

RULES AND REGULATIONS

KANKAKEE VALLEY RURAL
ELECTRIC MEMBERSHIP CORPORATION
8642 West U.S. Highway 30
Wanatah, Indiana 46390-0157

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RULES AND REGULATIONS

I. APPLICATION OF RULES AND REGULATIONS

These Rules and Regulations apply to each and every Member or applicant for membership.

The Rules and Regulations may be revised, amended, supplemented or otherwise changed from time to time by action of the Board of Directors.

II. APPLICATION FOR SERVICE

1. Application for Service.

Each prospective Member will be required to make an application for each service and agree to abide by the Rules and Regulations and By-laws of the Cooperative. Service relating to prepaid metering or distributed generation requires the Member to make separate, additional application for such prepaid metering or distributed generation facility.

2. Place of Application.

Application must be made at the office of the Cooperative, on-line or to a duly authorized agent or employee and all applicable fees and deposits shall accompany such application.

3. Application Data.

The application shall contain a description of the premises to be served, whether applicant is owner, agent or tenant of the premises, and such other information as the Cooperative may reasonably require.

4. Right to Reject.

The Cooperative reserves the right to reject any application for service not available under its rate schedules, or which involves excessive cost, or which might affect the supply or safety of service to Members and the general public.

5. Acceptance.

Service shall be provided upon acceptance of the application by the Cooperative.

III. CLASSIFICATION OF SERVICE

Service shall be classified for the purpose of determining the applicable rate schedule in accordance with the nature of the Members' establishment and the nature of the service installed.

IV. MEMBERS WIRING AND EQUIPMENT

1. **Members wiring and equipment** shall be installed in accordance with the requirements of the Cooperative and the National Electric Code and be subject to approval by the Cooperative and/or other agencies having jurisdiction.

The Cooperative may refuse to make connections to Members' wiring and equipment or to discontinue service thereto whenever in its judgment such installation is unsafe or not in accordance with accepted code requirements, laws and regulations.

Any change in or addition to the wiring or repairs involving a change may also be subject to approval by the Cooperative and/or other agencies having jurisdiction. Prepaid metering and distributed generation facilities are subject to an additional application and approval procedure.

2. **Motor Starting Requirements.**

All power installations on the Cooperative's lines must conform to the rules and regulations as set forth in the National Electric Safety Code, and such other codes as may be applicable.

The following general requirements should be adhered to in all power installations:

- A. All motors shall be equipped with adequate overcurrent protection.
- B. All motors, single-phase, 1 H.P. and larger shall be provided with adequate line starting equipment.
- C. All three-phase motors from 1. H.P. to and including 7 ½ H.P. shall be provided with adequate line starting equipment.
- D. All motors above 5 H.P. single-phase and above 7 ½ H.P. three-phase shall be provided with an adequate current limiting starting device. A starting device which will automatically return to a starting position on interruption of service, and which will limit the starting current to 11 amperes per H.P. will be acceptable.

3. **Point of Delivery.**

The Point of delivery is the demarcation point at which the responsibility for service and maintenance changes from Cooperative to Member. The applicant shall communicate with the Cooperative, giving exact location of

the premises and the details of all current consuming devices which are to be installed, upon receipt of such information the Cooperative will designate a point of delivery at which point service connections will terminate and near which the Member must provide, free of expense to the Cooperative, a suitable place, satisfactory to the Cooperative, for the transformer or transformers, meter or meters or other equipment of the Cooperative, which may be necessary for the fulfillment of such contracts as the Member may enter into with the Cooperative. The maintenance and repair of such equipment shall be the responsibility of the Member. Any damages resulting from an act of God shall not be the responsibility of the Cooperative.

