

Piedmont Electric Membership Corporation

Service Rules and Regulations

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Section 1: General Service Rules and Regulations

These Service Rules and Regulations, as part of the Service Agreement between Piedmont Electric Membership Corporation (PEMC) and the Member, govern the supply and receiving of electric service. Membership is available to all persons within the service area of the Cooperative on a nondiscriminatory basis.

1.1 Application for Membership

The Service Agreement between PEMC and its Member may consist of the following:

- Membership Application, signed by the Member and PEMC
- A membership fee
- A security deposit (if required)
- All necessary right-of-way easements (if applicable)
- Current applicable rate schedules and riders
- Load management agreement (if applicable)
- Current Service Rules and Regulations and Bylaws

A supplemental written Large Power Contract is required from any applicant whose estimated maximum metered demand is 100 kW or more.

PEMC's form of Application for Membership must be completed, signed, and submitted, accompanied by the membership fee. Applications for joint membership require the signature of each individual. Proof of identity will be required. Neither the Membership nor the Service Agreement is transferable or assignable; however, capital credits may be transferred to another Member if authorized by the Member pursuant to any applicable regulations of the Cooperative, or to PEMC.

When two or more rate schedules or riders are available, PEMC will assist in the selection, but it is the Member's right and responsibility to determine which to select.

1.2 Security Deposit

For residential service, a security deposit not exceeding the estimated total of the two highest monthly bills during the previous 24 months or \$400, whichever is greater, may be collected in advance of service connection or at any subsequent time when PEMC determines that a deposit is needed to ensure payment of the electric bill. For commercial or industrial service, a security deposit not exceeding the estimated total of the two highest monthly bills during the previous 24 months or \$500, whichever is greater, may be collected in advance of service connection or at any subsequent time when PEMC determines that a deposit is needed to ensure payment of the electric bill. A Member in Good Standing, who terminates service at one location and begins similar service at another location within PEMC's service area, will not be charged a security deposit for the service at the new location.

Deposits other than those described above will be required by special contract or when, as determined by PEMC, such deposits are necessary due to the type of service. Such deposit will be based upon the risk of a business enterprise, the history of the premises, or the credit rating and the financial dependability of the Member.

As an alternative, PEMC will accept:

- A letter of reference from an electric utility stating that the applicant has been a recent customer with similar type service and that the applicant's payment record, for the last twelve months that service was provided, satisfies PEMC's status of Member in Good Standing;
- Satisfactory record with an established credit rating service acceptable to PEMC.
- Participation in Piedmont EMC's Prepayment Program

The deposit will be refunded automatically, with interest (see Appendix 1) beginning to accrue after 90 days, after a period of 12 consecutive months during which the Member has fulfilled all Member obligations of a Member in Good Standing. A deposit may be required at any time if the Member's payment record falls below that of a Member in Good Standing.

Upon termination of membership, the membership fee and security deposit (if not already refunded) will be applied against any unpaid balance owed to PEMC and any balance will be refunded to the member.

1.3 Additional Service Connections

A Member may have any number of electric services under one membership. The Member may be obligated to pay the applicable security deposit for each additional service and is equally responsible for current payment of all accounts.

Section 2: General Extension Policy and Construction Practices

2.1 Construction Practices

PEMC will provide electric service following construction practices that require no facilities or services in excess of those normally provided by or acceptable to the Cooperative and using the most economical and direct route. The Cooperative will require additional fees for line extensions beyond these limits as provided by PEMC policy.

When a Member or applicant requests that the Cooperative supply, extend or relocate electric service in a manner, or following a route, which requires equipment and facilities in excess of those which the Cooperative would normally provide, and the Cooperative finds it practical to do so, such excess equipment and facilities will be provided as excess facilities at the expense of the Member. Costs will be collected through a contribution-in-aid of construction as specified by the Cooperative.

When onsite standby (emergency) generation is provided by the member, a transfer switch must be used to prevent possible injury to the Cooperative's personnel or damage to Cooperative equipment by making it impossible for electricity to feed back into the Cooperative's equipment from the emergency generator.

The Member will install and properly maintain all applicable protective devices specified in the National Electric Code and/or the National Electric Safety Code for on-site generation. PEMC must pre-approve all standby or supplemental onsite generation operated in parallel with PEMC facilities. Any generator operated in parallel must comply with all NESC, NEC, and IEEE Standards in addition to all federal, state, and local regulations.

The Cooperative's responsibility for installation or maintenance of service facilities shall not extend beyond the point of attachment to the customer's service entrance conductors or central distribution point.

The Cooperative reserves the right to decide if a service is permanent or temporary and residential or non-residential.

2.2 Metering Facilities

In general, only one service drop and meter will be installed to serve a building. Two houses or other multi-unit structures used as residences shall not be served through one meter. The member is responsible for providing either the meter base or cabinet where the connections between PEMC and the member will be completed. This enclosure must be approved by PEMC.

Members applying for more than one class of service on the same premises will arrange their wiring so that each class of service can be metered separately. Regardless of ownership of the facilities, PEMC will have the right, at its option, and at its own expense, to place demand meters, voltmeters, locking devices, or other instruments on the premises of the Member for the purpose of monitoring and maintaining the Member's service.

2.3 Location and Access of Electric Service

The Cooperative, in rendering service, shall have access to Member's premises at all times to install, read, inspect, or remove any meters or equipment used to supply or monitor electricity.

