

WAKE ELECTRIC MEMBERSHIP CORPORATIONS
SERVICE RULES AND REGULATIONS

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Service Rules and Regulations
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MEMBERSHIP AGREEMENT WITH CONSUMER/OWNER

These Service Rules and Regulations, as part of the Service Agreement between Wake Electric Membership Corporation and the Member, govern the supply and receiving of electric service. Membership is available to all persons within the service area of the Cooperative on a non-discriminatory basis as set forth in the Bylaws of the Cooperative. This agreement highlights the main points found in the Service Agreement and does not constitute a contract between the Cooperative and the Member.

As a Member of the Cooperative, you are both a consumer and an owner of the Cooperative. You have the right to vote in selecting the Cooperative's Board of Directors. The Board of Directors sets policies that determine how the Cooperative operates.

We take great pride in providing you with quality service. Quality service is our most important product. We will endeavor to maintain at all times the quality service that you expect and deserve; however, we cannot guarantee continuous and uninterrupted service.

The general summary of your rights to service is as follows:

1. You have the right to electric service if you establish satisfactory credit and provide the Cooperative with necessary and reasonable access to your property for your electric service and that of neighboring property.
2. You have the right to establish your credit in any one of three ways: (1) the Cooperative will perform a credit check to determine if a deposit is required; (2) you may make a cash deposit; (3) you may provide a Member in good standing to guarantee payment of your bills up to the amount of deposit.
3. You have 25 days after the billing date shown on your electric bill to pay your electric bill. After 25 days, the bill will be considered past due and a late charge will be added to your Account.
4. The Cooperative will notify you with the next month's bill that you have a past due Account and the date for which service is subject for disconnection. Accounts will be subject to disconnection without further notice. In the event you are unable to pay the bill, you may contact the Cooperative's office prior to the disconnection date to discuss possible payment arrangements. Failure to receive a bill shall not exempt the Member from payment of a bill or service charge.
5. As a Member you can name another person to receive a copy of your electric bills. This person may be able to help you avoid having your electric service disconnected but it not obligated to pay the bills.
6. It is your responsibility to have your physician notify the Cooperative in writing if there is someone in your household who is either chronically or seriously ill, disabled or on an electrically operated life support system. In that case, you have the right to special handling of your Account should service become subject to disconnection for your failure to pay your electric bills.
7. If there is a person 65 years or older or disabled person in your household and if you are eligible and certified to receive energy assistance from the local social services department and if you cannot pay your Account by installments, the Cooperative cannot disconnect your service (between December 15 and March 15) without notifying the North Carolina Rural Electrification Authority.

8. The Cooperative will not disconnect electric service after 4:00 p.m. on a Friday or on a weekend or a legal holiday for non-payment (prepay accounts are excluded from this policy).
9. You have the right to have the Cooperative test your electric meter for accuracy and to have a report of the test results given to you. A fee, paid in advance, will be charged for the testing for any meter that has been tested within the past year; the fee will be refunded if the meter is found to be outside acceptable accuracy limits.
10. A new member guidebook is available at www.wemc.com and upon request including, but not limited to, explanation of Cooperative principles, bylaws, rates, meter reading, rebates, loans, reporting of power failure and conservation practices when you are accepted for membership in the Cooperative. The Cooperative will send you upon request, without charge, a copy of your billing information for the past twelve months.
11. A full and prompt investigation will be made of all service complaints. The recommended order for handling quality-of-service or billing complaints is as follows:
 - a) File a complaint at the local Cooperative office and allow reasonable time for investigation, advice, and action. If the results are not satisfactory, then:
 - b) File a complaint with the Cooperative Chief Executive Officer, providing information and results from the initial complaint and/or naming local Cooperative personnel who handled the complaint. Allow reasonable time for the Chief Executive Officer to act. If the results are still not satisfactory, then:
 - c) File a complaint with the North Carolina Rural Electrification Authority in Raleigh, 4321 Mail Service Center, Raleigh, North Carolina 27699, (919) 733-7513. Allow reasonable time for the Authority to act.
 - d) If results are still not satisfactory, file a written complaint with the Cooperative Board of Directors. Allow reasonable time for the Board to act.
12. You may request and have installed by the Cooperative at your expense, types of service that exceed what is normally supplied, provided that they meet the general conditions in the Service Rules and Regulations. If you need such services, please call us.
13. As a Member of this Cooperative, you will share in margins called Capital Credits, which are assigned in the Members' names. The refunding of the Capital Credits is at the discretion of the Board of Directors.

