

EL PASO ELECTRIC COMPANY

SECTION 2

RULES AND REGULATIONS

EL PASO ELECTRIC COMPANY
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Revision Number 6
 Effective for electricity consumed on and after
July 18, 2017

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EL PASO ELECTRIC COMPANY
SECTION 2
RULES AND REGULATIONS REGARDING
ELECTRIC SERVICE

INTRODUCTION

The Rules and Regulations set forth herein are provided as a standard for the supplying of electric service to customers of El Paso Electric Company.

CUSTOMER RELATIONS

El Paso Electric Company is required to follow the requirements of section 32.101 of the Public Utility Regulatory Act and Public Utility Commission of Texas Substantive Rule §25.31, regarding information available to its Customers. Upon request of the Customer, the Company will provide a copy of these Rules and Regulations to the Customer.

SECTION I

DEFINITIONS

1. COMPANY

El Paso Electric Company

2. COMMISSION

The Public Utility Commission of Texas

3. CUSTOMER AND APPLICANT

A Customer is any corporation, business establishment, institution, association, governmental entity or individual currently being served or using electric energy supplied by the Company.

A Residential Customer is each separate house, apartment, flat, or other living quarters occupied by a person or persons constituting a distinct household that is primarily an end user consuming electricity at his/her residence for personal, family or household purposes and who is not a re-seller of electricity.

A Non-Residential Customer is any Customer who is not a Residential Customer and includes, but is not limited to, Commercial and Industrial Customers, State Agencies, School Districts, Colleges and Universities, Municipal Accounts, Military Bases, and Public Street and Highway Lighting but does not include sales of electricity for re-sale.

An Applicant is a person who has applied for service for the first time or reapplies at a new or existing location after disconnection of service.

4. DELIVERY OF SERVICE

Delivery of service means readiness and ability on the part of the Company to furnish service or deliver electricity to the Customer, and the maintenance by the Company at the Point of Delivery of approximately the agreed frequency and voltage, irrespective of whether or not Customer makes any use thereof.

5. PERMANENT INSTALLATION

Permanent Installation means any installation that is constructed or placed on and permanently affixed to a foundation, and that is, or will be, used or occupied on a full-time basis by the Customer. A manufactured home or prefabricated structure will qualify as a permanent installation only if it is installed on a foundation system according to regulations of the Texas Department of Licensing & Regulation or is otherwise impractical to move and has the wheels, axles and hitch or towing device removed, and if it is connected to a permanent water and sewer system.

6. CUSTOMER'S INSTALLATION

Customer's Installation means all wires, cut-outs, switches, appliances and apparatus of every kind and nature located on the Customer's side of Point of Delivery and used in connection with or forming a part of any installation for utilizing electricity for any purpose, including Service Leads, whether such installation is owned outright by Customer or used by Customer under lease or otherwise.

7. POINT OF DELIVERY

The Point of Delivery is the point where the Company's wires or facilities are connected with those of the Customer. The Point of Delivery will be designated by the Company.

8. SERVICE WIRES

Service Wires are the wires of the Company that are connected to the Customer's Service Leads.

9. SERVICE LEADS

Service Leads are that portion of Customer's Installation to which the Company will or has connected its Service Wires.

10. CONNECTED LOAD

Connected Load means the combined nominal rated capacity in kilowatts of all motors or other electric energy consuming devices installed on the Customer's premises that may be operated with electric energy supplied by the Company.

11. MAXIMUM DEMAND

When mentioned in any rate schedule, Maximum Demand is to be applied as set forth in the rate schedule under consideration and refers to the greatest demand occurring during a specified period of time placed by the Customer on the Company's electric system. The Company reserves the right to estimate the maximum demand for purposes of establishing the type of service and the facilities to be provided.

12. SAFETY ENTRANCE SWITCH

A safety entrance switch is a device that allows the Company to connect its service wires to the Customer's service leads, and allows for a meter to be installed within a structure.

13. ENERGY ASSISTANCE PROVIDER

An energy assistance provider is defined as a public or private organization engaged in assisting individuals in the payment of their electric utility bills.

SECTION II

RULES AND REGULATIONS

1. APPLICABILITY

In order that all Customers receive uniform, efficient and adequate service, the Company will provide electric service to its Customers in accordance with the Public Utility Regulatory Act, Commission rules and these Rules and Regulations.

2. SERVICE APPLICATIONS

Before the Company takes action to supply electric service, an Applicant may be required to sign an "Application for Service" from the Company for such service [see Sheet Number 8].

3. SERVICE AGREEMENTS

In addition to approval by the Company of an Application for Service, if one is required, a Customer may be required to sign an "Agreement for the Purchase of Electric Service from El Paso Electric Company" [see Sheet Number 3]. Service under such Agreement will be furnished to the Customer with the provision that any change in rate schedule or rates or in the Rules and Regulations applying to them, as may from time to time be approved by such regulatory body as may have jurisdiction, will apply in the same manner as if incorporated in said Agreement.

In the event service is supplied by the Company to any Customer who requested service and has not signed an Agreement with the Company as above mentioned, then, in consideration of the Company's supplying service, Customer will be bound in all respects to the same extent as if an Agreement had been signed.

4. CUSTOMER CHANGE OF PREMISES

When a Customer plans to vacate the premises at which the Customer is receiving electric service, the Customer must notify the Company prior to moving from the premises. The Customer will be responsible for all service supplied to the original premises until such notice has been received and the Company has not had more than three (3) working days to disconnect the Customer's service.