The customer must furnish a point of attachment for the Cooperative's service facilities that meets the National Electrical Safety Code, National Electrical Code, local code authority, and PEMC requirements.

The point of attachment furnished by the customer must be at a point where the Cooperative's facilities can be constructed at reasonable cost, and according to sound engineering practices.

When the customer's service requirements are of a nature that a central distribution point must be located on a pole, the Cooperative will furnish and install the central distribution pole for the attachment of the Cooperative's service facilities and the customer may attach their required facilities to the pole. Piedmont will extend service to a single meter that feeds a customer owned power distribution panelboard. In no case shall the customer owned conductors extend from the central distribution point without customer supplied overcurrent protection. All customer conductors located on such meter pole shall be in conduit and conform to the standards of the National Electrical Code current at the time of installation.

All meter bases shall be installed on an accessible exterior wall. Where a central service pole is to be used, the meter shall be located on the pole. A meter pole shall be installed in any case where a suitable building for mounting a service entrance is not available. The center of the meter base should be no less than four feet or no greater than six feet above finished grade level, except when approved by Engineering.

For large single-phase installations greater than 200 amps, and for all three-phase installations, the Cooperative will specify the type of metering equipment before installation. The Member will consult PEMC before proceeding with the purchase, installation, or wiring of equipment. To avoid misunderstanding, this information should be in writing from both the Member and PEMC.

The customer shall furnish and install suitable wiring within the meter enclosure or meter socket to permit the Cooperative to install the meter without any additional materials.

All meters shall be placed ahead of all customer owned switches and fuses.

2.4 Standard Supply Voltages

PEMC maintains a system of alternating current at a standard frequency of 60 Hz that is supplied throughout its system and within prudent utility practices. PEMC will determine the voltage, number of phases, and type of metering that will be supplied depending upon PEMC's facilities available and upon the character, size, and location of the load to be served.

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

- Action of the elements
- Service interruptions
- Temporary separation of parts of the system from the main system
- Infrequent fluctuations of short duration
- Voltage control for emergency purposes
- Emergency operations

- Addition of Member equipment without proper notification to PEMC
- The operation of the Member's equipment
- Other causes beyond the control of PEMC

2.4.1 Standard Secondary Voltages

The standard secondary voltages described below are nominal, at the point of delivery, and are subject to plus or minus 5 percent variation.

- Single-phase, 3-wire - 120/240 Volts
- Three-phase - 120/208 Volts
- Three-phase - 277/480 Volts

2.4.2 Standard Primary Voltages

The standard primary voltages described below are nominal, at the point of delivery, and are subject to plus or minus 10 percent variation.

- Single-phase, 2-wire - 7,200 Volts
- Three-phase, 4-wire - 7,200/12,470 Volts

2.5 Relocation for Building and Equipment Moves

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

Section 3: Line Construction Policy

3.1 General Conditions for Service

Contract for service shall be signed, and the payment of charges shall be made, before installation of the electric facilities. All costs associated with any permits or government fees related to the electric service will be the responsibility of the applicant and will not be included in the total investment limit or the economic feasibility calculation.

The member will furnish, without cost to the Cooperative, necessary easements and rights-of-way for use by the Cooperative for power distribution and/or communications. The applicant will be required to have all streets, alleys, sidewalks, and driveway entrances graded to within 6 inches of final grade, and will have all lot lines established by final plat before construction of the electrical distribution system begins.

The Cooperative shall be responsible for designing and installing the facilities in accordance with and sufficient to provide adequate and reliable service to the applicant based on the then existing load, or that anticipated as specified by the applicant at the time the initial installation is made. In the event that the applicant's load changes at some future date that would require replacement of existing overhead or underground cable with new cable, the subsequent service installation shall be made according to the installation provisions herein set forth for initial installations.

Where, in the opinion of PEMC, it is in the best interest of the Cooperative to install facilities underground, the Cooperative may install such facilities underground at its option.

The type of construction and the location of facilities must meet the approval of the Cooperative. Should the applicant want changes in either location or type of construction, such installation will be made only upon the applicant paying to the Cooperative the estimated additional cost incurred and the concurrence of the Cooperative that such change will not diminish the normal reliability of electric service to any Member.

Within a development or specific area where underground primary service has been contracted for or installed, all concurrent and subsequent primary and secondary services shall be installed underground. The restrictive covenants of any development requesting underground facilities shall include a statement requiring subsequent electric utility service to remain underground.

When adverse soil conditions exist, such as high rock concentration, excessively high water table, or other unusual conditions that would reduce the normal feasibility or reliability of service to the underground applicant, or any other Member of the Cooperative, the Cooperative reserves the right to withhold underground installations.

If, due to adverse conditions (actual or anticipated), the Cooperative must resort to the use of installation means other than the customary use of standard installation methods or materials, the additional cost shall be borne by the applicant.

Structures, pavements, shrubs, trees, grasses, and sod requiring protection during the installation of the underground service will be the responsibility of the applicant or Member and the applicant or Member will hold the Cooperative and its contractors harmless against any claims for damage. Only in situations where the Cooperative delays the installation of cable, for the Cooperative's benefit, will the Cooperative be responsible for reseeding.

Where unusual wiring, electrical code requirements, or applicant requirements cause extra cost in making the installation of primary or secondary service, such cost shall be paid by the applicant.