- 4. Service Extensions.** (Agreement attached as "Appendix A")
- A. For those service extensions where the estimated costs exceed one-half of the cooperatives average net investment/estimated thirty-six (36) months net revenue, the Member must pay the difference.
 - B. If in the opinion of the Cooperative, (a) the estimated cost of such an extension and the prospective revenue to be received from it is so meager as to make it doubtful whether the net revenue from the extension would ever pay a fair return on the investment involved in such extension, or (b) in a case of real estate development, with slight or no immediate demand for service, or (c) in the case of an installation requiring extensive equipment with slight or irregular service; then in any of the above cases the Cooperative shall submit the same to the Board of Directors for investigation and determination as to public convenience and necessity of such extension, and if so required the conditions under which it shall be made.
 - C. For each Residential/General Service customer, exclusive of the initial Residential/General Service applicants considered in the making of an extension, connected to such an extension within the period of six (6) years from the completion of such extension, the Cooperative shall refund to such initial applicants, in proportion to their respective contributions toward the cost of such extension, an amount equal to one-half of the cooperatives average net investment for that class of new customer, less the cost to service such new customer, but the total of all refunds to any such applicant shall in no event exceed the aforesaid contribution of such application.
 - D. Residential Customers. Upon application by a member who would qualify for the residential power rate, the cost of a new line extension would be based on the actual cost of the extension with a credit calculated based on one-half of the cooperative's average net investment necessary to serve residential customers. This

information is generally available to the customer upon request at the headquarters.

- E. General Service Customers. Upon application by a member who would qualify for the General Service rate, the cost of a new line extension would be based on the actual cost of the extension with a credit calculated based on one-half of the cooperative's average net investment necessary to serve the General Service customer. This information is generally available to the customer upon request at the headquarters.
- F. All other class of Customers. Upon the execution of a contract for a line extension by a member who receives a rate that is not discussed in section D. or E. above, the cost of a new line extension would be based on the actual cost of the extension with a credit calculated based on the estimate of thirty six (36) months of net revenue derived by the cooperative from the new extension. After the service has been activated for thirty six (36) months, the actual net revenue will be substituted for any amount previously paid based on estimated revenue; any additional amount due will be paid by the customer or any credit due will be refunded to the customer by the cooperative.
- G. Variations of this rule when approved by the Board of Directors may take precedence over the above-mentioned cost application.

5. Modifications at Member's Expense.

If a Member requests for his convenience, or by his actions requires, that Cooperative facilities be re-designed, re-engineered, relocated, removed, modified or re-installed, the Cooperative may require the Member to make payment of the full costs of performing such service.

6. Obligation to Extend.

The Cooperative's obligation to extend its facilities to a new point of delivery is limited to the assumption of new investment that may be warranted by the amount of revenue to be anticipated from the sale of energy at the new point.

7. Special Extensions.

Where the prospective sale of energy does not warrant the expenditure required to serve it, the Cooperative will determine, in accordance with its established practice from the circumstances of each case, what guarantees of revenue, or what financing, shall be required of the applicant.

8. Non-Standard Service.

Members shall own, maintain, and operate all substation and transforming equipment where voltage, phase, or frequency is desired other than at

which service is rendered and metered under the terms of the applicable rate schedule.

9. Service Connection.

Service connections will not be made until the wiring of the premises is actually in progress or has been completed in accordance with the Cooperative's standard requirements. The Cooperative is not responsible for any defect in the Member's wiring or devices.

10. Limit of Responsibility.

The Cooperative will install and maintain its lines and equipment on its side of the point of delivery, but shall not be required to install or maintain any lines, equipment or apparatus, unless specifically provided for in schedules or agreements, except meters and meter accessories, beyond the point of delivery. The definition of meters and meter accessories does not include meter bases. The Cooperative shall provide standard meter bases but they shall be installed and maintained by the Member at the Member's expense.

V. MEMBER'S RESPONSIBILITY

1. Member's Liability.

The Cooperative's responsibility extends only to the supplying of service at the point of delivery. The Member assumes full responsibility for the electric current upon premises at and from the point of delivery thereof, and for the wires, apparatus, devices and appurtenances thereon used in connection with the service. The Member shall indemnify, save harmless and defend the Cooperative against all claims, demands, cost or expense for loss, damage or injury to persons or property in any manner directly or indirectly arising from, connected with, or growing out of the transmission or use of electric current by the Member at or on the Member's side of point of delivery.

2. Changes in the Member's Wiring and Equipment.

All equipment supplied by the Cooperative for the use of each Member has a definite capacity and for this reason, it shall be the responsibility of the Member to notify the Cooperative in writing before any change is made in the total connected load, load characteristics, purpose or location of his installation. Failure to give such notice shall render the Member liable for any damage to meter or accessories, transformers, or wires, of the Cooperative, caused by the additional or changed installation. In the case of distributed generation or prepaid metering, the member must submit a signed application and agreement before service will be provided to the member's point of delivery. Please contact the Cooperative for additional information and requirements associated with distributed

generation and prepaid metering.

