or from accidents which may occur upon Customer's premises.

6. Overhead Secondary Installations... Standard meter bases will be furnished for totally electric homes or businesses up to 400-amp services (except for multi-position or specialty meter cabinets). All other customer installations can purchase standard meter bases from Fulton Electric System up amp (same exception as above) or purchase from other vendors of their choosing. Customers meter base cannot be attached directly to any Fulton Electric System poles unless authorized by Fulton Electric System. Customer shall submit a copy of the electrical inspection certificate of compliance prior to energizing service. Fulton Electric System reserves the right to spot the location of all meter bases, service risers, and pole locations.

7. Underground Service Lines... Customers desiring underground service lines from Distributor's overhead system must bear the excess cost incident thereto. Specifications and terms for such construction will be furnished by Distributor on request. For more information please see FES underground policy.

8. Customer's Responsibility... for Distributor's Property... All meter service connections, and other equipment furnished by Distributor shall be, and remain the property of Distributor. Customer shall provide space for and exercise proper care to protect the property of Distributor on its premises, and in the event of loss or damage to distributor's property arising from neglect of customer to care for same, the cost of the necessary repairs or replacements shall be paid by Customer. Customer shall control new and existing trees and shrubbery and placement of obstructions to prevent interference with utility lines and other FES facilities. In the event such facilities are interfered with FES reserves the right to trim or remove said obstructions. Further, in the event such facilities are interfered with, impaired in their operation or damaged by the customer or any other person when the customers reasonable care and surveillance could have prevented such, the customer shall indemnify FES or any other person against death, injury, loss or damage resulting therefrom, including but not limited to FES cost of repairing, replacing, or relocating any such facilities, and in the event such facilities are entered into, or tampered with in such a manner as to allow any service to be illegally consumed or the measurement of that usage to be impaired customer of recorded and/or occupant shall reimburse FES for its estimated loss of revenue and damage, if any, resulting therefrom. For more information please see our Tree Trimming and Removal policy.

9. Right of Access... Distributor's identified employees shall have access to Customer's premises at all reasonable times for the purpose of reading meters, testing, repairing, removing, protecting and/or exchanging any or all equipment belonging to Distributor.

10. Billing... Bills will be rendered monthly and shall be paid either at the office of Distributors or by mail, within 15 days from the day the bill is mailed to the customer/date of bill. Failure to receive bill will not release customer from payment obligation. Payment made after the due date will be subject to a late payment charge. The residential late payment charge will be computed as a charge of five (5) percent on any portion of the bill paid after the net payment period excluding other charges and sales tax. The late payment charge for other classes of service will be computed as a charge of five (5) percent on the first \$250.00 of the unpaid portion of the electric bill plus one (1) percent of the unpaid portion exceeding \$250.00 excluding the other charges and sales tax. Should the due date of the bill fall on a Saturday, Sunday or Holiday, the next business day following the due date will be held as a day of grace for delivery of payment. Postmarks will be used as evidence of date of payment for payments received by mail. Customer service number will be provided on notices mailed to the customer for them to call to discuss the bill. A notice to collect of \$2.50 will be charged for preparing and mailing a late notice to the customer. A collection fee of \$5.00 will be charged for each trip Distributor makes in an attempt to collect past due amount from the customer (not to exceed one time each month). Should payment not be received accordingly, FES may, six (6) days following the mailing or electronic transmittal of written notice to customer, discontinue any or all services. No further notice will be provided before all service is disconnected. A service fee will be collected for reconnecting the service after disconnection for non-payment. This charge shall be

\$30.00 during regular office hours and \$100.00 after hours, weekends and holidays. A bad check charge of \$30.00 will be made to customer for each check returned for insufficient fund. Any customer that has two checks returned, it is our policy not to accept any checks from that customer. A bank draft plan is available upon request for all consumers. Request for information may be made in person at the office of the Distributor.