When underground primary is contracted for, a temporary construction service (saw service) will be provided near an underground transformer or other location designated by the Cooperative after the underground primary facilities have been installed. When a temporary service is needed for construction service (saw service), the temporary service will be provided within either 5 feet of an existing transformer or within 5 feet of the location of the permanent meter base. Whether the temporary service is either overhead or underground is up to the discretion of PEMC.

Facilities associated with an underground distribution system, other than conductors, may be installed above or below ground level as determined solely by PEMC according to the current construction design practices of the Cooperative.

All electrical facilities will be located based on sound engineering principles as determined by the Cooperative. PEMC normally locates underground facilities near front property lines.

The transformer pad, if required, will be provided by the Cooperative for single-phase installations. For three-phase transformer installations larger than 500 kVA, the pad can be either provided by the Cooperative, for an additional fee, or by the applicant. If provided by the applicant, the pad must meet the Cooperative's specifications.

Bulk feeder conductors that transport the electrical requirements of a large area from a substation or other supply point shall be installed overhead.

3.2 Economic and Direct Routes

PEMC will determine the most economic and direct route for the requested electric service. If a different route is requested by the applicant than either the most direct or most economical route, the applicant will be responsible for paying any additional costs associated with the request.

3.3 Adverse Conditions

Applicant requests for service may require a Contribution in Aid (CIA) of expenses to PEMC due to man-made and/or natural adverse conditions. The CIA is defined as an amount paid to PEMC to offset the additional cost to construct, relocate, or otherwise alter facilities owned and maintained by PEMC. When adverse conditions result in additional expense to PEMC, the costs associated with all adverse conditions will be included in the total job cost.

Man-made adverse conditions include, but are not limited to, existing sidewalks, septic tank systems, fuel tanks, private utility lines, replacing gravel, replacing mulch, road bore crossings, asphalt, concrete and other man-made obstructions. Natural adverse conditions include, but are not limited to, rock, steep terrain, creek crossing or other situations where special equipment and/or materials such as sand/clay cushion required for clean backfill, blasting, rock saw, rock hammer, rock ripper, or other equivalent tools are needed.

3.4 Residential Service Connections – Single Dwellings and Subdivisions

Upon application for service, the Cooperative, based on its standard applicable rate schedules and any applicable service contract, will install new residential service connections up to an investment limit as listed in Appendix 1. The investment limit is applied to costs associated with installation of primary or secondary service including expenses due to adverse conditions, but excludes the material and installation costs associated with the transformer(s).

The developer is responsible for the charges for extending primary to the buildable portion of every lot within the subdivision. Each construction phase of a development will be evaluated separately.

3.5 Non-Residential and Residential Multi-Dwellings/Apartment Service Connections

Upon application for service, the Cooperative, based on its standard applicable rate schedules and any applicable service contract, will install new non-residential service connections and new residential multi-dwellings service connections at a cost to the applicant that is determined by an economic feasibility calculation.

3.6 Common Facilities

PEMC, at its discretion, may extend primary service along a property line when two or more single-family residential structures on separate lots may be served from a single transformer with secondary services. The cost of the common portion of the installation (divided by the number of potential common lots served) will be deducted from each consumer's Residential Single Dwelling Investment Limit (Appendix 1). PEMC Engineering Department must approve each common facility installation. In order to be eligible for the deduction, the lots must be developed at the same time.

3.7 Temporary Service

When primary or secondary service is determined to be of a temporary nature such as to serve construction projects, rock crushers, asphalt plants, carnivals and fairs, sawmills, mining operations, etc., the Cooperative will require the applicant to pay the Cooperative for the estimated installation costs, removal costs, any applicable deposit, and cost of materials lost due to early retirement prior to the start of construction.

3.8 Relocating Existing Facilities

At the applicant's request and for the applicant's convenience, rather than when the existing distribution system is not adequate to supply the customer's load, the Cooperative will relocate existing primary or secondary facilities if the applicant agrees to pay a non-refundable charge equal to the cost to remove the existing facilities and the estimated full cost to install the new facilities.

3.9 Security Lighting

Security lighting facilities shall be provided, upon request, under the following terms and conditions:

3.9.1 Underground Primary Service for Security Lighting

Underground primary service for a security lighting system shall be provided upon the applicant agreeing to pay a nonrefundable fee equal to the Underground per Foot Charge as identified in Appendix 1.

3.9.2 Underground Secondary Service for Security Lights

Underground secondary service for PEMC owned security lights shall be provided upon the applicant agreeing to pay the minimum nonrefundable charge listed in Appendix 1 for up to 50 trench feet. Trench footage in excess of 50 feet required to provide such service shall be multiplied by the Underground Security Light fee per foot charge listed in Appendix 1. When the security light conductor is installed in the same trench concurrent with the primary or secondary distribution installation the minimum charge will be waived and the customer will pay the per foot charge only for trench dedicated to the security light conductor. It shall be at the option of the Cooperative to determine the maximum length and most economical route of the underground secondary service to assure proper service to the lights.

3.9.3 Moving Existing Overhead Security Light Facilities Underground

Existing overhead security light facilities may be installed underground if the applicant agrees to pay the cost to remove the existing overhead facilities plus the cost to install the new underground facilities.

3.9.4 Overhead Security Lights

Overhead secondary conductor will be extended to serve security lights at no additional cost when the security light is mounted on an existing pole. If additional pole(s) and/or primary are required, the member is responsible for these additional expenses.