Office and Service Hours

The Cooperative's general office is located at 100 South Franklin Street, Wake Forest, North Carolina.

This office is open for business between the hours of 8:00 A.M. and 5:00 P.M. Monday through Friday. Customer Service Representatives answer phones from 7:00 A.M. until 6:00 P.M. Monday through Friday. The automated attendant is available 24 hours a day. Routine and regular service work is performed during these office hours, except that no routine or regular service work will be performed on Saturdays, Sundays and holidays. Service work for unusual conditions or circumstances may be arranged at other times upon request. Emergency service work is performed 24 hours a day, 7 days a week.

Office phone numbers are 919-863-6300 or 1-800-474-6300.

DEFINITIONS

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

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

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

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

Statewide Organizations – There are three organizations formed to serve North Carolina's electric cooperatives: North Carolina Electric Membership Corporation (NCEMC) for power supply; North Carolina Association of Electric Cooperatives (NCAEC) for job training and support; and Tarheel Electric Membership Association (TEMA) for material supply.

Clean and Maintained Right-of-Way - Right-of-way area that is regularly maintained free of logs and brush.

Cooperative - Wake Electric Membership Corporation

Conservation - The practice of efficiently and effectively using electric generating and transmitting facilities while avoiding wasteful consumption of electrical energy.

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

Electric Service - The Cooperative's legally imposed duty of supplying to an established point of delivery energy service in the form of an alternating current of frequency at nominal 60 cycles per second and of various nominal voltages.

Engineering Standards - Standards established by the Cooperative to define cost and the normal practices for construction, operation and maintenance of the electric system.

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

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

Member in Good Standing - Any Member who has fulfilled all obligations of the Member for any and all accounts under the Member's name and who, within the previous twenty-four months has had 1) not more than four delinquent billings, 2) no involuntary disconnections, 3) no returned checks, or 4) no violation of meter tampering.

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

NCEMC - North Carolina Electric Membership Corporation located in Raleigh, North Carolina is the wholesale supplier of electric service for 27 Cooperatives in North Carolina. NCEMC is a cooperative owned by the 27 Cooperatives in the same manner that the Members receiving retail electric service from the Cooperatives own the Cooperatives.

Permanent - Buildings which have permanent foundations and permanent water and sewer facilities.

Person 65 Years or Older or Disabled - The Cooperative accepts the certification of the local county social services department as applied to the Energy Crisis Assistance Program.

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

Seasonal - Member, facilities or premises which are active, in use or inhabited on a part-time basis, or during only certain months of the year.

Service Agreement - The agreement between the Cooperative and Member consisting of the following:

- Membership card and/or Application, signed by Member and Cooperative (with membership fee and security deposit, if required),
- Bylaws,
- All necessary right-of-way easements,
- Current applicable rate schedules and riders, and
- Current Service Rules and Regulations

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

Standard Service Connection - Unless otherwise stated or agreed by the Cooperative, the standard service connection will be single phase, 60 cycles per second electric service provided to the point of delivery at the Cooperative's standard supply voltages.

GENERAL SERVICE RULES AND REGULATIONS

100 ELECTRIC SERVICE AVAILABILITY

101 Application for Membership

The Service Agreement between The Cooperative and its Member will consist of the following:

- Membership Application, signed by Member and Cooperative (with membership fee and security deposit, if required),
- Bylaws,
- All necessary right-of-way easements,
- Current applicable rate schedule and riders, and
- Current Service Rules and Regulations

A supplemental written contract on a form provided by the Cooperative may be required from any applicant whose estimated demand is 50 kW or more.