5. ELECTRICAL PERMIT

The Company will not connect its Service Wires to the Customer's Service Leads until the Customer has obtained a certificate of compliance or a certificate of inspection from the proper authority.

6. RIGHT-OF-WAY (EASEMENT)

The Customer will make or procure satisfactory conveyance to the Company of right-of-way for the Company's facilities across the property owned or controlled by the Customer, necessary or incidental to the furnishing of service by the Company. The Customer must have all property corners surveyed and all necessary irons installed by a licensed surveyor to permit the Company to install its facilities within said rights-of-way.

7. LINE EXTENSIONS

The Company will furnish, without cost to the Customer, a standard Meter and Service Wires of a length appropriate to the electrical load being served. In all other cases requiring the installation of additional facilities, the Company will make Line Extensions within its territory required to serve any Customer or Customers, whose usage will be of a permanent nature, on a basis equitable both to the Customer and to the Company and in accordance with the Company's Line Extension Policy.

When temporary or emergency service, with emergency service defined as a prompt action taken to protect a Customer or the public in the event of an accident, is requested by a Customer and is furnished by the Company, it may be supplied, at the Company's option, only when the Customer pays in advance the entire cost to the Company of installing and removing equipment necessary to make such temporary or emergency service available.

Temporary or emergency electric service will be billed in accordance with the rate schedule applicable to the loads served.

8. SERVICES

The ordinary method of connection between the Company's distribution system and the Customer's Service Leads will be:

- a. Overhead, where Company's general distribution system in a given area is

- overhead, or
- b. Underground, where Company's general distribution system in a given area is underground.

If the Customer requests connection in any manner other than specified above, special arrangements may, at the Company's option, be made between the Customer and the Company by which the connection will be made and maintained.

In an area where the Company's distribution system is overhead, the length of the service wire drop will be dependent upon the Customer's electrical load, but the service wire drop will not exceed ninety (90) feet.

Customer's Service Leads will be installed at a location and height designated by the Company. However, should such location not be acceptable to the Customer, the Customer may, at the Customer's expense, carry the Service Leads in metal conduit to the Company's location.

In overhead areas, conduit for Customer's Service Leads will be provided by the Customer with approved fittings with drip loop and with wires extending at least twenty-four (24) inches beyond its end.

In an area where the Company's distribution system is underground, the Company will furnish up to 150 feet of service wire to a Residential Customer at no cost. The service wire will be installed in a duct system provided, installed, owned and maintained by the Customer. Non-residential Customers will provide, own, install and maintain the service wire and duct system between the Customer's building and a Company transformer, service enclosure or other termination point as designated by the Company. It is the Customer's responsibility that the Customer's wires must extend at least thirty-six (36) inches into the Company's service box or be able to reach the secondary bushings of the Company transformer.

9. METER INSTALLATION—CUSTOMER RESPONSIBILITIES

The Customer must provide and at all times maintain, free of expense to the Company, a suitable and easily accessible location on Customer's premises at which electricity is to be supplied and sufficient and proper space for the installation of meters or other similar devices of the Company. The Customer must also provide the necessary wiring, meter enclosures, meter loops, and meter board of approved design, constructed and installed in accordance with the Company's specifications.

For all new meter installations or relocation of existing meter installations, the Meter or Meters will be installed on the outside of the building. If it is impractical to locate the Meter on the outside, the Customer must obtain approval for any other location in advance from the Company. When it is necessary to install Meters on the inside of the building, the Customer must furnish a standardized safety entrance switch of approved construction. However, in no case will Meters be installed in bedrooms, kitchens, bathrooms, toilets or closets or under stairways.

The Company at any time may require the location of the Meters on existing

installations be changed at the Customer's expense.

The Customer's Meter must be installed and maintained by the Customer at the Customer's expense in a safe and efficient manner in accordance with the specifications of the Company and in full compliance with all laws and governmental regulations applicable to the same.

10. METER INSTALLATION-COMPANY RESPONSIBILITIES

Unless otherwise specified in the Company's applicable rate schedules, the Company will, without rental or other charge, furnish a Meter for registration of electricity sold to the Customer by the Company. The Company will supply electricity only through Meters or other measuring devices it furnishes and owns. The Customer must notify the Company of its desire to have such Meter or other measuring device installed, relocated, changed or removed.

The Company, may, at any time and at its option, change the type of Meter(s) measuring electric usage by the Customer. When possible, the Customer will be notified in advance of a Meter change so that Customer verification of Meter readings can be accomplished.

11. GROUPING OF METERS

Where two (2) or more Meters are to be installed in the same building or on the same premises for different Customers, they will be grouped at one common place accessible for reading and testing, and the meter loops for each Customer must be clearly designated by the Customer(s).

All arrangements of meter loops and meter boards must be made by the Customer or owner of the building, at a location to be designated by the Company, and each Meter must be protected by an individual standardized safety entrance switch and cut-out.

12. ONE METER PER SERVICE

All service will be taken at one Point of Delivery designated by the Company and at one of the Company's standard types of service. Electric energy is to be measured by a single Meter of each kind needed at each Point of Delivery for each Customer served.

Two or more Points of Delivery to one Customer, for the same character of service, will be considered as separate services, and bills will be separately calculated for each Point of Delivery unless special circumstances exist and written agreements are made with the Company. In no case may a Customer extend wiring or lines in order to furnish electric energy to any other premises through one Meter, even though such premises may be owned or occupied by the Customer.