3.10 Modifying Existing Overhead Facilities with Underground

At the applicant's request and for the applicant's convenience, rather than when the existing overhead distribution system is not adequate to supply the customer's load, the Cooperative will modify existing overhead primary or secondary services with underground facilities, subject to the following terms and conditions:

3.10.1 Modifying Overhead Primary to Underground

Overhead primary facilities may be installed underground if the applicant agrees to pay a nonrefundable charge equal to the estimated cost to remove the existing primary facilities plus the estimated full cost to install the new facilities,

3.10.2 Modifying Overhead Secondary to Underground

Existing overhead secondary distribution facilities will be installed underground upon receipt of a nonrefundable payment equal to the cost to remove the existing secondary facilities, plus the full estimated cost to install the new secondary facilities underground.

Any expense incurred in relocating the member or applicant's service entrance facilities to accommodate the underground service drop shall be contracted by and borne by the applicant.

3.11 Relocating Existing Underground Facilities

At the applicant's request and for the applicant's convenience, rather than when the existing underground distribution system is not adequate to supply the customer's load, the Cooperative will modify existing underground primary or secondary facilities, subject to the following terms and conditions:

3.11.1 Moving Underground Primary

Existing underground primary facilities may be relocated if the applicant agrees to pay a nonrefundable charge equal to the estimated cost to remove the existing primary facilities plus the estimated full cost to install the new facilities.

3.11.2 Moving Underground Secondary

Existing underground secondary facilities may be relocated if the applicant agrees to pay a nonrefundable charge equal to the estimated cost to remove the existing secondary facilities (if necessary) plus the estimated full cost to install the new facilities.

Any expense incurred in relocating or replacing of the applicant's service entrance facilities to accommodate the underground service drop shall be borne by the applicant.

Section 4: Conditions of Service

4.1 General Conditions

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

The Member is in compliance with all aspects of the Service Rules and Regulations and agrees to be bound by PEMC's Articles of Incorporation and Bylaws.

The Member agrees to furnish, without cost to PEMC, all necessary easements and rights-of-way for use by the Cooperative for power distribution and/or communications.

The Member agrees that PEMC will have right of access to Members' premises at all times for the purpose of reading meters, testing, repairing, removing, maintaining or exchanging any or all equipment and facilities which are the property of PEMC, or when on any other business between the Cooperative and the Member. In cases where it is necessary and cost effective, the Cooperative may use, without payment to the Member, the Member's premises for accessing another Member's property served by PEMC.

Any previous outstanding debts owed to PEMC by the Member, or any other person in the Member's household, have been paid.

Provision of service in no way conflicts with public authorities.

All Member wiring and equipment have met the requirements of the National Electrical Code and of PEMC, in addition to the specifications of any local authorities having jurisdiction. Proof of inspections required to meet local and state governmental standards of the premises wiring have been made available by the Member. In the case of a dispute, the ruling of the authority having jurisdiction (Local Electrical Inspector) or the PEMC Engineer will prevail.

Each Member shall be responsible for, and shall indemnify the Cooperative and any other person against injury, loss, or damage resulting from any defect in, or improper use or maintenance of such premises and all wiring and apparatus. In no event shall the responsibility of the Cooperative extend beyond the point at which its service wires are attached to the customer's service entrance conductors.

The Member has not connected, and agrees not to connect in the future, any motors or other equipment that are not suitable for operation with the character of the service supplied by PEMC or which adversely affect PEMC's equipment or the service to other Members.

All meters, service connections, and other equipment furnished by PEMC shall be, and remain, the property of the Cooperative. The Member shall provide a space for, and exercise proper care to protect the property of the Cooperative on their premises. In the event of loss or damage to PEMC's property arising from neglect of the Member to care for same, the cost of necessary repairs or replacements shall be paid by the Member.

The Member agrees to be responsible for any additional facilities, protective devices, or corrective equipment necessary to provide adequate service or prevent interference with service to PEMC's other Members. Such loads include, but are not limited to, those requiring excessive capacity because of large momentary current demands or requiring close voltage regulation, such as welders, X-ray machines, shovel loads, or motors starting across the line.

The Member agrees to be responsible for notifying PEMC in writing of any additions to or changes in the Member's equipment that might affect the quality of service or might increase the Member's demand.

The Member agrees that when multiphase service is furnished, the Member will at all times maintain a reasonable balance of load among phases and provide adequate three-phase protection. Three-phase motors with high starting or fluctuating currents must be installed in accordance with PEMC's Rate Schedules, Riders, Rules, and Regulations.

The Member agrees to promptly notify PEMC in writing if there is someone in their household who is either chronically or seriously ill, disabled or on an electrically operated life support system and if the Member desires special handling of the account in the event of failure to pay electric bills.

The Member agrees to promptly notify PEMC with proper certification of the need for special handling of the Member's account with respect to the Cold Weather Disconnection provisions.

4.2 Service Interruptions

PEMC does not guarantee continuous and uninterrupted service and will not be liable for loss or damage to any Member's equipment, belongings, real property, business losses, or consequential damages caused by any failure to supply electric service or by any interruption, single phase condition, or phase reversal of the supply of electric service, if it is due to any cause beyond the reasonable control of PEMC.