11. Discontinuance of Service by Distributor ... Distributor may refuse to connect or may discontinue service for the violation of any of its Rules and Regulations, or for violation of any of the provisions of the Schedule of Rates and Charges, or of the application of customer or contract with Customer. Distributor may discontinue service to customer for the theft of current or the appearance of current theft devices on the premises of the customer. Written notice of termination (cut-off notice) shall be mailed (or handed) to customer with final notice at least five days prior to scheduled date of termination. If practical, customer will be notified by telephone. The cut-off notice will include the amount due, the Customer Service phone number, and the last date of payment to avoid termination. If customer does not make payment, make other acceptable arrangements, or notify office of contested bill, termination will be made on schedule. Hearing and appeal procedures will be posted in the office at a location near where customers pay bills. The poster will read as follows: (a) Hearing on contested bills will be conducted by a Hearing Officer by appointment at this office between the hours of 10:00 A.M. and 3:00 P.M. on business days. (b) Customer and his representative may examine our records pertaining to the customer's service. Hearing officer will render a written decision to the customer. Customer may appeal decision to Appeals Officer. (c) Appeal hearing will be scheduled by Appeals Officer as soon as possible after notification by customer. Appeals Officer will provide the customer with a written final decision. (d) Post-termination hearings for contested bills will be handled in the above manner. Service will not be terminated for contested bills until the appropriate procedure under item above has been carried out, unless customer fails to be in attendance at appointed time, in which case termination will proceed as originally scheduled. The discontinuance of service by FES for any causes stated in this rule does not release the Customer from his obligation to FES for the payment of minimum bills as specified in contracts or any other amounts due FES.

FES evaluates weather conditions daily at www.weather.com for Fulton, KY 42041 and in the event that the forecasted temperature is not expected to exceed 32 degrees/ Fahrenheit or 0 degrees Celsius or If the temperature is expected to exceed 98 degrees /Fahrenheit or 37 degrees Celsius. On that day FES will not discontinue service of residential customers for nonpayment. During such events where service is extended due to weather conditions, the service extension shall not extend past the extreme weather condition or past the customer's next due date, whichever date comes first.

Upon FES approval of the medical necessity form, disconnection of service will be postponed for 30 days from the original scheduled disconnection date to allow customer time to make payment or alternative shelter arrangements. The medical necessity form

must be completed by a medical doctor or nurse practitioner licensed to practice in the state of Kentucky certifying that the disconnection of electric service would create a life-threatening medical situation for the customer or other permanent resident of the customer's household. It is the responsibility of the customer to ensure that the form has been approved by the FES. A life threatening medical condition does not relieve a customer of the obligation to pay for electric service, including any late fees incurred or other applicable charges. FES will only grant this postponement for termination one time in a twelve month period. If full payment of the past due amount, including all late fees, is not received by the end of the 30 day postponement period, electric service will be disconnected without further notice.

12. Disconnection Charge ... Whenever service has been discontinued by Distributor, as provided above, or a trip is made for the purpose of discontinuing service, a charge of \$30.00 during office hours, and \$100.00 after hours, holidays and weekends may be collected by Distributor before service is restored. If collected after hours, bill plus disconnection fee must be paid in cash.

13. Termination of Contract by Customer ... Customers who have fulfilled their contract terms and wish to discontinued service must give at least three (3) days written notice to that effect, unless contract specifies otherwise. Notice to discontinue service prior to expiration of contract term will not relieve customer from minimum or guaranteed payment under any contract or rate.

14. Service Charge for Temporary Service ... Customers requiring electric service on a temporary basis may be required by Distributor to pay all costs for connection and disconnection incidental to the supplying and removing of service. This rule applies to circuses, carnivals, fairs, temporary connection, and the like.

15. Interruption of Service ... Distributor will use reasonable diligence in supplying current, but shall not be liable for breach of contract in the event of, or for loss, injury or damage to persons or property resulting from, interruptions in service, excessive inadequate voltage, single-phasing, or otherwise unsatisfactory service whether or not caused by negligence.

16. Voltage Fluctuations Caused by Customer ... Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to Distributor's system. Distributor may require customer, at his own expense to install suitable apparatus which will reasonably limit such fluctuations.

17. Additional Load ... The service connection, transformers, meters and equipment supplied by Distributor for each Customer have definite capacity, and no addition to the equipment or load connected thereto will be allowed except by consent of Distributor. Failure to give notice of additions or changes in load, to the Distributor's lines or equipment that cause additional equipment or changes installation will create additional fees to be charged.

18. Standby and Resale Service ... All purchased electric service (other than emergency or standby service) used on the premises of customer shall be supplied exclusively by Distributor, Customer shall not, directly or indirectly, sell, sublet, assign, or otherwise dispose of the electric service or any part thereof.