13. METER ACCURACY

At the request of a Customer, the Company will, make, without charge, a test of the

accuracy of the Customer's Meter. The test will be conducted during the Company's normal working hours at a time convenient to the Customer if the Customer desires to observe the test or have an authorized representative observe the test. The test will be conducted on the Customer's premises, but may, at the Company's discretion, be made at the Company's test laboratory.

If, at the Customer's request, the Meter has been tested by the Company or by an authorized agency, and, within a period of four (4) years, the Customer requests a new test, the Company will conduct the test, but if the Meter is found to be within the accuracy standards established by the American National Standards Institute, the Company may charge the Customer a fee that reflects the cost to test the Meter. This charge will be at the amount from the Company's Rate Schedule No. 99, Miscellaneous Service Charges. Following the completion of any requested test, the Company will promptly advise the Customer of the date of removal of the Meter, date of the test, result and who conducted the test. If any Meter is found to be outside of the established accuracy standards, the Company will make proper correction of previous readings for the period of six (6) months immediately preceding the removal of such Meter from service for test, or from the time the Meter was in service since last tested, but not exceeding six (6) months.

The Company will provide a refund only to the Customer last served by the Meter prior to the testing. If a Meter is found not to register for any period, unless bypassed or tampered with, the Company will make a charge for units used, but not metered, for a period not to exceed six (6) months based on amounts used by the Customer under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

14. STANDBY OR AUXILIARY SERVICE

The Company will render standby or auxiliary service to Customers having other power or power generating equipment and facilities pursuant to the requirements of the Public Utility Regulatory Act, Commission Substantive Rules, and the Company's own tariff schedule(s).

15. ACCESS TO CUSTOMER'S PREMISES

The duly authorized agents of the Company possessing proper credentials must have access at all reasonable hours to the premises of the Customer for the purpose of inspecting wiring and apparatus, removing the Company's property, reading Meters and other purposes incident to the delivery of service by the Company. The Company, however, does not assume the duty of inspecting the Customer's wiring, machinery, or apparatus on the Customer's side of the Point of Delivery and will not be responsible therefore.

16. PROTECTION OF COMPANY'S PROPERTY

The Customer will properly protect the Company's property located on the Customer's premises. In the event of any loss or damage to the Company's property caused by or arising out of carelessness, neglect, or misuse by Customer or other

unauthorized parties, the cost of making good such loss or repairing such damage will be paid by the Customer.

17. ADDITIONAL CUSTOMER RESPONSIBILITY AND INDEMNIFICATION OF COMPANY

- a. The Customer will indemnify, save harmless and defend the Company against all claims, demands, cost or expense, for loss, damage or injury to persons or property, in any manner directly or indirectly connected with, or growing out of transmission and use of electricity by the Customer at or on the Customer's side of the Point of Delivery and not directly attributable to the Company's negligence.
- b. The Customer will indemnify, save harmless and defend the El Paso Electric Company, its directors, officers, agents, representatives or employees from all claims, demands, costs, damages, liabilities or expenses, including but not limited to attorney's fees, resulting from any injury to persons (including death) or damages or destruction of property resulting from the delivery to and use of electricity by the Customer at or on the Customer's side of the Point of Delivery to the extent not attributable to the negligence of the Company, its directors, officers, agents, representatives or employees.
- c. For the mutual protection of the Customer and the Company, only authorized employees of the Company are permitted to make and energize the connections between the Company's Service Wires and either the Customer Service Leads or the Customer service entrance conductors. The Company does not assume any duty of inspecting the Customer's lines, wires, switches or other equipment and will not be responsible therefor. ***To the extent allowed by law, the Customer agrees to defend, indemnify and hold Company and its agents harmless from and against all claims, causes of action, liability, losses, costs and expenses (including attorney's fees) of any kind made against the Company for personal injury, death, property damage, or other damage arising out of or resulting (i) from the design, installation, operation or maintenance of the lines, wires, switches, or other equipment on the Customer's side of the Point of Delivery or (ii) from contact by the Customer, its invitees, or licensees with a Company's overhead or underground line through use of equipment, machinery, tool, material, or contact by any other object within the Customer's control without forty-eight (48) hours advance notice to the Company's dispatcher of the Customer's intent to perform any function or activity with such equipment, machinery, tool, material, or other object if it is possible for a person performing any such function or activity to be brought within ten feet of a Company overhead or underground line, even if and regardless of whether such injury, death, or damage is caused by the joint or concurrent negligence of the Company or its agents. Overhead and underground lines will include any and all Company Service Wires up to the Customer's Service Leads or service entrance conductors.***

18. RIGHT-OF-WAY

Without reimbursement by the Company, the Customer will furnish to the Company

all permits, certificates and/or rights-of-way necessary for the Company to cross the property owned or controlled by the Customer for the Company's overhead or underground lines or extensions thereof necessary or incidental for the supply of electricity to the Customer.

The Company will use reasonable diligence in protecting the property owner when providing or maintaining overhead or underground service connections. The Company has the right to clear its service connection of any interfering tree, shrub or other obstruction; except when the property owner objects to such clearance, the Company may change or relocate the service connection to meet its requirements, and the full cost of the change or relocation will be borne by the Customer or property owner.

19. ATTACHMENT TO COMPANY'S PROPERTY

The use of the Company's poles, wires, towers, structures or other facilities by the Customer for the purpose of fastening or supporting any radio equipment, or any lights, wires, ropes, signs, banners or anything of any nature not necessary to the delivery by the Company of electric service to the community, or the locating of same in such proximity to the Company's aforesaid property or facilities as to cause, or be likely to cause, interference with the delivery of electric service, or a dangerous condition in connection therewith, is prohibited. The Company has the right to immediately remove same without notice.