Such causes include, but are not limited to:

1. An emergency action due to an adverse condition or disturbance on the system of PEMC, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electric service to some consumers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system.
2. An Act of nature, or the public enemy, or insurrection, riot, civil disorder, fire, or earthquake, or an order from Federal, State, Municipal, County or other public authority.
3. Making necessary adjustments to, changes in or repairs on lines, substations, and facilities, and in cases where, in PEMC's opinion, continued service to a customer presents imminent danger to persons or property.

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

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

4.3 Right-of-Way Maintenance

The Member will grant to PEMC, and PEMC will maintain right-of-way according to its specifications with the right to cut, trim, and control the growth of trees and shrubbery located within the right-of-way or that may interfere with or threaten to endanger the operation or maintenance of PEMC's line or system or endangerment of personnel.

Members who want to have trees trimmed or cut which are close to PEMC's power lines and, in the opinion of PEMC, pose a possible hazard to the lines, may request assistance from PEMC in cutting or trimming. PEMC will schedule such work at its convenience.

4.4 Power Factor

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

4.5 Foreign Electricity, Parallel Service, and Standby Generation

The Member will not use PEMC's electric service in parallel with other electric service, nor will other electric service be introduced on the premises of the Member for use in conjunction with or as a supplement to PEMC's electric service, without the prior written consent of PEMC. Any Distributed Generation (DG) facility installed must be approved prior to operation in writing by PEMC and comply with all NESC, NEC, UL, and IEEE Standards.

Where approved standby and/or supplemental on-site generation is provided by the Member, parallel operation of the Member's generating equipment with PEMC's system will not be allowed, without express permission of PEMC. The Member will install all protective devices specified in the National Electrical Code, or the National Electrical Safety Code, or the IEEE Standards as applicable. A double throw switch must be used to prevent possible injury to PEMC's personnel and equipment by making it impossible for power to feed back into the main line from the emergency generator.

4.6 Qualifying Facilities and Independent Power Producers

PEMC is required to comply with the Public Utility Regulatory Policies Act of 1978 (PURPA) and the Energy Policy Act of 2005 (EPA2005), along with rules and regulations promulgated under PURPA and EPA2005 as they relate to qualifying facilities (QF) or distributed generation (DG). Any owner/operator desiring to interconnect with and sell electric demand and energy to PEMC shall notify PEMC in writing and complete the necessary application. Any generator must comply with all NESC, NEC, and IEEE Standards.

Any contracts for the sale of electric energy and demand from a QF or DG will be made between the owner/operator and PEMC.

4.7 Energy Management Assistance

PEMC will investigate, render advice, and lend assistance needed for all reasonable requests by the Member pertaining to the Member's account, usage, bill, load management equipment, rates, and energy conservation measures.

Section 5: Billing

5.1 Meter Reading and Billing

Meters will be read and bills rendered monthly by PEMC. When a meter cannot be read on or about the scheduled date, the meter reading and corresponding use for the period will be estimated based on prior usage. Accounts billed on an estimated basis will be adjusted as necessary when actual readings are obtained. An explanation of the meter reading process can be obtained from the Cooperative. Failure to receive a bill does not exempt a Member from payment. A duplicate bill may be obtained from PEMC. Members with AMI or “Advanced Meter” may request a particular monthly read and billing date.

PEMC standard meter is an AMI or “Advanced Meter”. Members wishing not to be served by PEMC’s standard meter may choose PEMC’s Advanced Meter Opt-out Option. Charges and monthly fees for members choosing this option are listed in Appendix 1. For members choosing this option PEMC will at its sole discretion determine if the member is metered with a solid-state meter without the AMI module installed or an electro-mechanical meter.

5.2 Meter Accuracy

When the customer believes that the installed meter is registering improperly, the Cooperative shall perform the following service at the request of the Member in order to determine the accuracy of the metering equipment:

At the request of the Member and upon payment of a meter test fee, listed in Appendix 1, the Cooperative shall replace the installed meter and submit it for testing by an independent meter testing laboratory.

Upon completion of testing, if the meter in question registers within 2 percent of total accuracy, the deposit for testing service shall be retained by the Cooperative and no correction in billing will be made. When the meter does not register within 2 percent, the customer's deposit will be returned and a correction in billing will be made.

5.3 Due Dates and Failure To Pay

Bills are due and payable upon receipt and are considered delinquent if payment is not received in the office by the close of business on the 25th day from the billing date, except for Members participating in PEMC’s optional Prepayment Program. Failure to receive a bill does not exempt a Member from payment. A duplicate bill may be obtained from PEMC. Members whose bills become delinquent will be charged the Late Payment Charge listed in Appendix 1. The Cooperative will notify the customer with the next month's bill that their payment is past due. If the past due amount is not paid within 17 days after the billing date of the past due bill with the disconnect statement, their electric service can be disconnected for failure to pay their electric bills. The past due bill will explain the reason the Cooperative plans to disconnect the service, state the date after which the service may be disconnected and explain what the Member can do to keep the service from being disconnected. The past due bill will state that PEMC's office can be contacted prior to the disconnection date to discuss credit arrangements if the Member cannot pay the bill.

At the discretion of the Cooperative, a time extension may be granted to members in accordance with the following standards:

When it is determined that extension of credit for a fixed time, or arrangement for installment payment of the bill will not unduly impair the Cooperative's ability to effectuate final collection of the bill, a Time Extension of seven calendar days from the members' disconnect date can be granted. A Time Extension Fee (Appendix 1) can be granted one (1) time per month.