The Cooperative's form of Application for Membership must be completed, signed and submitted, accompanied by identification and a membership fee of \$5.00. For members applying for service, an identity/credit check will be performed to confirm identity and deposit requirements. Applications for joint membership require the signature of each individual. Neither the Membership nor the Service Agreement is transferable or assignable; however, capital credits may be transferred to the Cooperative or to another Member if authorized by the Member. A non-refundable connection charge, as specified in the Schedule of Charges, will be required.

The Cooperative will perform a credit check to determine if a deposit is necessary. The following options are available if a deposit is necessary. 1) pay a cash deposit; 2) a guaranteed payment of your bills up to the amount of deposit from a member in good standing.

When two or more rate schedules and/or riders are available, the Cooperative will assist in the selection, but it is the Member's right and responsibility to determine which to select. Refer to Appendix for descriptions of the available Rate Schedule and Riders.

102 Security Deposit

A security deposit not exceeding the estimated total of two times the highest monthly charge will be collected in advance of service connection or at any subsequent time when the Cooperative determines that a deposit is needed to ensure payment of bills. A Member in good standing who terminates service at one location and begins like service at another location within the Cooperative's service area will, not be charged a security deposit for the service of the new location.

Deposits other than those described above will be required by special contract or when, as 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.

The Cooperative will perform a credit check to determine if a deposit is necessary. The following options are available if a deposit is necessary. 1) pay a cash deposit; 2) a guaranteed payment of your bills up to the amount of deposit from a member in good standing.

The deposit will be refunded automatically after twenty-four consecutive months, in the form of a credit to the 25th bill, provided Member has fulfilled all Member obligations provided for in Service Agreement. A deposit may be required at any time if the Member payment record falls below that of a Member in good standing.

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

103 Additional Service Connections

A Member may have any number of service connections under one membership. The Member may be obligated to pay, pursuant to the above Section 102, the applicable service security deposit for each additional service and will be obligated to pay for all electric demand and energy used on the premises at the Cooperative's applicable rates. A Member with more than one account is equally responsible for current payment of all accounts, and service may be denied for a new service for failure to pay on another account under the same Member.

104 Area Coverage and Line Facilities

In providing area coverage service, the Cooperative will provide a standard service connection that requires no facilities or services in excess of those normally provided by or acceptable to the Cooperative. The Cooperative may require additional fees for line extensions beyond the limits as provided by Cooperative policy.

When a Member or an individual requests that the Cooperative supply electric service in a manner which requires equipment and facilities in excess of those which the Cooperative would normally provide, and the Cooperative finds it practical to do so, such excess equipment and facilities will be provided as excess facilities at the cost of the Member. Costs will be collected through excess facilities charges and/or contributions-in-aid of construction as agreed upon by the Cooperative and the Member.

105 Metering Facilities

The Cooperative normally provides and installs the meter and requires the Member to provide an approved meter base and certain connection facilities to the meter base. The meter base shall be installed according to the Cooperative's Engineering Standards. Any meter installed at the request of the Member that would not have been installed as standard equipment will be considered an excess facility.

Wake Electric provides a metering technology that accelerates outage notification, helps improve reliability, enhances power quality monitoring, and allows members the opportunity to view hourly kilowatt usage.

Meters collect consumption and status information and communicate directly with our customer information and billing system. Installation of these meters across our system offers increased efficiencies and reduced cost in meter reading.

Wake Electric will charge an additional \$10.00 per month should a member insist that we not replace the existing meter with our enhanced metering option. The charge is based on the fact that we incur an otherwise unnecessary monthly trip to the area in order to receive the monthly reading for billing.