20. INCREASING OR DECREASING CONNECTED LOAD

The Customer will not increase the Connected Load except upon notice to and consent by the Company, and, in the event of any such increase in the Connected Load, the Customer must pay for such increase or altered service pursuant to the appropriate tariff schedule(s). If requested by the Company, the Customer will execute a new Agreement at the Company's regular published rate covering the total Connected Load as so increased.

The Company's service conductors, transformers, meters and other devices used to supply electric energy to the Customer each have a definite capacity, and no addition to the Customer's Installed Connected Load thereto will be permitted until the Customer has secured the Company's consent. A violation of this rule makes the Customer liable for any damage resulting there from. In case the Customer's Connected Load is decreased, it is the responsibility of the Customer to notify the Company, in writing, of such decrease before obtaining any benefit in rates from such decrease.

21. LIMITATION OF USE

Electricity purchased from the Company must be used by the Customer only for the purpose specified in the Agreement for the Purchase of Electric Service, and the Customer will not sell or otherwise dispose of electricity, except with the written consent of the Company.

22. INTERRUPTION OF SERVICE

The Company will use reasonable diligence in providing a regular and uninterrupted supply of electricity to the Customer but does not guarantee a constant supply of electricity. The Company is not liable for damage that occurs as a result of any fluctuation or interruption that is (a) caused by or results from, in whole or in part, governmental action, litigation, war, public enemies, strikes, acts of God, inclement weather, order of any court or judge granted in a bona fide adverse legal proceeding, fuel shortages, or any order of any commission or tribunal having competent jurisdiction, (b) necessary for repairs or changes in the Company's generating equipment or transmission or distribution systems, (c) due to the negligence of the Company, its employees, servants or agents, and does not constitute gross negligence or willful misconduct, or (d) caused by any other act, event, or occurrence beyond the Company's reasonable control. The Customer expressly waives any right to assert claims against the Company for damages caused by any fluctuation or interruption described in this paragraph. In the event of the Company's gross negligence or willful misconduct, the Company's liability under this paragraph will be limited to the cost of necessary repair or replacement of tangible property damaged or destroyed by the interruption or fluctuation.

The Company may, without liability, interrupt service to any Customer in the event of any condition that poses a threat to the area power supply if, in the Company's sole judgment, such action may prevent or alleviate such condition.

23. SUSPENSION OF SERVICE FOR REPAIRS AND CHANGES

When necessary to make repairs or changes in the Company's generating equipment or transmission or distribution systems, the Company may suspend service for such periods as may be reasonably necessary, and in such manner as not to inconvenience the Customer unnecessarily. The Company will be liable to the Customer for any damages occasioned by such suspension only when the damages are the result of gross negligence or willful misconduct on the part of the Company. In the event of the Company's gross negligence or willful misconduct, the Company's liability under this paragraph will be limited to the cost of necessary repair or replacement of tangible property damaged or destroyed by the interruption or fluctuation. The Company will endeavor to give reasonable notice to the Customer of the Company's intention to suspend service pursuant to this provision.

24. CHARACTERISTICS OF SERVICE

Based on the availability of the voltage required by the Customer and the expense of additional equipment and installation needed to serve the Customer, the Company will provide single phase or three phase service at one of the Company's standard voltages. Motor requirements for single and three phase service can be found in the Company's Electric Service Requirements book.

The Company will provide secondary voltage for loads that require voltages up to 600 volts. The Company will provide primary voltage service for loads that require

voltages between 2,400 volts and 25,000 volts. The Company will provide transmission voltage service for loads that require voltages of 69,000 volts or greater. The provision of primary or transmission voltage services must be negotiated with the Company.

25. OWNERSHIP OF EQUIPMENT

All equipment furnished and installed by the Company will be and will remain the property of the Company unless purchased by the Customer.

26. RESPONSE TO REQUEST FOR SERVICE

The Company will serve each qualified Applicant within the area certified by the Public Utility Commission of Texas as rapidly as practical. The following requirements apply to electric service provided by the Company:

The Company will process applications for new electric service not involving line extensions or construction of new facilities within seven (7) working days after an Applicant has met the credit requirements of these Rules and Regulations. The Company will process applications for electric residential service requiring line extension as quickly as possible and will complete such requests within ninety (90) days or within a time period agreed to by the Customer and the Company.

If facilities must be constructed, the Company will inform the Customer within ten (10) working days of receipt of the line extension application, giving the customer an estimated completion date and an estimated cost for all charges to be incurred by the Customer.

Following assessment of necessary line work, the Company will explain to the Customer any construction cost options such as rebates to the Customer, sharing of construction costs between the Company and the Customer, or sharing of costs between the Customer and other Applicants.