3. Protection by Member.

The Member shall protect the equipment of the Cooperative on his premises and shall not interfere with or alter or permit interference with or alteration of Cooperative's meters or other property except by duly authorized representatives of the Cooperative.

In the event of any loss or damage to the property of the Cooperative due to or caused by, or arising from, carelessness, negligence, or misuse by Member or Member's agent, the cost of the necessary replacement and repairs shall be paid for by the Member.

4. Relocation of Cooperative's Facilities.

Members requesting a change of location of any of the Cooperative's property such as poles, anchors, etc., will be required to pay all costs incident to such relocation.

5. Tampering.

If the meters or other property belonging to the Cooperative are tampered with or interfered with, the Member being supplied through such equipment shall pay the amount which the Cooperative may estimate is due for service rendered but not registered on the Cooperative's meter, and for such replacements and repairs as are necessary, as well as for the costs of inspection, investigation and protective installations. If the Cooperative has reasonable grounds to believe, or has detected that unauthorized or fraudulent use of electricity is, or has occurred at a location, the Cooperative may disconnect that service. Further, if the Cooperative has reasonable grounds to believe that its equipment has been tampered with and that the individual receiving service at the location is responsible for tampering with the Cooperative's regulating or measuring equipment, the Cooperative may disconnect the service.

The Cooperative shall have all other remedies available under state law. All modifications and alterations applied by a prepaid metering customer or distributed generation customer must be approved before and inspected after installation.

VI. ACCESS TO PREMISES

Duly authorized representatives of the Cooperative shall have the right of ingress to and egress from the premises of Member at all reasonable times for the purpose of reading, testing, inspecting, repairing, replacing, or removing its meters or other property, or inspecting and/or testing the Member's installation or for the purpose of removing its property on the termination of service or on

discontinuance of service from whatever cause. In cases where it is necessary and cost effective, the Cooperative may use, without payment to the Member, the Member's premises for accessing neighboring property serviced by the Cooperative.

1. Member's Responsibility.

The Member shall provide and maintain, on private property, all roads, dikes, ditch-banks, etc., required for the purpose of the Cooperative's construction, maintenance and meter reading equipment.

The Cooperative shall require those roads, dikes, ditch-banks, etc., be maintained in such a manner that the Cooperative's vehicle may travel safely thereon.

2. Right-of-Way Maintenance.

The Member hereby grants to the Cooperative and the Cooperative will maintain right-of-way according to its specifications with the right to cut, trim, and control the growth by chemical means or otherwise of trees and shrubbery located within the right-of-way or that may interfere with or threaten to endanger the operation or maintenance of the Cooperative's line or system.

When trimming right-of-way, the Cooperative will remove debris at its expense from "clean and maintained" areas; that is, an area which is regularly maintained free of logs and brush. In other areas, right-of-way debris will be left in the right-of-way

VII. CONTINUITY OF SERVICE

1. Regularity of Supply.

The Cooperative will use reasonable diligence to provide and maintain uninterrupted service; but in case of cessation, deficiency, variation in voltage, or any other failure or reversal of the service, resulting from acts of God, public enemies, accidents, strikes, riots, wars, repairs, orders of Court, or other acts beyond the control of the Cooperative, the Cooperative shall not be liable for damages, direct or consequential, resulting from such service interruption or failure. The Cooperative shall not be liable for punitive or consequential damages or lost profits or business opportunity.

2. Notice of Trouble.

The Member should give immediate notice at the office of the Cooperative of any interruptions, or irregularities or unsatisfactory service and of any defects known to the Member.

The Cooperative may at any time it deems necessary, suspend the supply of electrical energy to any Member or Members for the purpose of making repairs, changes, or improvements upon any part of its system.

The Cooperative shall make effort to furnish reasonable notice of such suspension of service to Members, where practicable.

3. Relocation of Delivery Point.

If the Cooperative shall be required to place underground any portion of its wires, or service supply lines, or relocate any poles or feeders, the Member shall change the location of their point of delivery at the Member's own expense.

4. Phase Protection.

The Cooperative does not guarantee phase protection on a multi-phase service. It is the Member's responsibility to install phase protection equipment. The Cooperative is not liable for damaged equipment in the event of a loss of phase(s).