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

201 General Conditions

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

- A. The Member is in compliance with all aspects of the Service Agreement and agrees to be bound by the Cooperative's Articles of Incorporation and Bylaws.
- B. The Member agrees to furnish without cost to the Cooperative all necessary easements and rights-of-way.
- C. The Member agrees to have all streets, alleys, and driveway entrances graded to within six (6) inches of final grade and have lot lines established before engineering can be completed and installation or extension of electrical service begins.
- D. The Member agrees that the Cooperative will have right of access to Members' premises at all times for the purpose of reading meters, testing, repairing, removing, maintaining or exchanging any or all equipment and facilities which are the property of the Cooperative, or when on any other business between the Cooperative and the Member. In cases where it is reasonably necessary and cost effective, the Cooperative may use, without payment to the Member, the Member's premises for accessing neighboring property served by the Cooperative.
- E. Any previous outstanding debts owed by the Member, or any other person in the Member's household, to the Cooperative have been paid.
- F. Provision of service in no way conflicts with public authorities.
- G. All Member wiring and equipment has met the requirements of the National Electrical Code and of the Cooperative, in addition to the specifications of any local authorities having jurisdiction. Proof of inspections required to meet local and state governmental standards of the premises wiring has been made available by the Member.
- H. The Member has not connected, and agrees not to connect in the future, any motors, generators or other equipment which are not suitable for operation with the character of the service supplied by the Cooperative or which adversely affect the Cooperative's equipment or the service to other Members.
- I. The Member agrees to be responsible for any additional facilities, protective devices, or corrective equipment necessary to provide adequate service or prevent interference with service to the Cooperative's other Members. Such loads include, but are not limited to, those requiring excessive capacity because of large momentary current demands or requiring close voltage regulation, such as welders, X-ray machines, shovel loads, or motor starting across the line.
- J. The Member agrees to be responsible for notifying the Cooperative of any additions to or changes in the Member's equipment which might affect the quality of service or might increase the Member's demand.
- K. The Member agrees that when multi-phase service is furnished, the Member will at all times maintain a reasonable balance of load between the phases. Three-phase motors with high-starting or fluctuating currents must be installed in accordance with the Cooperative's Rate Schedule and Riders and Rules and Regulations.

- L. The Member agrees to promptly provide the Cooperative with a letter from their physician if there is someone in their household who is either chronically or seriously ill, disabled or on an electrically operated life support system and if the Member desires special handling of the account in the event of failure to pay electric bills.
- M. The Member agrees to promptly notify the Cooperative with proper certification of special handling of the Member's Account with respect to the Cold Weather Disconnection provisions in Section 402.

202 Standard Supply Voltages

The Cooperative maintains one system of alternating current at a standard frequency of 60 cycles per second that is supplied throughout its system and within prudent utility practices. The Cooperative will determine the voltage, number of phases, and type of metering which will be supplied depending upon the Cooperative's facilities available and upon the character, size and location of the load to be served. The Member will consult the Cooperative before proceeding with the purchase or installation or wiring of equipment. To avoid misunderstanding, this information should be in writing from both the Member and the Cooperative.

The service voltages described below are nominal, and variations permitted will be not less than 112 volts or more than 128 volts on a 120-volt basis.

- Single Phase, 2 Wire, 120 Volts
- Single Phase, 3 Wire, 120/240 Volts
- Three Phase, 4 Wire, 120/208 Volts
- Three Phase, 4 Wire, 120/240 Volts
- Three Phase, 3 Wire, 240/480 Volts
- Three Phase, 4 Wire, 277/480 Volts

- Single Phase, 2 Wire 7200 Volts
- Three Phase, 4 Wire 7200/12470 Volts

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

- Action of the elements,
- Service interruptions,
- Temporary separation of parts of the system from the main system,
- Infrequent fluctuations of short duration,
- Voltage control for load management purposes,
- Other causes beyond the control of the Cooperative,
- Addition of Member equipment without proper notification to the Cooperative,
- Emergency operations, or
- The operation of the Member's equipment

203 Service Interruptions

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

Such causes include, but are not limited to:

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

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

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

204 Right-of-Way Maintenance

The Member will grant 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 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, but not the removal of stumps. In other areas, right-of-way debris will be left in the right-of-way limit.

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

205 Power Factor

The Member will at all times maintain a power factor at the point of delivery as close to one hundred (100%) as practicable. Where the overall power factor of the Member's load is less than 95 percent (95%) lagging, the Cooperative may require the Member to install at the Member's own expense equipment to correct the power factor, and may adjust the Member's billing demand as specified by the applicable rate schedule. The Cooperative reserves the right to measure the power factor at any time.

