



Electrical District Number Two, Pinal County

Electric Service Regulations

Effective April 9, 1997

The following TERMS AND CONDITIONS and any changes authorized by law will apply to the sale of electric service under the established rate or rates authorized by law and currently applicable at time of sale.

1. General

- 1.1 Electric service will be supplied in accordance with these Terms and Conditions and any changes required by law, and such applicable rate or rates as may from time to time be authorized by law. However, in the case of Customer whose service requirements are of unusual size or characteristics, additional or special rate and contract arrangements may be required.
- 1.2 These Terms and Conditions shall be considered a part of all of District's rate schedules, except where specifically changed by a written agreement.
- 1.3 In case of a conflict between any provision of a rate schedule and these Terms and Conditions, the provisions of the rate schedule shall apply.

2. Establishment of Service

- 2.1 Application for Service - A Customer requesting electric service will be required to appear at District's place of business to produce proof of identity and sign District's standard form of application for service or a contract before service is supplied by District.
 - 2.1.1 In the absence of a signed application or contract for service, the supplying of electric service by District and acceptance thereof by Customer shall be deemed to constitute a service agreement by and between District and Customer for delivery, acceptance of and payment for service, subject to District's applicable rates and rules and regulations.

2.1.2 Where service is requested by two or more individuals, District shall have the right to collect the full amount owed District from either of the applicants.

2.2 Service Establishment Charge - A service establishment charge for electric service and the appropriate tax adjustment will be assessed each time District is requested to establish, reconnect or reestablish electric service to Customer's delivery point. Billing for the service establishment charge will be rendered as a part of Customer's first service bill.

2.2.1 The charge for initial service will be based on the applicable rate tariff.

2.2.2 Customer may be required to pay an after-hour charge should Customer request service be established during a period other than regular working hours.

2.3 Grounds for Refusal of Service - District may refuse to establish or reestablish service if any of the following conditions exist:

2.3.1 Applicant has an outstanding amount due with District and is unwilling to make arrangements with District for payment.

2.3.2 A condition exists which in District's judgment is unsafe or hazardous.

2.3.3 Applicant has failed to meet the security deposit requirements set forth by District as specified under Section 2.6.

2.3.4 Applicant fails to furnish such funds, service, equipment, and/or rights-of-way required to serve Applicant and which have been specified by District as a condition for providing service.

2.3.5 Applicant falsifies his or her identity for the purpose of obtaining service.

2.3.6 Service is already being provided at the address for which Applicant is requesting service.

2.3.7 Service in the name of another Customer currently living with the applicant at the address for which service is being requested has been terminated for non-payment and a delinquent balance is still outstanding.

2.3.8 Applicant has failed to obtain all required permits and/or inspections indicating that

Applicant's facilities comply with local construction and safety codes.

2.4 Establishment of Credit

2.4.1 Residential - District shall not require a deposit from a new applicant for residential service if Applicant is able to meet any of the following requirements:

2.4.1.1 Applicant has had service of a comparable nature with District at another service location within the past two (2) years and was not delinquent in payment more than twice during the last twelve (12) consecutive months or disconnected for nonpayment.

2.4.1.2 Applicant can produce a letter regarding credit or verification from an electric utility where service of a comparable nature was received within the last twelve consecutive months which states Applicant had a timely payment history at time of service discontinuation.

2.4.1.3 In lieu of a deposit, new Applicant may provide a surety bond as security for District in a sum equal to the required deposit.

2.4.1.4 When credit cannot be established to the satisfaction of District, Applicant will be required to:

2.4.1.4.1 Place a cash deposit to secure payment of bills for service as prescribed herein, or

2.4.1.3.2 Provide a surety bond acceptable to District in an amount equal to the required deposit.

2.4.2 Nonresidential - All nonresidential customers will be required to:

2.4.2.1 Place a cash deposit to secure payment of bills for service as prescribed herein, or

2.4.2.2 Provide a security acceptable to District in an amount equal to the required deposit.

2.5 Reestablishment of Credit - District may require Residential Customer to establish or reestablish a deposit if customer becomes delinquent in the payment of three (3) or more bills

within a twelve (12) consecutive month period or has been disconnected for non-payment during the last twelve (12) months.