If after 17 days from the billing date of the past due bill with the disconnect statement, the account remains delinquent, a Delinquent Administrative Fee (Appendix 1) will be assessed at the close of that business day. PEMC will review the account to determine if the Member has taken the necessary action to avoid disconnection.

PEMC may dispatch field personnel to read the meter and make the effort to notify the Member, receive payment, make satisfactory credit arrangements, agree to defer action because of death or illness, or disconnect the electric service. If the Member is visited by an employee of the Cooperative for collection or disconnection, a Field Collection Charge, see Appendix 1, will be made. An additional Normal Hour Reconnect Charge, see Appendix 1, will be made if the Member desires to have disconnected service reestablished during normal operating hours. If the Member desires service reestablished at a time that would require the service personnel to work overtime, the Non-Regular Hours Reconnect Charge, see Appendix 1, will apply plus all other trip charges outstanding. The field personnel may require payment of all past due portions of the delinquent bill and all field collection fees or disconnect the service without further notice. Remote disconnect meters may be installed at PEMC's discretion. Members with a remote disconnect meter installed are subject to the monthly remote disconnect meter fee listed in Appendix 1.

Members may request in writing that a copy of any past due notices with the disconnect statement be sent to a specified third party.

Members participating in PEMC's optional Prepayment Program are subject to payment and disconnect under the terms of the Prepayment Program agreement.

5.4 Multiple Services

If a Member has more than one account, PEMC reserves the right to apply any payment made by the Member to any account or other obligation owed to PEMC by the Member. All funds received will first be applied to any interest and penalty on the delinquent account with the remaining funds to be applied against the electric service bill.

5.5 Bill In Dispute

Neither a dispute concerning the amount of a bill nor a claim or demand by the Member against PEMC will alter the normal requirements for payment.

5.6 Method of Payment

Payments may be made through any office of PEMC. Payments may be made in person, in the after-hours deposit facility, by mail (check or money order only), online bill pay, bank draft or credit card draft.

5.7 Budget Billing

A budget billing procedure is offered by PEMC for Members who request levelized payments throughout the year by completing and signing PEMC's Budget Billing Agreement.

5.8 Returned Payments

Any Member whose payment of service is returned to PEMC will be notified immediately and a Returned Payment Charge, listed in Appendix 1, will be added to the Member's account. Such charge will be up to the maximum allowed by North Carolina Law (GS 25-3-506). If the returned payment was used to pay a delinquent account and a new payment is not made within three days after the date of notification of the original returned payment, the service will be subject to disconnection. If PEMC receives two such payments from a Member in the previous 12 month period, PEMC may prohibit the member from using the payment method which was returned from that Member, and the Member may be required by PEMC to make payment by one of the other methods set forth in 5.6 above.

5.9 Corrections For Billing Errors

Adjustments to the electric bill due to inaccurate metering equipment, errors in meter reading or billing will be made promptly. PEMC will issue immediate credit when in error and the Member will be expected to pay any additional charges billed in correcting an error. Payments to PEMC may be made in installments over the same period of time during which the error occurred.

If the interval during which the error occurred cannot be determined, then the billing adjustment will be based on an appropriate estimation of usage and/or demand for a given period of time. For Members having a demand of less than 50 kW, that period will not exceed 150 days. For Members having demand more than 50 kW, that period will not exceed 12 months.

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

5.10 Credit

At the discretion of the Cooperative, credit may be extended to a Member in accordance with the following standards:

1. When it is determined that enforcement of the policy will constitute an undue hardship in relation to the amount of the delinquent bill, and that extension of credit for a fixed time, or arrangement for installment payment of the bill will not unduly impair PEMC's ability to effectuate final collection of the bill an arrangement can be made for a fee (Appendix 1) to extend the payment due date.
2. When the Member involved establishes to the satisfaction of PEMC that the Member's failure to pay the bill has resulted from a mistake on PEMC's part or a mistake for which the Member was not responsible.
3. When the involved bill is a final bill covering service to a farm, home, or other residential structure and the main building thereof has been destroyed by fire not caused by act of arson on the part of the Member or the Member's family; or
4. When disconnection of service might impose immediate danger to the Member or other persons due to illness or some hazardous condition, or when the household is immediately and directly affected by a death.

5.11 Unavoidable Cessation of Service By Member

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

Section 6: Disconnection and Reconnection

6.1 Disconnection of Service by PEMC

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

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

1. Discovery of meter or load management equipment tampering or diversion of current.
2. Use of power for unlawful, unauthorized or fraudulent reasons.
3. By order of public authority.
4. Discovery of an electrical condition determined by PEMC to be imminently hazardous to life or property of the public or PEMC.
5. For repairs, emergency operations, unavoidable shortages, or interruptions in PEMC's supply source.
6. Introduction of foreign electricity on the premises without prior written consent.

6.1.1 Waiver of Default

Any delay or omission on the part of PEMC to exercise its right to discontinue service, or the acceptance of a part of any amount due, will not be deemed a waiver by PEMC of such right if the Member continues to be or again becomes in noncompliance with the Service Agreement.