206 Foreign Electricity, Parallel Service, and Standby Generation

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.

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, without express permission of the Cooperative. The Member will install 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.

207 Qualifying Facilities and Independent Power Producers

The Cooperative is required to comply 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 rates as specified in the attached Current Applicable Rate Schedule and Riders.

Any contracts for the sale of electric demand and energy from a QF will be made between the owner/operator and the Cooperative or NCEMC. The Cooperative will assist the owner/operator in making initial contact with NCEMC.

Also through a similar prior arrangement with NCEMC, all contracts for the sale of electric demand and energy from an independent power producer (IPP) will be made between the owner/operator and NCEMC. The Cooperative will assist the owner/operator in making initial contact with NCEMC.

208 Line and Facilities Conversion and Relocation

Upon request, the Cooperative will, consistent with prudent utility practice, relocate line, poles, and facilities. The Member will be required to pay in advance the non-betterment cost of relocating the facilities. Any additional right-of-way necessary for relocation will be the responsibility of the Member to obtain.

At a Member's request, the Cooperative may convert existing adequate overhead facilities to underground, provided that the Member pays the Cooperative for the cost incurred and for the retirement of the overhead service.

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

209 Energy Management Assistance

The Cooperative will, at no charge, investigate, render advice and lend assistance needed for all reasonable requests of the Member pertaining to the Member's Account, usage, bill, load management equipment, and energy conservation measures.

300 BILLING

301 Responsibility to Read Meter

Meters will be read and bills rendered by the Cooperative. When a meter cannot be read on or about the scheduled date, the meter reading and corresponding use for the period will be estimated based on prior usage. Accounts billed on an estimated basis will be adjusted as necessary when actual readings are obtained. An explanation of the meter-reading process can be obtained from the Cooperative.

302 Due Dates and Failure to Pay

Bills are due and payable upon receipt and are considered delinquent if payment is not received in the office by the close of business on the 25th day from the billing date. Members whose bills become delinquent will be charged a late payment charge of one and one-half percent (1.5%) per month or a minimum of \$5.00. If the billed amount is still delinquent at the time the next month's bill is prepared, that bill will show the previous month's account balance as past due with a disconnect notice and date of disconnect printed on the bill. The Cooperative's office can be contacted prior to the disconnection date to discuss a payment arrangement if you cannot pay the bill in entirety.

If the account remains delinquent after the date posted for disconnection and payment arrangements have not been made, the account is subject to disconnection without further notice.

Members may request in writing that a copy of any electric bill be sent to a specified third party if desired. This party may be able to help avoid having electric service disconnected but is not obligated to pay the bill.

303 Multiple Services

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

304 Bill in Dispute

Failure to receive a bill does not exempt a Member from payment. A duplicate bill may be obtained from the Cooperative. Neither a dispute concerning the amount of a bill nor a claim or demand by the Member against the Cooperative will alter the normal requirements for payment. See Complaint Procedure in Section 503 for resolution of disputed bills.

305 Method of Payment

Payments may be made as follows:

- in person at our Wake Forest office located at 100 South Franklin Street,
- in the after-hours deposit facility at the above location,
- by mail (check or money order only),
- by bank draft,
- by calling our dedicated pay by phone number at (866) 999-4593,
- by calling our call center to speak with a representative at (919) 863-6300 or (800) 474-6300,
- via online payments through the Internet at www.wemc.com,
- in retail stores offering in-store utility payment processing

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

306 Returned Checks

Any Member whose check for payment of service is returned for insufficient funds will be notified immediately and a returned check fee will be added to the Member's Account. Such charge will be up to the maximum allowed by North Carolina law (GS 25-3-572). If the Member is in good standing, the Cooperative will attempt to notify the Member. The returned check fee and account will be considered to be delinquent, and the delinquent billing handled in accordance with Section 302, above. If the Member is not in good standing and payment is not made within three business days after the date of notification, service will be discontinued. If the Cooperative receives more than two such checks from a Member in a 12 month period, the Cooperative will refuse to accept further checks from that Member for 12 months following the date second returned check.