SECTION III

PROVISION OF SERVICE

1. REFUSAL OF SERVICE

- a. The Company may decline to serve an Applicant until such Applicant has complied with state and municipal regulations and approved Rules and Regulations of the Company governing the service applied for or for any one of the following reasons:
 - (i) Applicant's facilities inadequate. If the Applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be provided;
 - (ii) Violation of tariffs. If the Applicant fails to comply with the Company's tariffs pertaining to operation of nonstandard equipment or unauthorized

- attachments;
- (iii) Failure to pay guarantee. If the Applicant has acted as a guarantor for another Customer and failed to pay the guaranteed amount, where such guarantee was made in writing to the Company and was a condition of service;
- (iv) Intent to deceive. If the Applicant applies for service for a location where another Customer received, or continues to receive, service and the electric utility bill is unpaid at that location and the Company can prove the change in identity is made in an attempt to help the other Customer avoid or evade payment of an electric utility bill;
- (v) For indebtedness. If the Applicant is indebted to any electric utility for the same kind of service as that applied for; provided, however, that, in the event the indebtedness of the Applicant is in dispute, the Applicant will be served upon complying with the Company's deposit requirements which are set under the Commission's Substantive Rules; or
- (vi) Refusal to pay deposit. For refusal to pay a deposit if Applicant is required to make a deposit under these sections.

b. In the event that the Company refuses to serve an Applicant under the provisions of these Rules and Regulations, the Company will inform the Applicant of the basis of its refusal and that the Applicant may file a complaint with the appropriate regulatory authority.

c. The following does not constitute sufficient cause for refusal of service to an Applicant:

- (i) Delinquency in payment for service by a previous occupant of the premises to be served;
- (ii) Failure to pay for merchandise, or charges for non-regulated services purchased from the Company;
- (iii) Failure to pay a bill that includes more than the allowed six (6) months of underbilling, unless the underbilling is the result of theft of service; or
- (iv) Failure to pay the bill of another Customer at the same address except where the change of Customer identity is made to avoid or evade payment of an electric bill.

2. CUSTOMER AND APPLICANT DEPOSIT

a. The Company may require an Applicant for residential service to establish and maintain satisfactory credit as a condition of providing service. Establishment of credit will not relieve any Customer from complying with the Company's requirements for prompt payment of bills. The creditworthiness of spouses established during shared service in the twelve (12) months prior to their divorce will be equally applied to both spouses for twelve (12) months immediately after their divorce.

b. An Applicant for residential service can demonstrate satisfactory credit and will not be required to pay an initial deposit if the Customer meets any one of the criteria listed below:

- (i) The Applicant has been a customer of any electric utility for the same kind of service within the last two (2) years; is not delinquent in payment of any such electric utility service account; during the last twelve (12) consecutive months of service was not late in paying a bill more than once; did not have service disconnected for nonpayment; and is encouraged to obtain a letter of credit history from the Applicant's previous electric utility.
 - (ii) The Applicant demonstrates a satisfactory credit rating by appropriate means, including, but not limited to, the production of: generally acceptable credit cards; letters of credit reference; the names of credit references that can be quickly and inexpensively contacted by the Company; or ownership of substantial equity that is easily liquidated.
 - (iii) The Applicant is sixty-five (65) years of age or older and does not have an outstanding account balance incurred within the last two (2) years with the Company or another electric utility for the same type of utility service.
 - (iv) The Applicant has been determined to be a victim of family violence as defined in the Texas Family Code §71.004, by a family violence center as defined in Texas Human Resources Code §51.002, by treating medical personnel, by law enforcement personnel, by the Office of a Texas District Attorney or County Attorney, by the Office of the Attorney General, or by a grantee of the Texas Equal Access to Justice Foundation. This determination must be evidenced by submission of a certification letter developed by the Texas Council on Family Violence. The certification letter may be submitted directly by use of a toll-free fax number to the Company.
- c. If satisfactory credit cannot be demonstrated by an Applicant for residential service using the criteria listed above, the Company may require such Applicant to pay an initial deposit. An Applicant for residential service or a Customer who is required to pay a deposit may provide the Company with a written letter of guarantee pursuant to these Rules and Regulations instead of paying a cash deposit. The Company will not require a deposit from an existing Customer unless the Customer was late paying a bill more than once during the last twelve (12) months of service or had service disconnected for nonpayment. The Company may require the Customer to pay this deposit within ten (10) days after issuance of a written disconnection notice that requests such deposit. Instead of a deposit, the Customer may pay the total amount due on the current bill by the due date of the bill, provided the Customer has not exercised this option in the previous twelve (12) months.
- d. For non-residential service, if an Applicant's credit has not been demonstrated satisfactorily to the Company, the Applicant may be required to pay a deposit. The total of all deposits will not exceed an amount equivalent to one-sixth (1/6) of the Customer's estimated annual billing.
- e. The Company may require an additional deposit if the average of the Customer's actual billings for the last twelve (12) months is at least twice the amount of the original estimated annual billings and a disconnection notice has been issued for the account within the previous twelve (12) months. The Company may require that an additional deposit be paid within ten (10) days after it has issued a written

disconnection notice and requested the additional deposit. Instead of an additional deposit, the Customer may pay the total amount due on the current bill by the due date of the bill, provided the Customer has not exercised this option in the previous twelve (12) months. The Company may disconnect service if the additional deposit is not paid within ten (10) days of the request, provided a written disconnection notice has been issued to the Customer. A disconnection notice may be issued concurrently with either the written request for the additional deposit or current usage payment.