6.1.2 Cold Weather Disconnection

With respect to bills rendered between December 15 and March 15 of every year and in the spirit of the policy considerations expressed by Congress in the Public Utility Regulatory Policies Act (PURPA) of 1978, the notice of proposed termination shall also contain a statement that no termination shall take place without the notification of the North Carolina Rural Electrification Authority if the Member can establish **all** of the following:

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

PEMC may continue to charge interest on accounts that are subject to this provision. The Member must provide advance notification and certification of meeting the requirements for special handling of accounts.

6.1.3 Weather Conditions and Disconnections

In the case of immoderate or extreme weather, PEMC will carefully review the need to suspend disconnections for non-payment based upon the best available information.

6.2 Reconnection of Service by PEMC

Subsequent to the disconnection of electric service by PEMC for reasons listed in the previous section, service may be reconnected under the following conditions:

1. The conditions causing the disconnection are corrected.
2. Payment has been made for the cost of repair or replacement of PEMC's meter or any other properties, if tampered with or otherwise damaged or destroyed.
3. Where the service has been discontinued for nonpayment of a bill, meter tampering, unauthorized or illegal use of power, PEMC will have the right to refuse service to the same Member or to any other applicant who is a member of the Member's household until the infraction is corrected, credit is reestablished by the Member, and all applicable accounts have been paid.
4. The Member has agreed to comply with reasonable requirements to protect PEMC against further infractions.
5. A reconnection fee and/or any other applicable service charges and security deposits have been paid.

6.3 Termination of Service by Member

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

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

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

Section 7: Cooperative and Member Obligations

7.1 Approval and PEMC's Board Authority

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

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

These Rules and Regulations and Rate Schedules and any changes are filed with the North Carolina Rural Electrification Authority and, additionally, pursuant to North Carolina law (GS 62-138(f)), with the North Carolina Utilities Commission.

7.2 Responsibility of Member and PEMC

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

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

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

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

No person or organization will install or attach, or permit the installation or attachment of any wire, signs or other material or equipment to any of PEMC's poles, conductors or other fixtures, except with express written consent of PEMC.

To the extent that a Member may require an uninterrupted power supply or power quality at a level greater than that supplied by a standard PEMC service, any additional equipment required by the Member to ensure the level of power quality will be at the Member's expense. PEMC will assist the Member in the technical development of the power quality electric service.

7.3 Resale of Power

Members shall not directly or indirectly resell electric energy. Members shall not divert electric energy to other premises or use it for purposes other than those permitted by the bylaws, rules and regulations of the Cooperative, and by federal, state or local laws, rules and codes.

7.4 Complaint Procedure

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

1. File a complaint at PEMC office and allow reasonable time for investigation, advice, and action. If the results are not satisfactory, then:
2. File a complaint with PEMC President, providing information and results from the initial complaint and/or naming local PEMC personnel who handled the complaint. Allow reasonable time for the President to act. If the results are still not satisfactory, then:
3. File a complaint with the North Carolina Rural Electrification Authority in Raleigh, North Carolina, 430 North Salisbury Street, Dobbs Building, Raleigh, North Carolina 27611, (919) 733-7513. Allow reasonable time for the Authority to act, then:
4. If results are still not satisfactory, file a written complaint with PEMC Board of Directors. Allow reasonable time for the Board to schedule the item at a regular meeting. Allow reasonable time for the Board's orders on the matter to be carried out.

Appendix 1: Charges, Interest Rates, Fees, Deposits, and Credits

Membership Fee - \$5.00

Security Deposit - May charge for residential service, up to the sum of the two highest monthly bills or \$400, whichever is greater, during previous 24 months, and for commercial or industrial service, up to the sum of the two highest monthly bills or \$500, whichever is greater, during previous 24 months.

Interest on Deposits - Rate updated annually as approved by Board of Directors

Late Payment Charge - 1.5% per month of unpaid balance

Bad Debt Administration Charge – 6% per year on bad debt

Returned Payment Charge - The maximum fee permitted under North Carolina General Statutes, currently \$25.00 *

Field Collection Charge - \$30.00 *

Trip/Reconnect Charge - Regular Hours - \$30.00 - \$50.00 * ⁽¹⁾

Trip/Reconnect Charge - Non-Regular Hours - \$90.00 - \$125.00 * ⁽¹⁾

Meter Test Deposit - \$45.00

Meter Reprogramming Charge - \$50

Residential Single Dwelling Investment Limit - \$ 2,825.00

Residential Subdivision Investment Limit - \$ 1,475.00

Developer Credit - \$1,350

Underground Security Light with #6 Duplex - \$6.00per foot with a \$300.00 minimum **

Second Service on Single Lot Investment Credit - \$1,412.

Heat Pump/Air Conditioning Rebate - \$50.00 per ton of air conditioning SEER 15 and above.

Remote Disconnect Meter Monthly Fee - \$3.50

Advanced Meter Opt-out Option - One-time charge of \$50.00 to change the meter, plus a monthly fee of \$30.00 to read the meter *

* Tax is already included in these charges

** In addition to any charges that are a part of the Security and Street Lighting Rates

⁽¹⁾ Charge depends upon equipment required to perform task

Plus any applicable tax, except as noted.

Above costs are subject to change at any time.

Appendix 2: Statement of Nondiscrimination

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

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

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

- (1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;
- (2) fax: (202) 690-7442; or
- (3) email: program.intake@usda.gov.