19. Notice of Trouble ... Customer shall notify Distributor immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents affecting the supply of electricity. Such notices, if verbal, should be confirmed in writing.

20. Non-standard Service ... Customer shall pay the cost of any special installation necessary to meet his peculiar requirements for service at other than standard voltage, or for the supply of closer voltage regulation than required by standard practice.

21. Meter Test...A fee of \$135.00 will be charged to residential customers and cost plus 10% for industrial/commercial customers in those cases where the customer requests Fulton Electric System to test or inspect its meter and the test on inspection indicates that the meter is not more than 2% slow or fast. The test or inspection shall be conducted by an independent laboratory selected by Fulton Electric System.

22. Relocation of Outdoor Lighting Facilities ... Distributor shall, at the request of customer, relocate or change existing Distributor owned equipment. Customer shall reimburse Distributor for such changes at actual cost including appropriate overhead fees.

23. Billing Adjusted to Standard Periods ... The demand charges and the blocks in the energy charges set forth in the rate schedules are based on billing periods of approximately one month. In the case of the first billing of new accounts (temporary service, cotton gins and other seasonal customers accepted) where the period covered by the billing involves fractions of a month, the demand charges and the blocks of the energy charge will be adjusted to a basis proportionate with the period of time during which service is extended.

24. Scope ... This Schedule of Rules and regulations is a part of all contracts for receiving electric service from Distributor, and applies to all service received from Distributor, whether their service is based upon contract, agreement, signed application, or otherwise. A copy of this schedule, together with a copy of Distributor's Schedule of Rates and Charges, shall be kept open to inspection at the office of Distributor.

25. Revisions ... These Rules and Regulations may be revised, amended, supplemented or otherwise changed from time to time, without notice. Such changes, when effective, shall have the same force as the present Rules and Regulations.

26. Conflict ... In case of conflict between any provision of any rate schedule and the Schedule of Rules and Regulations, the rate schedule shall apply. CUSTOMER'S ENERGY USE DATA- Upon request, using procedures established by FES, FES will make available to customers their available energy consumption data. FES will not

provide to other parties any customer's individually identifiable energy consumption data or other individually identifiable customer data collected by FES without the customer's authorization, using authorization procedures established by FES. Aggregated energy use data will be utilized only by FES and parties authorized by FES in order to enhance system security, reliability, and improve system efficiency and will not be provided to any other parties except with FES approval. Nothing in this paragraph limits TVA's rights as provided under the Wholesale Power Contract.

27. Information to Customers ... Upon application for service and anytime upon request, information pertaining to current service practice policies, current rates applicable to customer and a written example of bill computation will be made available to customer. Upon request in person, by phone or by mail, a customer will receive a statement of customer's monthly kWh consumption for prior 12 month period. There is no charge for this service. Customers will be notified of the availability of the rate schedule, local rate actions, policies and the consumption information by the most practical method of (a) Public service announcements on radio (b) Public display at billing locations, newspaper advertisements or a combination of these methods.

28. SCOPE. The schedule of Rules and Regulations is a part of all contracts for receiving electric service from FES and applies to all service received from FES, whether the service is based upon contract, agreement, signed application, or otherwise a copy of this Schedule, together with a copy of FES Schedule of Rates and Charges, shall be kept open to inspection at the offices of FES.

29. Security Light: Security lights may be installed on existing Distributor distribution poles with a pre-existing 120-volt circuit for a Thirty dollar (\$30.00) charge. If a pole must be installed for the Security Lights, the customer will be responsible for the installation cost of the pole: Wood Pole \$100 or a steel pole for \$200 along with a monthly rental for the pole: Wood pole (\$2.00) or Steel Pole (\$5.00). A disconnection fee of \$30.00 will be charged to the customer for disconnection of the security light. If the customer has more than one security light per pole there will be an additional fee of (\$10.00) per security light. If the customer wishes to change from one light size to another there will be a \$30.00 change out fee.

30. Service Fee ... A service fee in the amount of **\$30.00** shall be required of all new customers of the Fulton Electric System or present customers who relocated within the system. The service fee shall be due and payable at the time of application for service and shall be paid before the meter will be energized