- f. For temporary or seasonal service or weekend residences, the Company may require a deposit sufficient to reasonably protect it against the assumed risk.
- g. If service to an Applicant or Customer is not connected by the Company or is disconnected for any reason, the Company will refund the Applicant's/Customer's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished.
- h. When a Customer has paid bills for electric service for twelve (12) consecutive Residential billings or for twenty-four (24) consecutive Non-Residential billings without having service disconnected for non-payment of a bill and without having more than two (2) occasions in which the bill was delinquent, and when the Customer is not delinquent in the payment of his/her current bills, the Company will refund the deposit plus accrued interest to the Customer. If the Customer does not meet these refund criteria, the Customer's deposit may be retained by the Company.
- i. The Company will pay interest on Customer deposits at an annual rate at least equal to that set by the Commission on December 1 of the preceding year, pursuant to Texas Utilities Code §183.003 (relating to Rate of Interest). If a deposit is refunded within thirty (30) days of the date of deposit, the Company will not make an interest payment. If the Company keeps the deposit more than thirty (30) days, payment of interest will be made retroactive to the date of deposit. Payment of the interest to the Customer will be made annually, if requested by the Customer, or at the time the deposit is returned or credited to the Customer's account. The deposit will cease to draw interest on the date it is returned or credited to the Customer's account.
- j. In lieu of a deposit, a Residential Customer may submit an "Absolute Guaranty of Payment of Obligation of Electric Service" ("Guarantee Agreement") between the Company and a guarantor for no more than the amount of deposit the Company would require on the Applicant's or Customer's account [see Sheet Number 7]. The amount of the guarantee will be clearly indicated in the Guarantee Agreement. Upon default by a residential Customer, the guarantor of that Customer's account will be responsible for the unpaid balance of the account only up to the amount agreed to in the Guarantee Agreement. The Company will provide written notification to the guarantor of the Customer's default, the amount owed by the guarantor, and the due date for the amount owed. The Company will allow the guarantor sixteen (16) days from the date of notification to pay the amount owed on the defaulted account. If the sixteenth day falls on a holiday or

weekend, the due date will be the next workday. The Company may transfer the amount owed on the defaulted account to the guarantor's own service bill provided the guaranteed amount owed is identified separately on the bill. The Company may disconnect service to the guarantor for nonpayment of the guaranteed amount only if the disconnection was included in the terms of the written agreement, and only after proper notice.

If service to an Applicant or Customer is not connected, or is disconnected, the Company will void and return to the guarantor the Guarantee Agreement or provide written documentation that the contract has been voided. When the Customer has paid bills for service for twelve (12) consecutive billings without having service disconnected for nonpayment of a bill and without having more than two occasions in which a bill was delinquent, and when the Customer is not delinquent in the payment of the current bills, the Company will void and return the Guarantee Agreement or provide written documentation that the contract has been voided. If the Customer does not meet these refund criteria, the Guarantee Agreement may be retained.

- k. Every Applicant who previously has been a Customer of the Company and whose service has been disconnected for nonpayment of bills or theft of service (meter tampering or bypassing of meter) will be required, before service is reconnected, to pay all amounts due or execute a Deferred Payment Plan Agreement, if offered, and reestablish credit. The Company must prove the amount of utility service received but not paid for and the reasonableness of any charges for the unpaid service, and any other charges required to be paid as a condition of service restoration.

3. BILLS FOR SERVICE

- a. Unless otherwise authorized by the Commission, or unless service is rendered for a period of less than a month, the Company will render bills for electric service on a monthly basis. The Company will issue bills to Customers as promptly as possible after reading the Customer's meter. The due date of the bill for utility service will not be less than sixteen (16) days after issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next working day after the due date. The billing period will be construed to mean any period between two (2) meter readings taken for billing purposes, and will normally cover a period of approximately thirty (30) days. A payment for electric service is delinquent if not received by the Company or at the Company's authorized payment agent by the close of business on the due date.

The Customer's obligation to pay their bill is not released or diminished by non-receipt of bills.

- b. The Company may assess a one-time penalty of five (5) percent on delinquent bill payment of non-residential customers. The Company will not assess any penalty on delinquent payment of residential bills. The five (5) percent penalty on delinquent bill payment of non-residential customers will not be applied to any balance to which the penalty was applied in a previous billing. All payments by a

state agency, as those terms are defined in Chapter 2251 of the Tex. Gov't. Code shall be due and bear interest as provided in that chapter.

- c. A Deferred Payment Plan Agreement is a written agreement between the Company and a Residential Customer that allows the Customer to pay an outstanding bill in installments that extend beyond the due date of the next bill. [see Sheet Number 6] The Company offers, upon request, a Deferred Payment Plan Agreement to any Residential Customer, including a guarantor of any residential Customer, who has expressed an inability to pay all of his/her bill if the Customer has not been issued more than two (2) disconnection notices at any time during the preceding twelve (12) months. A Deferred Payment Plan Agreement will provide that the delinquent amount may be paid by the Customer in equal amounts lasting at least three (3) billing cycles.

At the Company's option, the Company may decide not to enter into a Deferred Payment Plan Agreement with any Residential Customer who is lacking sufficient credit or a satisfactory history of payment for previous service when that Customer has had service from the Company for no more than three (3) months.

The Residential Customer may make a deferred payment arrangement by visiting the Company's business office or contacting the Company by telephone. If the Customer visits the Company's business office, the Company may ask the Customer to sign the Deferred Payment Plan Agreement. The Company will provide the Customer with a copy of the signed Agreement. If the Agreement is made over the telephone, the Company will send a copy of the Agreement to the Customer.

A Deferred Payment Plan Agreement:

- may include a 5 percent penalty for late payment but will not include a finance charge;
- will state the length of time covered by the plan;
- will state the total amount to be paid under the plan;
- will state the specific amount of each installment;
- will allow the Company to disconnect service if the customer does not fulfill the terms of the Agreement;
- must be signed by the Customer, and a copy of the Agreement will be provided to the Customer; and
- will allow either the Customer or the Company to initiate a renegotiation of the Agreement if the Customer's economic or financial circumstances change substantially during the term of the Agreement.