VIII. DISTRIBUTED GENERATION

1. Distributed Generation Procedure.

The Cooperative complies with the Public Utility Regulatory Policies Act of 1978 (PURPA), along with rules and regulations promulgated under PURPA as they relate to Qualifying Facilities (QF). Any owner/operator of a QF desiring to connect with and sell electric demand and energy to the Cooperative shall notify the Cooperative. The Cooperative will provide the owner/operator with its current applicable Rate Schedule and Riders. Distributed generation is subject to the following guidelines:

- A. Any contracts for the sale of electric demand and energy from a QF should be made between the owner/operator and Wabash Valley Power Association (WVPA). The Cooperative will assist the owner/operator in making initial contact with WVPA.
- B. Also through a similar prior arrangement with WVPA, all contracts for the sale of electric demand and energy from an Independent Power Producer (IPP) will be made between the owner/operator and WVPA. The Cooperative will assist the owner/operator in making initial contact with WVPA.
- C. The Member will not use the Cooperative's electric service in parallel with other electric service, nor will other electric service be introduced on the premises of the Member for use in conjunction with or as a supplement to the Cooperative's electric service, without the prior written consent of the Cooperative.
- D. Where approved, standby and/or supplemental on-site generation is provided by the Member, parallel operation of the Member's

generating equipment with the Cooperative's system will not be allowed unless the Member installs all protective devices specified in the National Electric Code or the National Electric Safety Code as applicable. A double throw switch must be used to prevent possible injury to the Cooperative's personnel and equipment by making it impossible for power to feed back into the main line from the emergency generator.

- E. The Member will be liable for all damages to facilities or injuries resulting from standby or supplemental onsite generation. The Member shall indemnify and hold harmless the Cooperative from any and all claims for property damage and personal injury associated with or resulting from the use of standby or supplemental onsite generation.
- F. Before engaging in distributed generation the member shall enter into an agreement with the Cooperative authorizing the connection of the electrical generating device and its connection to the Cooperative grid.

IX. USE OF SERVICE

All purchased electric service on the premises of the Member shall be supplied exclusively by the Cooperative, and the Member shall not, directly or indirectly, sell, sublet, assign, or otherwise dispose of, such electric service, or any part thereof, without the consent of the Cooperative. If the Member is engaging in a distributed generation program, the Member may provide its own, supplemental electrical service but may not sell it to any party other than the Cooperative. Such Member may not dispose of site generated service at another site.

X. METERS

1. Separate Meter For Each Service.

The Cooperative will normally furnish a single meter at the point of connection to the Member's premises. Any Member desiring service at two or more points of connection to the Cooperative lines shall be billed separately at each such point and the registrations of such meters shall not be added for billing purposes.

2. Request for Meter Test.

In the event a Member would request that their meter be tested, this request must be made in writing. After the meter is tested and no error is found, the Member cannot request another test for twelve (12) months. However, after twelve (12) months the Member may request in writing a second test. If on the second test no error is found, the Member cannot request another test for thirty-six (36) months unless the Member elects to bear the full costs of the meter tests during that period.

After each test, the Member will receive a written report giving the complete results of the test, and a copy of the test will be on file in the office.

XI. BEGINNING AND ENDING SERVICE

Any person or persons starting the use of service without first notifying and enabling the Cooperative to read the meter may be held responsible for any amount due for service supplied to the premises from the time of the last reading of the meter, immediately preceding his occupancy, as shown by the Cooperative's books and records. Members shall give reasonable notice to terminate their service, until a final meter reading acceptable to the Cooperative is obtained.

Notice of discontinuance of service prior to the expiration of service [a contract-term] will not relieve a Member from any minimum, or guaranteed, payment under any special rate or contract [or] rate.

A Member requesting disconnection of service shall pay a re-connection fee before service is restored to this same Member at the same location.

XII. BILLING

1. Billing Period

A. Regular service.

Bills for regular service will be rendered monthly from meter readings taken at the most convenient period of the month, or otherwise computed according to Cooperative's Rate Schedules and Rules and Regulations then in effect and shall be due on the date determined by the Cooperative. Prepaid metering accounts will not be billed. Accounts for Prepaid Meters (residential Rate A) will be adjusted on a daily basis.

B. Other.

Bills for special or short-term service under the applicable rates, including the cost of connecting and disconnecting, may be rendered at the discretion of the Cooperative, and shall be payable on demand.

C. Partial Monthly Billing.

Unless otherwise provided for when a membership is terminated and a bill is rendered for any period other than between two (2) regular meter reading dates, the Member's bill shall be pro-rated for the period. Members will be charged according to actual usage.