Appendix 3: Office and Service Hours

PEMC's general office is located two miles south of Hillsborough on highway 86, address:

**Piedmont Electric Membership Corporation
P.O. Drawer 1179
2500 NC 86 South
Hillsborough, NC 27278
Phone: 919-732-2123 or 1-800-222-3107**

PEMC has two district offices; one located two miles east of Roxboro on Highway 158, and the other located in Caswell County located on Highway 62 nine miles south of Yanceyville. The addresses are:

**Piedmont Electric Membership Corporation
P.O. Box 1327
1125 Oxford Road
Roxboro, NC 27573
Phone: 336-599-0151**

**Piedmont Electric Membership Corporation
64 Rascoe Dameron Road
Burlington, NC 27379
Phone: 336-421-1296
(Not a mailing address, send Caswell office mail to the General Office address)**

Offices are open for business between the hours of 8:00 A.M. and 5:00 P.M. Monday through Friday. Routine service work is performed during these office hours; normally no routine service work is performed on Saturdays, Sundays, or holidays. Service work for unusual conditions or circumstances may be arranged for other than business hours upon request. There may be a charge for non-business hours service work. Emergency service work is performed 24 hours a day, 7 days a week. PEMC's 24-hour dispatch center can be reached during non-business hours by calling any of the Cooperative's three phone numbers.

Appendix 4: Definitions

Applicant - A Member or prospective Member who has applied for electric service from PEMC.

Area Coverage - The public policy obligating the Cooperative to provide standard electric service, on a nondiscriminatory basis, to all persons and entities desiring electric service within the service territory assigned to PEMC.

Billing Period - The time between two successive, monthly scheduled meter readings.

Board of Directors - Ten Members elected by the Membership in accordance with the Bylaws. The Board of Directors adopt policy for the Cooperative.

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

Common Facilities – Where, under certain conditions, two or more single-family residential structures on separate lots may be served from a single transformer with secondary service.

Conservation - The practice of efficiently producing and using electric power while avoiding waste and promoting the efficient use of electricity.

Cooperative - Piedmont Electric Membership Corporation; Used in reference to PEMC being a customer owned Rural Electric Cooperative and a borrower from the Rural Utility Services (RUS).

Contribution-In-Aid of Construction - Payments required by PEMC from the Member or applicant for construction related costs that exceed standard construction costs, as prescribed in these service rules.

Delinquent bill - A bill for which payment is not received in the office by the close of business on the 25th day from the billing date.

Electric Service - PEMC's legally imposed duty of supplying to a permanent point of delivery standard electric service in the form of 60 Hz alternating current.

Energy Efficient Home Standard - An efficiency standard established for residential customers by PEMC to qualify the home for special rates and services.

Early Retirement of Facilities - When PEMC is required to remove existing facilities before the facilities are past their useful life and are not fully depreciated.

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

Man-Made Adverse Condition – Includes sidewalks, septic systems, fuel tanks, private underground lines, swimming pools, replacing gravel or mulch, road bore crossings, asphalt, concrete and other obstructions that are man-made conditions.

Margins - Revenues in excess of expenses of the Cooperative.

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

Member in good standing - Any Member, who has fulfilled all obligations of the Member for all accounts under the Member's name and who, within the previous twelve months, has not had more than two delinquent billings, no involuntary disconnections, and no meter tampering violations.

Meter Tampering - Diversion of power or the unauthorized alteration or manipulation of PEMC's meter, wires, seals, or other apparatus in such a way as to prevent the meter from recording the amount of electric service supplied to the Member. (Meter tampering is a misdemeanor under law and subject to penalty and affects the status of Member in Good Standing.).

Multifamily Complex - Residential apartments or condominiums where two or more domiciles are constructed on one contiguous parcel of land that will remain under one ownership.

PEMC - Piedmont Electric Membership Corporation, also referred to as the Cooperative.

Permanent Service - Electric service to buildings or facilities that are permanent in nature, normally having a permanent foundation, permanent water and sewer facilities, or other structure that is permanent in nature.

Person 65 years or older or disabled, and eligible for assistance funds - A Member status that may preclude the Member from disconnection of electric service for nonpayment during certain cold weather months of the year. PEMC accepts identification verifying age and the annual certification of the local county social services department as applied to the Energy Crisis Assistance Program.

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

Prepayment - A payment required from the Member that is applied to their bill over time.

Prepayment Program - A program that requires a positive Member account balance

Residential Development - A parcel of land consisting of two or more contiguous lots, either as part of a new development or as a modification of an existing development, planned and developed under common ownership, a plat of which has been recorded or has submitted for approval to the appropriate governmental agency with authority to grant subdivision approval.

Residential Service - A service is classified as residential if it provides electricity to a single domicile and the majority of the electrical usage is for ordinary domestic purposes associated with the domicile.

Right-of-Way - Area along power lines and around facilities to provide access for PEMC. This area shall remain open and is regularly maintained to keep lines and facilities free of trees and brush.

Seasonal Service - Member facilities or premises that have an active electric service on a part-time basis, or only during certain months of the year.

5. **Service Agreement** - The agreement between the Cooperative and Member.

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

Standard Service Connection - Single-phase, 60 Hz electric service provided to the point of delivery at PEMC's standard supply voltages of 120/240 volts.

Temporary Service - Electric service that is temporary in nature, such as construction projects, rock crushers, asphalt plants, carnivals and fairs, sawmills, mining operations, etc.