2.6 Security Deposit - District may at any time require a reasonable deposit as security for the payment of service bills. Cash deposits accepted by District are held for two (2) years and shall return interest at the rate specified in the applicable tariff.

2.6.1 District reserves the right to increase or decrease amounts whenever such adjustment is determined necessary. Separate deposits may be required for each service location.

2.6.2 Customer security deposits shall not preclude District from terminating agreement for service or suspending service for any failure in the performance of Customer obligation under the agreement for service.

2.6.3 Residential - Cash deposits will be established through the appreciable rate tariff.

2.6.3.1 Deposits or other instruments of credit will be automatically returned or expired after two (2) years of service provided Customer has not been delinquent more than three (3) times in the payment of bills or disconnected for non-payment during the previous twelve (12) consecutive months. If Customer terminates service with District, the deposit may be credited to Customer's final bill.

2.6.3.2 District may require a security deposit from a customer to be continuously maintained where it is determined that customer left an unpaid final bill owing with another utility.

2.6.4 Non-Residential - Customer deposits shall not exceed two and one-half (2-1/2) times Customer's estimated maximum monthly billing.

2.6.4.1 District may require non-residential customers to reestablish credit whenever the District determines Customer's future ability to pay in a normal manner is in jeopardy.

2.6.4.2 Deposits or other instruments of credit will be automatically returned or expired after two years of service provided Customer has not been delinquent more than twice in the payment of bills or disconnected for non-payment during the previous twelve (12) consecutive months unless the District

determines the Customer's future ability to pay in a normal manner is in jeopardy. If Customer terminates service with District, the deposit may be credited to Customer's final bill.

2.7 Line Extensions - Installations requiring District to extend its facilities in order to establish service will be made in accordance with District's Line Extension Policy.

3. Rates

3.1 Rate Information - District shall provide upon Customer request a copy of any rate schedule applicable to that Customer. In addition, District shall notify its Customers of any changes in District's tariffs affecting those Customers.

3.2 Rate Selection - Customer's service characteristics and service requirements determine the selection of an applicable rate schedule. District will use reasonable care in initially establishing service to Customer under the most advantageous rate schedule applicable to Customer. However, because of varying Customer usage patterns and other reasons beyond its reasonable knowledge or control, District cannot guarantee that the most economic applicable rate will be applied. District will not make any refunds in any instances where it is determined that Customer would have paid less for service had Customer been billed on an alternate applicable rate or provision of that rate.

3.3 Optional Rates - Certain optional rate schedules applicable to certain classes of service allow Customer option to select the rate schedule to be effective initially or after service has been established. Customer must make such request in writing to District. Billing under the alternate rate will become effective from or after the next meter reading. No further changes, however, may be made within the succeeding twelve-month period. Where the rate schedule or contract pursuant to which Customer is provided service specifies a term, Customer may not exercise its option to select an alternate rate schedule until expiration of that term.

4. Billing and Collection

4.1 Customer Service Installation and Billing - Service billing periods normally consist of approximately 30 days unless designated otherwise under rate schedules or at District option.

4.1.1 Customer service installation will normally be arranged to accept only one type of standard service to one point of delivery to enable service measurement through one meter. If Customer requires more than one type of service, or total service cannot be measured through one meter according to District's regular practice, separate meters

will be used and separate billing rendered for the service measured by each meter.

4.2 Collection Policy - The following collection policy shall apply to all customer accounts:

4.2.1 All bills rendered by the District are due and payable no later than fifteen (15) days from the billing date. Any payment not received within this time frame shall be considered past due. Bills for which payment has not been received within thirty (30) days of billing date will be considered delinquent. All delinquent bills for which payment has not been received within forty five (45) days from original billing date shall be subject to the provisions of District's termination procedure. District reserves the right to suspend or terminate Customer's service for: i) non-payment of delinquent service bills; ii) non-payment of service establishment charges; iii) non-payment of security deposits; iv) non-payment of meter test charges; v) non-payment of returned check charges; vi) non-payment of interest charges, and/or to declare past due service bill amounts, past due service establishment charges, past due security deposit charges, past due meter test charges, past due returned check charges, and past due Service Charge subject to an interest charge at the rate of eighteen percent (18%) per annum.