2. Estimated Bills.

The Cooperative will on a monthly basis read the Member's meter and send a bill based on the reading. In the event the Cooperative cannot read the meter because of inclement weather or for other unforeseen reasons, a bill will be estimated based on prior month's usage.

3. Budget Billing.

Members who are receiving electrical service under the residential rate tariff may elect a plan whereby the monthly bills are averaged over an extended period and then the account is balanced at the end of that period. For more specific information on this arrangement, please contact the office. Budget billing is not available to customers with prepaid meters.

4. Payment of Bills.

All bills for regular service are payable monthly, during business hours at the office of the Cooperative or at such other places and means as may be designated by the Cooperative. Prepaid meter customers will not be billed and their account balances will adjust based on actual daily usage.

5. Failure to Receive a Bill.

Failure to receive a bill shall not entitle a Member to any discount or to the remission of any charge for non-payment within the time specified.

6. Penalties.

A utility service bill, which has remained unpaid for a period of more than fifteen (15) days following the mailing of the bill, shall become delinquent and a late payment charge (penalty) may be added in the amount of ten percent (10%) of the first \$20.00 and three percent (3%) of the balance. Prepaid meter customers will only be assessed penalties in the event that their account is reduced to no value and electric service continues.

7. Adjustment of Bills.

If any service meter after being tested, is found to have a percentage of error greater than three percent (3%) for watt-hour meters and four percent (4%) for demand meters, the bills for service shall be adjusted.

A. Fast Meters.

When a meter is found to have a positive average error, the Cooperative shall refund or credit the Member's account with the amount of any charges in excess of either (1) an average bill for the KWHs and/or demand units incorrectly metered or (2) separate bills individually adjusted for the percent of error for the period the meter was fast, if such period can be determined, or one (1) year, whichever period is shorter. An average bill shall be calculated on the basis of KWHs and/or demand units registered on the meter

over corresponding periods either before or after the period for which the meter is determined to be fast. No part of a minimum service charge shall be refunded.

B. Stopped or Slow Meters.

When a meter is stopped or has a negative average error (slow meter), the Cooperative may charge the Member for the KWHs and/or demand units incorrectly registered for one-half (1/2) of the period since the last previous test date of the meter or one (1) year, whichever is shorter.

The amount of the charge to the Member shall be estimated on the basis of either (1) an average bill or (2) separate bills individually adjusted for the percent of error. The adjustment may be calculated on corresponding periods either prior to or after the period for which the meter is determined to be slow or stopped.

The Cooperative may charge the Member for such amounts except where the utility negligently allows the stopped or slow meter to remain in service.

C. Other Billing Adjustments.

All other billing errors, including incorrect tariff applications, may be adjusted to the known date of error. When Members are found to be on an improper rate, as the result of an investigation made at the Member's request or by routine inspection by the Cooperative, the change of billing to the proper rate will apply to the bill for the month during which the change is made.

Any adjustment in charges previously made for services under an improper rate classification shall be determined upon the basis of the Cooperative's or the Member's responsibility for such improper classification.

XIII. DISCONNECT OF SERVICE

1. By a Member.

When a Member receiving electrical service under the residential rate tariff requests disconnection of service, the Member shall notify the office at least three (3) days in advance of the day disconnection is desired. The Member shall remain responsible for all service used and the billings therefore until service is disconnected pursuant to such notification. However, the Cooperative must disconnect service within three (3) working days of the requested disconnection date and the Member shall not be liable for any service rendered after the expiration of three (3)

working days. A prepaid meter customer whose account is drawn down to no value will experience an interruption of service due to the customer's failure to fund the account.

2. By the Cooperative.

The Cooperative may disconnect service without the Member's request and without prior notice only:

- A. if a condition dangerous or hazardous to life, physical safety or property exists; or
- B. upon order by any court or other duly authorized public authority; or
- C. if fraudulent or unauthorized use of electricity is detected and the Cooperative has reasonable grounds to believe that the affected Member is responsible for such use; or
- D. if the Cooperative's regulating or measuring equipment has been tampered with and the Cooperative has reasonable grounds to believe that the affected Member is responsible for such tampering.
- E. Installation of a distributed generation device without compliance with these rules and regulations will result in disconnection of service by the Cooperative.