The Company will not refuse customer participation in the Deferred Payment Plan on the basis of race, color, nationality, religion, sex or marital status.

If a Customer has not fulfilled terms of a Deferred Payment Plan Agreement, the Company will have the right to disconnect the Customer's electric service pursuant to the Company's Rules and Regulations. However, the Company will not disconnect service until a Disconnect Notice has been issued to the Customer

indicating the Customer has not met the terms of the Deferred Payment Plan Agreement. The Company may, under such circumstances, but is not required to, offer subsequent negotiation of a Deferred Payment Plan Agreement prior to disconnection.

- d. The Company offers a Residential Budget Billing Plan to elderly or chronically ill Residential Customers who may be on fixed incomes and to other Customers who have similarly unique financial needs. The Budget Billing Plan Agreement allows eligible residential Customers to pay on a monthly basis a fixed billing rate of one-twelfth (1/12) of that Customer's estimated annual consumption at the appropriate Customer class rates, with provisions for periodic adjustments on at least an annual basis as may be determined based on actual usage. The Company may require a deposit from all Customers entering into a Residential Budget Billing Plan Agreement.

If a Customer does not fulfill the terms and obligations of the Residential Budget Billing Plan Agreement, the Company has the right to disconnect service to that Customer pursuant to the Company's disconnection rules.

4. DISCONNECTION OF SERVICE

- a. If a bill has not been paid or a Deferred Payment Plan Agreement entered into within twenty-six (26) days from the date of issuance of a bill and if proper notice has been given, the Company may, in addition to all other legal remedies, terminate an Agreement or disconnect Customer's service. The Company may disconnect Customer's service after proper notice for any of the following reasons:
 - (i) Customer's failure to pay a delinquent account for service or make deferred payment arrangements by the date of disconnection;
 - (ii) Customer's failure to comply with the terms of a Deferred Payment Plan Agreement;
 - (iii) Customer's violation of the Company's Rules and Regulations pertaining to the use of service in a manner that interferes with the service of others or the operation of a nonstandard equipment, if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation;
 - (iv) Customer's failure to pay a deposit as required by these Rules and Regulations;
 - (v) failure of the guarantor to pay the amount guaranteed, where the Company has a written agreement, signed by the guarantor, that allows for the disconnection of the guarantor's service; or
 - (vi) Customer's failure to fulfill the terms and obligations of a Level Payment Plan Agreement.
- b. Proper notice consists of a separate mailing or hand delivery at least ten (10) days prior to a stated date of disconnection, with the words "disconnection notice" or similar language prominently displayed on the notice. The information included in the notice will be provided in English and Spanish as necessary to adequately

inform the Customer. In the disconnection notice, a statement will appear notifying the Customer that, if they are in need of assistance with the payment of their bill by the due date, or if they are ill and unable to pay their bill, they may be able to make some alternative payment arrangement, establish a deferred payment plan, or possibly secure payment assistance. The notice will advise the Customer to contact the Company for more information. Payment at a Company's authorized payment agency is considered payment to the Company. The Company will not issue a disconnection notice to the Customer before the first day the bill is due.

- c. The Company may disconnect Customer's service without prior notice for any of the following reasons: (1) where a known dangerous condition exists for as long as the condition exists, (2) where service is connected without authority by a person who has not made application for service, (3) where service was reconnected without authority following termination of service for nonpayment, or (4) where there has been meter tampering with the Company's equipment or evidence of theft of service. Where reasonable, given the nature of the hazardous condition, the Company will post a notice of disconnection and the reason for the disconnection at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.
- d. The Company will not disconnect a Customer's service for any of the following reasons:
 - (i) delinquency in payment for utility service by a previous occupant of the premises;
 - (ii) Customer's failure to pay for merchandise, or charges for non-regulated service provided by the Company;
 - (iii) Customer's failure to pay for a different type or class of utility service unless charges for such service were included on the bill at the time service was initiated;
 - (iv) Customer's failure to pay disputed charges, except for the required Level Payment Plan payment, until a determination as to the accuracy of the charges has been made by the Company or the Commission, and the Customer has been notified of the determination;
 - (v) Customer's failure to pay charges arising from an underbilling, except for charges arising from theft of service, more than six (6) months prior to the current billing;
 - (vi) Customer's failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under these Rules and Regulations; or
 - (vii) Customer's failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.
- e. Unless a dangerous condition exists, or unless the Customer requests disconnection, the Company will not disconnect service to a Customer on holidays or weekends, or the day immediately preceding a holiday or weekend,

unless the Company's personnel are available on those days to take payments and reconnect service.