4.2.2 If Customer has two or more services with District and one or more of such services are terminated for nonpayment and Customer is unwilling to make arrangements with District for payment, District shall be entitled to transfer the balance due on the terminated service to any other active account of Customer. The failure of customer to pay the active account shall result in the suspension or termination of service thereunder.

4.3 Responsibility for Payment of Bills - Customer is responsible for the payment of bills for energy and demand (if applicable) use recorded by the meter until service is ordered discontinued and the District has had reasonable time to secure a final meter reading.

4.3.1 When an error other than an error provided for in the "Metering and Equipment" section of these Terms and Conditions is found to exist in the billing rendered to Customer, District will correct such an error to recover or refund the difference between the original billing and the correct billing. Such adjusted billings will not be rendered for periods in excess of the applicable statute of limitations from the date the error is discovered. Any refunds to Customers resulting from adjusted billings will be made promptly upon discovery by District. Underbillings by District shall be billed to Customer and shall become due within the same time period as described in paragraph 4.2 unless special arrangements for payment are made.

4.4 Returned Checks - If District is notified by the Customer's bank that the bank will not honor a check tendered by Customer for payment of any bill because: (i) there are insufficient funds to cover the check; (ii) the checking account has been closed; (iii) Customer has sent a "stop payment" request on the check; or (iv) any other reason the bank will not honor Customer's check, District may require the Customer to make payment in cash, money order, certified check, or other means which guarantee the Customer's payment to the District.

4.4.1 Customer shall be charged a fee based on applicable tariff for each instance where Customer tenders payment of a bill with a check which is not honored by Customer's bank.

4.4.2 The tender of a dishonored check shall in no way (i) relieve Customer of the obligation to render payment to District under the original terms of the bill, or (ii) defer District's right to terminate service for nonpayment of bills.

4.4.3 Two dishonored checks in any twelve consecutive month period will result in the Customer being required to make future payments in cash, money order, certified check, or other means which guarantee the Customer's payment to the District for a twelve month period.

4.5 Service Charge - District may require payment of a Service Charge as established in the applicable rate tariff when an authorized District representative makes a call to Customer's premises to accept payment of a delinquent account, notify of service termination, or terminate electric service in accordance with Section 7.

4.5.1 If a termination is required at the pole, a charge based on the applicable tariff will be required; if the termination is in underground equipment, the fee will be based on the applicable tariff charge. These termination charges are in addition to the Service Charge specified in Section 4.5.

4.5.2 To avoid discontinuance of service, Customer may make payment in full, including any necessary deposit in accordance with Section 2.5 or make payment arrangements acceptable to the District.

5. Service Responsibilities of District and Customer

5.1 Responsibility: Use of Service or Apparatus - District and Customer assume all responsibility on their respective sides of the point of delivery for the electric service supplied and taken, as

well as for any apparatus used in connection therewith.

5.1.1 Customer and District each shall save the other harmless from and against all claims for injury or damage to persons or property occasioned by or in any way resulting from the electric service or the use thereof on their respective sides of the point of delivery. District shall, however, have the right to terminate service in the event District should learn of service used by Customer under hazardous conditions.

5.1.2 Customer shall exercise all reasonable care to prevent loss or damage to District property installed on Customer's premise for the purpose of supplying service to Customer.

5.1.3 Customer shall be responsible for payment for loss or damage to District property on Customer's premise arising from neglect, carelessness or misuse and shall reimburse District for the cost of necessary repairs or replacements.

5.1.4 Customer shall be responsible for payment for any equipment damage and/or estimated unmetered usage resulting from unauthorized breaking of seals, interfering, tampering or bypassing District's meter.

5.1.5 Customer shall be responsible for notifying District of any failure in District's equipment.

5.2 Service Interruptions: Limitations on Liability of District - District shall not be liable to Customer for any damages occasioned by fluctuations, interruptions or curtailment of electric service except where due to District's willful misconduct or gross negligence. District may, without incurring any liability therefore, suspend Customer's electric service for periods reasonably required to permit District to accomplish repairs to or changes in any of District's facilities.