XIV. DISCONNECT / RECONNECT POLICY

1. Limiting Devices

The Cooperative may at its discretion, and if equipment is available, provide a limiting device that limits the amount of electricity that can be used in lieu of total disconnection for those Members that are delinquent with their bill. This limiting device is installed on a temporary basis to allow the Member to resolve with the Cooperative their delinquent status. This policy is subject to the following conditions:

- A. If payment is not received within ten (10) days after the original due date, the service shall be subject to disconnection.
- B. Payment extensions will be granted up to two (2) days from the scheduled disconnect date. If the promise of payment is not kept, the Member will be subject to full disconnection. Limiting devices will not be installed after a Member has broken a promise of payment.
- C. A Member's service will be limited no more than six (6) times during their entire length of membership with the REMC. After service has been limited six (6) times, all disconnects will be at the discretion of the Cooperative.
- D. All re-connections for non-pay will be done the following business day, unless circumstances prevent such (i.e. storms) in which case re-connection will occur when circumstances allow. There is a fifty dollar (\$50.00) re-connection charge to be paid in addition to any deposits required. Should a Member request a same day

reconnect and it can be done before 3:00 p.m., there will be a re-connection charge of one hundred dollars (\$100.00) to be paid in addition to any deposits. Should a Member request same day reconnection and it can be done, but not completed until after 3:00 p.m., then the reconnection charge will be one hundred-fifty dollars (\$150.00) in addition to any deposits. Under no circumstances will a Member be reconnected unless the request occurs during normal business hours, 7:30 a.m. to 4:00 p.m., Monday thru Friday, excluding holidays.

- E. A Member who has been disconnected for non-pay of a bill will be required to pay a deposit of no less than two (2) times their average bill.
- F. Once the reasons for the disconnection are resolved service shall be reconnected as soon as reasonably possible after satisfactory arrangements have been made and payment of a reconnect fee, if any.

2. Exceptions for Certain Medical Conditions.

Electric service to a Member shall not be disconnected for ten (10) days if, prior to the disconnect date specified in the disconnect notice, the Member provides the Cooperative with a medical statement from a licensed physician or public health official which states that disconnection would be a serious and immediate threat to the health or safety of a designated person in the household of the Member.

3. Other Exceptions.

The Member may not be disconnected for failure to pay for merchandise or appliances that were purchased from the Cooperative, or upon failure to pay for electric service rendered at a different metering point if such bill has remained unpaid for less than 45 days, or upon failure to pay for a different form or class of utility service.

Provided, however, that the Cooperative may add to the outstanding bill a late payment charge not to exceed the amount set pursuant to Rule XII, paragraph 6. Provided further, that the above terms of agreement shall be put in writing by the Cooperative and signed by the Member and by a representative of the Cooperative.

4. Meter Malfunction / Human Error.

If a Member or user is unable to pay a bill, which is unusually large due to a prior incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection or functioning of the meter, prior estimates where no actual reading was taken for over two (2) months, stopped or slow meters, or any human or mechanical error of the Cooperative, and the Member:

- A. pays a reasonable portion of the bill, not to exceed an amount equal to the customer's average bill for the six (6) bills immediately preceding the bill in question;
- B. agrees to pay the remaining at a reasonable rate; and
- C. agrees to pay all undisputed future bills for service as they become due;

Provided, however, that the Cooperative may not add to the outstanding bill any late fees. Provided, further, that the above terms of agreement shall be put in writing by the Cooperative and signed by the Member and a representative of the Cooperative.

5. Notice.

Before service can be disconnected, the Member will receive a written notice that will give the date of the proposed disconnection, which will be seven (7) days after the notice is mailed. The notice will have information regarding the disconnection. When the Cooperative's employee arrives at the premises of the Member for the purpose of disconnection, they will identify themselves and explain the purpose of their presence. The employee will have information in their possession to explain the reasons for disconnection.

6. Prepaid Meters.

Prepaid metering service will disconnect when the account balance is depleted. Because the Cooperative will not be able to anticipate when the customer account will be depleted or is drawn down to no value, no written notice of disconnect will be provided to prepaid meter customers.

XV. SECURITY DEPOSITS

1. Requirement of Deposit.

Where an applicant's credit is not established to the satisfaction of the Cooperative, or where the credit of a Member with the Cooperative has been impaired, or where the Cooperative deems it necessary, a deposit, or other guarantee, satisfactory to the Cooperative, may be required as security for the payment of future and final bills, before the Cooperative shall render or continue to render service.