307 Corrections for Errors

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

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

If the Cooperative has undercharged any Member as the consequence of a fraudulent or willfully misleading action on that of consumer's part, or any such actions by any person, such as tampering with, or bypassing the meter where it is evident that such tampering or bypassing occurred during the residency of that consumer, or it is evident that the consumer has knowledge of being undercharged without notifying the Cooperative, adjustments will be made as follows: If the interval during which the consumer was undercharged can be determined, then the Cooperative shall collect the deficient amount incurred during the entire interval, provided that the applicable statute of limitations is not exceeded. If the interval during which the consumer was undercharged cannot be determined, then the Cooperative shall collect the deficient amount incurred during the 12-month period when the billing error was discovered by the Cooperative. If the usage and/or demand incurred by that consumer during the billing periods subject to adjustment cannot be determined, then the adjustment shall be based on an appropriate estimated usage and/or demand.

When a meter stops or fails to register correctly, or if the calibration is found to be in error of more than plus or minus two percent (2%), the Member's account will be adjusted accordingly. The Cooperative will periodically test and inspect its meters.

A Member may request that a meter be tested. A report will be supplied to the Member within a reasonable time after the completion of the test. If the meter has been tested within the past twelve months, a meter test charge, as specified in the Schedule of Charges, will be imposed and refunded if the meter is found to be in error in excess of plus or minus two percent (2%).

308 Credit

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

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

309 Unavoidable Cessation of Service by Member

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

400 DISCONNECTION AND RECONNECTION

401 Disconnection of Service by Cooperative

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

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

- A. Discovery of meter or load management equipment tampering or diversion of current.
- B. Use of power for unlawful, unauthorized or fraudulent reasons.
- C. By order of public authority.

- D. Discovery of an electrical condition determined by the Cooperative to be potentially dangerous and eminently hazardous to life or property of the Cooperative or the public.
- E. For repairs, emergency operations, unavoidable shortages, or interruptions in the Cooperative's supply source.
- F. Introduction of foreign electricity on the premises without prior written consent.

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

402 Cold Weather Disconnection

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

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

The Cooperative may continue to charge interest on accounts that are subject to this provision. As provided in Section 201, the Member must provide advance notification and certification of meeting the requirements for special handling of accounts.

403 Reconnection of Service by Cooperative

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

- A. The conditions causing the disconnection are corrected.
- B. Payment has been made for the cost of repair or replacement of the Cooperative's meter or any other properties, if tampered with or otherwise damaged or destroyed.
- C. Where the service has been discontinued for non-payment of a bill, meter tampering, unauthorized or illegal use of power, the Cooperative will have the right to refuse service to the same Member or to any other applicant who is a member of the Member's household until the infraction is corrected, credit is reestablished by the Member and all applicable accounts have been paid.
- D. The Member has agreed to comply with reasonable requirements to protect the Cooperative against further infractions.

- E. A reconnection fee and/or any other applicable service charges and security deposits, as specified in the Schedule of Charges, have been paid or acceptable credit arrangements have been made.

404 Termination of Service by Member

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

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

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

500 COOPERATIVE AND MEMBER OBLIGATIONS

501 Approval and Cooperative's Board Authority

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

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

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

502 Responsibility of Member and Cooperative

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

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

In the utility right-of-way, the Cooperative will not be liable for damage to trees, shrubs, lawns, fences, sidewalks or other obstructions incident to the installation, maintenance or replacement of facilities, unless caused by its own negligence.

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

No person or organization will install or attach any wire, sign(s) or other material or equipment to any of the Cooperative's poles, conductors or other fixtures, except with express written consent of the Cooperative.

To the extent that Members may require electric service at a level of less variation allowed under the standard service, any additional equipment required by the Member to ensure the level of power quality will be at the Member's expense. The Cooperative will assist the Member in the technical development of the power quality electric service.