5.2.1 In the event of a national emergency or local disaster resulting in disruption of normal service, District may, in the public interest, interrupt service to other Customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

5.3 District Access to Customer Premises - District's authorized agents shall have access to Customer's premises at all reasonable hours to install, inspect, read, repair or remove its meters' to install, operate or maintain other District property, and to inspect and determine the connected electrical load. Neglect or refusal on the part of Customer to provide reasonable access shall be sufficient cause for discontinuance of service by District, and assurance of

access may be required before service is restored.

- 5.4 Easements - All suitable easements or rights-of-way required by District for any portion of the extension which is on premises owned, leased or otherwise controlled by Customer shall be furnished in District's name by Customer without cost to District and in reasonable time to meet proposed service requirements. All easements or rights-of-way obtained on behalf of District shall contain such terms and conditions as are acceptable to District.
- 5.5 Load Characteristics - Customer shall exercise reasonable care to assure that the electrical characteristics of its load, such as deviation from sine wave form or unusual short interval fluctuations in demand, shall not be such as to result in impairment of service to other customers or in interference with operation of telephone, television, or other communication facilities. The deviation from phase balance shall not be greater than ten percent (10%) at any time.
- 5.6 Power Factor - Customer will make a reasonable effort to maintain a power factor of 100%. In the event that the Customers average power factor is less than 90% the Customers demand charge will be adjusted. Such adjustments will be made by increasing the measured demand 1% for each 1% the average power factor is less than 90% lagging.
- 5.7 Voltage Standards and Disturbances - The District will endeavor to operate its electrical system within the standard voltage limits as set forth by the American National Standards Institute (ANSI) and established industry standards. However, disturbances such as interruptions or momentary fluctuations may occur on the District's system. Some causes may include switching, operation of protective equipment including breakers and fuses, faults, lightning, foreign objects coming into contact with electrical lines, starting or stopping of electrical equipment, etc.. These disturbances may be either a voltage surge (spike), a voltage sag (dip) or may interrupt service to one, two, or all three phases of service. The magnitude and duration of the disturbance will determine the severity of its effect on electrical devices. It is the Customers responsibility to install their own protective equipment to provide under/over voltage protection, single phase protection, surge suppression and any other protection necessary to prevent damage to motors, electronic equipment and other voltage sensitive devices from system disturbances.
- 5.8 Customer Caused System Disturbances - Electric Service shall not be utilized in such a manner as to cause disturbances or voltage fluctuations to other Customers of the District. Some example of customer caused disturbances are voltage sags caused by starting motors or electronic equipment inducing harmonic distortion on the District's system, etc.. If any Customer uses equipment that is detrimental to the service of other Customers of the District,

the District may require the Customer to install at his own expense regulatory equipment to control such disturbances. The Customer may also be liable for any damage to the District's equipment and/or any equipment of other Customers of the District. If steps to correct the disturbance are not taken by the Customer within fifteen (15) days after notification of such disturbance by the District, the District may disconnect the Customer's service.

- 5.9 Customer Equipment Failure - If the Customer's Service experiences an outage or disturbance, the Customer will attempt to determine the nature of the disturbance by checking the Customer's equipment for tripped breakers, blown fuses, bad wiring or any other problems that may have occurred on the Customer's equipment. If an authorized District representative is sent to the Customer's premises at the Customer's request after regular business hours, and it is determined that the disturbance is caused by the Customer's equipment, a Service Charge as established in the applicable rate tariff may be charged to the Customer.

6. Metering and Metering Equipment

- 6.1 Customer Equipment - Customer shall install and maintain all wiring and equipment beyond the point of delivery. Except for District's meters and special equipment, Customer's entire installation must conform to all applicable construction standards and safety codes and if an inspection or permit is required by law or by District, the same must be furnished by Customer.

6.1.1 Customer shall provide in accordance with District's current service standards, at no expense to District, and close to the point of delivery, a sufficient and suitable space acceptable to District's representative for the installation of District's metering equipment.