2. New Members.

The Cooperative will access an online credit report to determine the creditworthiness of the Member applicant. A deposit may be required based on the results of the credit report. If, based on the report, a deposit is required, the applicant will be so advised. All deposits and

memberships must be paid before transfer or connection of service. If a Member applicant indicates they cannot pay the deposit, they will be offered our Prepay Program. If the Member applicant agrees to go on Prepay, the security deposit will be waived, and the applicant will pay the Membership Fee and the minimum amount required to start the Prepay Program before connection of service.

If the new applicant's credit report meets our requirements and no deposit is required, the Membership Fee may be charged to the applicants first month's bill as long as the service is active and not disconnected. If the service is disconnected, the Membership Fee will need to be paid before connection of service.

3. Existing Members.

The Cooperative may require an existing Member to make a cash deposit when a member's service has been limited or disconnected for non-payment. The amount of the deposit is either twice the average monthly bill or a deposit of \$200, whichever is the larger amount. The member who is required to make the deposit may work out an installment contract with the Co-op to pay it over time. The member also has the option of signing up for Prepaid Metering in lieu of paying a deposit.

4. Deposit Refunds.

A deposit may be refunded at the request of the Member after twelve (12) months. On time payments must have been received for the previous twelve (12) consecutive months. If the deposit was paid through an installment contract, the twelve (12) month period doesn't begin until the final contract payment has been received.

5. Special Deposits.

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

XVI. UNDERGROUND FACILITIES

The following terms apply to Members with underground facilities on their property:

1. The Member shall provide, at no cost to the, Cooperative a 12-foot clear right(s)-of-way for the electric facilities. The property owner shall make the strip into which the facilities are to be located accessible to the

Cooperative's equipment, remove all obstructions from the strip, grade the strip to within four (4) inches of final grade and provide continuing access to the Cooperative for operation, maintenance or replacement of facilities.

2. The Cooperative shall not be responsible for damage to or removal of shrubs, trees, flowers, grass or lawn during the installation, removal or maintenance of the underground facilities.
3. When maintenance or replacement of facilities is required, all existing underground wires, pipes, tiles, etc., owned by the property owner shall be dug up and exposed. The Cooperative will work with the other utilities concerning their facilities. However, if the member fails to comply with the directives in this section, the member is deemed to have released the Cooperative from any liability for damage to the property owner's facilities that were not exposed.
4. A minimum of 3-inch conduit shall be provided for the Cooperative when the facilities cross under a driveway, edge of patio, porch, deck, or sidewalk. This conduit shall extend 2 feet beyond the edge of the aforementioned obstructions. Sweep elbows must be provided as needed.
5. The Cooperative will back-fill the trench one time. Any leveling or filling after the initial back-fill will be the responsibility of the property owner.
6. The Cooperative retains the right to refuse underground service where ground conditions prohibit digging.
7. If, at any time, the current or previous Member builds a deck, shed, pool, or any other obstruction over the underground facilities, the Cooperative shall relocate the facilities to an accessible location. The current Member hereby agrees to pay all expenses for such relocation of facilities.

XVII. IDLE SERVICES AND LINE RETIREMENT

1. **Definition.**
An idle electrical service is a service that is not making any payment to the Cooperative, but continues to receive regular maintenance.
2. **Removal.**
Idle lines and services may be removed at the discretion of the Cooperative. The Cooperative will send the most recent Member a notification of possible retirement for the line/service. The written notice will be deemed delivered when deposited in the United States mail,

addressed to the most recent Member at the address that appears on the records of the Cooperative, with postage thereupon prepaid. The notification of possible retirement will provide the recipient a 30 day period from the date of the letter to respond. Should the Cooperative deem the line/service a hazard to the public, this notification process may be dispensed with or limited.

3. Rebuilding.

When the line is removed and a previous Member wants the service rebuilt, they will have to pay the retirement cost and the additional cost to construct and rebuild the line.

XVIII. GENERAL

1. Notice to Cooperative.

Whenever these regulations provide that notice be given or sent to the office of the Cooperative, such notice, verbal, electronic, delivered or mailed, postage prepaid, shall be deemed sufficient.

2. No Prejudice of Rights.

The failure by the Cooperative to enforce any of the terms of these Rules and Regulations shall not be deemed as a waiver of the Cooperative's right to do so.