- f. The Company will not disconnect service at a permanent individually metered dwelling unit of a Customer who is delinquent in paying his/her bill for electric service when that Customer establishes that disconnection of service will result in some person residing at that residence becoming seriously ill or more seriously ill. Each time a Customer seeks to avoid disconnection of service under this rule, the Customer must: have the attending physician (*i.e.*, any public health official, including but not limited to, medical doctors, doctors of osteopathy, nurse practitioners, registered nurses, and any other similar public health official) call or contact the Company within sixteen (16) days of issuance of the bill; have the attending physician submit a written statement to the Company; and enter into a Deferred Payment Plan Agreement. The Company will not disconnect service to such Customer for a period of at least sixty-three (63) days from the issuance of the electric bill or a shorter period agreed upon by the Company and the Customer or physician.
- g. The Company will not disconnect service to a residential Customer who is delinquent in paying his/her bill for electric service for a billing period in which the Company receives a pledge, letter of intent, purchase order, or other notification that an energy assistance provider is forwarding sufficient payment to continue service.
- h. The Company will not disconnect service to a residential Customer when the previous day's highest temperature did not exceed 32°F and the temperature is predicted to remain at or below that level for the next twenty-four (24) hours, according to the nearest National Weather Service (NWS) reports, or when the NWS issues a heat advisory for any county in the Company's service territory or when such advisory has been issued on any one of the preceding two (2) calendar days.
- i. Once the Company has issued a Notice of Disconnection of Service, and if the Customer has not entered into a Deferred Payment Plan Agreement, the Customer must pay his/her bill in full at one of the Company's business offices by the close of business (4:00 p.m.) or at one of the Company's authorized payment agents prior to 6:00 p.m. on the date the payment is due. **PAYMENTS PLACED IN ONE OF THE COMPANY'S 24-HOUR DROP BOXES MUST BE PLACED IN THE DROP BOX BY 4:00 P.M. TO BE CONSIDERED RECEIVED THE SAME DAY.** Payments deposited in one of the Company's 24-hour drop boxes after 4:00 p.m. are considered received the following day.

5. DISPUTED BILLS

If a Customer has a dispute regarding his/her bill for electric services, the Company will investigate and report the results of the investigation to the Customer. If the dispute is not resolved, the Company will inform the Customer of the complaint procedures of the Commission.

A Customer's electric service will not be disconnected for nonpayment of the disputed

portion of a bill until the dispute is completely resolved by the Company. However, the Customer is obligated to pay any billings not disputed. If the Customer files a complaint with the Commission, the Customer's service will not be disconnected by the Company for nonpayment of the disputed portion of the bill before the Commission completes its informal complaint resolution process and informs the Customer of its determination.

6. SELECTION OF RATE SCHEDULES

Each Customer may use electric service under the schedule most advantageous to him/her, provided the terms prescribed in the schedule selected apply to the Customer's equipment and use of electricity.

When more than one schedule is applicable, the Customer must select the schedule under which service is to be furnished. The Company will assist the Customer in making this selection, but the responsibility of this selection rests entirely with the Customer.

7. OVERBILLING AND UNDERBILLING

If charges for Company service are found to differ from the Company's lawful rates for the services being purchased by the Customer, or if the Company fails to bill the Customer for such service, a billing adjustment will be calculated by the Company. If the Customer is due a refund, an adjustment will be made for the entire period of the overbilling. If an overbilling is adjusted by the Company within three billing cycles of the bill in error, interest will not accrue. Unless otherwise provided in this section, if an overbilling is not adjusted by the Company within three (3) billing cycles of the bill in error, interest will be applied on the amount of the overbilling at the rate set by the Commission annually for the calendar year. Such interest will accrue from the date of payment from the date of the bill in error. Interest will not apply to Residential Level Payment Plan Agreements or estimated billings that are authorized by statute or rule.

The Company may backbill the Customer for the amount that was underbilled. The backbilling will not exceed six (6) months from the date the Company discovered the error unless such undercharge is a result of theft of service by the Customer. The Company may disconnect service if the customer fails to pay underbilled charges. If the underbilling is \$50 or more, the Company will offer the Customer a Deferred Payment Plan option for the same length of time as that of the underbilling. In cases of meter tampering, bypass, or diversion, the Company may offer a Customer a Deferred Payment Plan option. Interest will not apply to underbilled amounts unless such amounts are found to be the result of theft of service (meter tampering, bypass, or diversion) by the Customer. Interest on underbilled amounts will accrue from the day the Customer is found to have first stolen (tampered, bypassed or diverted) the service.

8. ESTIMATED BILLS

When there is good reason for doing so, the Company may submit estimated bills provided that an actual meter reading is taken at least every three (3) months. In

months where the Meter Reader is unable to gain access to the premises to read the meter on regular meter reading trips or in months where meters are not read, the Company will provide the Customer with a postcard and request the Customer to read the meter and return the card to the Company. If such postcard is not received by the Company in time for billing, the Company will estimate the meter reading and render a bill accordingly.

9. ALTERNATE PAYMENT PROGRAMS AND PAYMENT ASSISTANCE

When a Residential Customer contacts the Company and indicates their inability to pay a bill or a need for assistance with the bill payment, the Company will inform the Customer of all alternate payment and payment assistance programs available from the Company, such as deferred payment plans, disconnection moratoriums for the ill, or energy assistance programs, as applicable, and of the eligibility requirements and procedures for applying for each.

10. DISCONNECTION OF MASTER-METERED APARTMENTS

When a bill for Company services is delinquent for a master-metered apartment complex (defined as a submetered or nonsubmetered building in which a single meter serves five (5) or more residential dwelling units), the following shall apply:

- (1) The Company will send a disconnection notice to the Customer. At the time such notice is issued, the Company will also inform the Customer that notice of possible disconnection will be provided to the tenants of the apartment complex in six (6) days if payment is not rendered before that time.
- (2) At least six (6) days after providing the disconnection notice to the Customer and at least four (4) days prior to disconnect, the Company will post a minimum of five (5) notices in conspicuous areas in the corridors or other public places of the apartment complex. Language in the notice will be prominently displayed and will read:

Notice to residents of (name and address of apartment complex): electric utility service to this apartment complex is scheduled for disconnection on (date), because (reason for disconnection).