- 6.2 Service Connections - District will not install and maintain any lines and equipment on Customer's side of the point of delivery except its meter. For the mutual protection of Customer and District, only authorized employees of District are permitted to make and energize the connection between District's service wires and Customer's service entrance conductors. Such employees carry credentials which they will show on request.

- 6.3 Measuring Customer Service - All the energy sold to Customer will be measured by commercially acceptable measuring devices owned and maintained by District, except where it is impracticable to meter loads such as street lighting, security lighting, or special installations in which case the consumption may be calculated.

6.3.1 The readings of District's meter will be conclusive as to the amount of electric power

and energy supplied to Customer unless a test reveals District's meters are found to be in error by more than plus or minus three percent (3%).

6.3.2 If any meter after testing is found to be more than three percent (3%) in error, either fast or slow, proper correction shall be made of previous readings and adjusted bills shall be rendered.

6.3.3 In the event of stoppage or failure of any meter to register, Customer will be billed for the estimated consumption that would have occurred had the meter been registering properly.

6.3.4 District shall, at the request of Customer reread Customer's meter within ten (10) working days after such request by Customer. The cost of such rereads may be charged to Customer at the applicable rate on file, provided that the original reading was not in error.

6.4 Meter Testing - District tests its meters regularly in accordance with a meter testing and maintenance program. District will, however, individually test a meter upon Customer's request. If the meter is found to be within the three percent (3%) limit, District may charge Customer at the applicable tariff rate for the costs of the meter test.

6.5 Master Metering

6.5.1 Mobile Home Parks - District shall refuse service to all new construction and/or expansion of existing permanent residential mobile home parks unless the construction and/or expansion is individually metered by the utility.

6.5.2 Residential Apartment Complexes, Condominiums and Other Multi-unit Residential Buildings - District shall refuse service to all new construction of apartment complexes and condominiums which are master metered unless the building(s) will be served by a centralized heating, ventilation and/or air conditioning system and the contractor can provide to the utility an analysis demonstrating that the central unit will result in a favorable cost/benefit relationship.

7. Termination of Service

7.1 With Notice - District may without liability for injury or damage disconnect service to any Customer for any of the reasons stated below:

- 7.1.1 Customer's violation of any of District's tariffs.
- 7.1.2 Failure of Customer to pay a delinquent bill for electric service.
- 7.1.3 Customer's breach of a written contract for service.
- 7.1.4 Failure of Customer to comply with District's deposit requirements.
- 7.1.5 Failure of Customer to provide District with reasonable access to District's equipment.
- 7.1.6 When necessary to comply with an order of any governmental agency having jurisdiction.
- 7.1.7 Failure of a prior customer to pay a delinquent bill for utility service where the prior customer continues to reside on the premises.
- 7.1.8 A continuing, unprovoked, intentional infliction of bodily injury or emotional distress by Customer upon an employee or employees of District while employee or employees are engaged in performance of their public service duties on behalf of District.

7.2 Without Notice - District may without liability for injury or damage disconnect service to any Customer without advance notice under any of the following conditions:

- 7.2.1 The existence of an obvious hazard to the health or safety of persons or property.
- 7.2.2 District has evidence of meter tampering or fraud.
- 7.2.3 District has evidence of unauthorized resale or use of electric service.
- 7.2.4 Failure of Customer to comply with the curtailment procedures imposed by District by a supply shortage.

7.3 Restoration of Service - District shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of District.

8. **Removal of Facilities** - Upon the termination of service, District may without liability for injury or damage, dismantle and remove its facilities installed for the purpose of supplying service to Customer, and District shall be under no further obligation to serve Customer. If, however, District has not removed its facilities within one (1) year after the termination of service, District shall thereafter give

Customer thirty (30) days written notice before removing its facilities, or else waive any reestablishment charge within the next year for the same service to the same Customer at the same location.

For purpose of this Section notice to Customer shall be deemed given at the time such notice is deposited in the U.S. Postal Service, first class mail, postage repaid, to Customer at his/her last known address.

9. **Successors and Assigns** - Agreements for Service shall be binding upon and for the benefit of the successors and assigns of Customer and District, but no assignments by Customer shall be effective.