3. Exceptional Cases.

The usual supply of electric service shall be subject to the provisions of these Rules and Regulations but where special service-supply conditions or problems arise for which provision is not otherwise made, the Cooperative may modify or adapt its supply terms to meet the particular requirements of such cases.

4. Assignment.

These Rules and Regulations shall be binding upon, and oblige, and inure to the benefit of, the successors and assigns, heirs, executors, and administrators, of the parties thereto. However, these Rules and Regulations do not constitute a contract and do not create a partnership or agency relationship between the Cooperative and the Member.

XIX. ATTORNEY FEES

In the event the Cooperative must enforce these rules and regulations and is successful in such enforcement action, the Cooperative shall be entitled to have its attorney's fees paid by the unsuccessful party to the action.

APPENDIX A

AGREEMENT FOR LINE EXTENSION WITH COST RECONCILIATION

This agreement entered into this ____ day of _____, 20__, by and between Kankakee Valley Rural Electric Membership Corp. [KANKAKEE VALLEY REMC] and _____ [Member] of _____, the location where the line extension is to be constructed.

The parties agree in consideration for the payment of money by Member, that KANKAKEE VALLEY REMC will install a line extension on, over or under the property of the Member.

1. Commencement.

The installation of the line extension will take place in accordance with this agreement. Upon the execution of this contract and payment of the down payment calculated below, KANKAKEE VALLEY REMC will install the extension of the line as requested by the Member. This agreement applies only to a line extension requested by a Member who receives a rate, other than as defined in Rule IV Paragraph 4 Sec. D. or E. of the KANKAKEE VALLEY REMC RULES AND REGULATIONS [Revised June 24, 2011].

2. Calculation of the Estimated Down Payment.

The down payment to be paid to commence construction and installation is calculated as the estimated cost of the extension less the net revenue to be received by the KANKAKEE VALLEY REMC from the line extension over a period of thirty six (36) months after activation.

3. Down Payment Reconciliation.

At the end of the initial 36 months of service, KANKAKEE VALLEY REMC will perform a reconciliation calculation. The actual net revenue for the initial 36 months will be subtracted from the original estimated cost. Once this calculation is complete, (1) if the member's estimated down payment was less than the final calculation, he will pay the additional amount; (2) if the member's estimated down payment was more than the final calculation, the KANKAKEE VALLEY REMC will refund the amount overpaid. Under either scenario, interest will not be assessed.

4. Access.

The Member represents that he is the owner of the property upon which the line is to be extended. The Member agrees to provide the KANKAKEE VALLEY REMC access to the property that is necessary for the installation of the line including any necessary easement without charge. The Member also represents that he carries property, casualty and liability insurance on the real estate where the line is to be extended.

5. Location, Preparation and Underground Utilities; Indemnification.

The Line extension shall be built in accordance with KANKAKEE VALLEY REMC’s specifications and engineering on and over or under the property of the Member. The ultimate design and location of the line extension will be determined based on the KANKAKEE VALLEY REMC’s sole discretion. The Member is responsible for marking and locating lot corners and property lines and exposing any existing underground facilities or utilities before the KANKAKEE VALLEY REMC commences installation. KANKAKEE VALLEY REMC shall not be responsible for any encroachment. The Member shall indemnify and hold the KANKAKEE VALLEY REMC harmless from any claims brought by any third party in connection with the work on the Member’s property. Such indemnity includes the payment of fees and defense costs and includes the cost of preparing, establishing, and litigating a defense. The Member releases the KANKAKEE VALLEY REMC from any liability for property damage, encroachment or personal injury occurring or caused by the KANKAKEE VALLEY REMC’s negligence while installing the line. This release does not include intentional conduct.

6. Attorney fees.

In the event that KANKAKEE VALLEY REMC or the Member has to enforce this agreement the non-prevailing party shall pay the prevailing parties’ reasonable attorney fees, in addition to any damages awarded.

7. Subcontractors.

The Member understands that KANKAKEE VALLEY REMC may employ subcontractors to do the work necessitated by this agreement. The Member consents to the use of subcontractors and agrees not to interfere with said subcontractors and that said subcontractors will be under the control of the KANKAKEE VALLEY REMC at all times.

KANKAKEE VALLEY REMC:

MEMBER:

By: _____

[Printed name]

[Printed Name]

Its: _____

Address: _____

_____, IN. _____