503 Complaint Procedure

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

- A. File a complaint at the local Cooperative office and allow reasonable time for investigation, advice, and action. If the results are not satisfactory, then:
- B. File a complaint with the Cooperative Chief Executive Officer, providing information and results from the initial complaint and/or naming local Cooperative personnel who handled the complaint. Allow reasonable time for the Manager to act. If the results are still not satisfactory, then:
- C. File a complaint with the North Carolina Rural Electrification Authority in Raleigh, North Carolina, 4321 Mail Service Center, Raleigh, North Carolina 27699, (919) 733-7513. Allow reasonable time for the Authority to act.
- D. If results are still not satisfactory, file a written complaint with the Cooperative Board of Directors. Allow reasonable time for the Board to schedule the item at a regular meeting. Allow reasonable time for the Board's orders on the matter to be carried out.

APPENDIX 1 TYPES OF SERVICE

Standard Classifications

These Standard Classifications are subject to additions, deletions and changes from time to time.

All services are available in all territory served by the Cooperative, subject to the availability of metering equipment and established Service Rules and Regulations of the Cooperative.

Residential Service

R - Standard Residential - This schedule is applicable to and available for residential use only, or for uses incidental thereto, to be supplied through one meter to each residence, apartment unit, or farm.

General Service

SGS - Small General Service - This schedule is applicable to all non-residential service where measured kW demand is 50 kW or less, excluding seasonal accounts. When the metered kW demand exceeds 50 kW three consecutive months, the service will be transferred to the LGS rate.

LGS - Large General Service - This schedule is applicable to all non-residential service where measured demand is in excess of 50 kW. This schedule is not available to bulk tobacco barns.

Seasonal Service

NRS - Non-Residential Seasonal Service - This schedule is applicable to all non-residential service, including all bulk barns regardless of demand and irrigation accounts not on time-of-use rates.

Time-of-Day Service

R-TOU - Residential Time-of-Use Service - This schedule is applicable to and available for residential use only, or for uses incidental thereto, to be supplied through one meter to each residence, apartment unit, or farm.

R-EV – Residential Service with Electric Vehicle – This schedule is applicable to and available for residential single family dwelling use only, excluding prepaid and net metered accounts. The intent of the rate is to provide incentive for charging of a “plug-in” electric vehicle during off peak times.

SGS-TOU - Small General Service Time-of-Use Service - This schedule is applicable to all non-residential service where measured kW demand is 50 kW or less, excluding seasonal accounts. When the metered kW demand exceeds 50 kW three consecutive months, the service will be transferred to the LGS or LGS-TOU rate.

LGS-TOU - Large General Service - Time-of-Use - This schedule is applicable to all non-residential service where measured demand is in excess of 50 kW. This schedule is not available to seasonal accounts.

Load Control and Interruptible Service

LGS-CP - Large General Coincident Peak Time-of-Use Service - This schedule is applicable to all year round non-residential who can demonstrate, to the Cooperative's satisfaction, that they have the ability to reduce their demand by a minimum of 50 KW, upon receiving the Cooperative's load control signal.

Outdoor Lighting Service

OL - Applicable to consumers and/or municipalities contracting for dusk to dawn outdoor lighting service, when it is possible to supply the service from existing secondary distribution facilities. When new facilities are required see **OUTDOOR and MUNICIPAL LIGHTING SERVICE** Schedule "OL" for rules and pricing.

Street Lighting Service

RSL - Applicable to consumers requesting dusk to dawn residential lighting service residing in subdivisions with single or duplex homes and outside of any municipal jurisdiction. Must have dedicated public streets and will be serviced by LED fixtures. See **RESIDENTIAL STREET LIGHTING** Schedule "RSL" for rules and pricing.

APPENDIX 2
SCHEDULE OF CHARGES

*Membership Fee - \$5.00

*Security Deposit – Not to exceed the estimated total of two times the highest monthly bill

Connection Charge (per connection) - \$20.00

Residential Temporary Service Charge - \$50.00

*Late Payment Charge - 1.5% (\$5.00 minimum late charge)

*Returned Check Charge - \$25.00

Field/Remote Collection Charge - \$20.00

Non Pay Reconnect Charge -\$30.00

Total Non Pay Reconnect Charges during regular hours is \$50.00

(\$20.00 Connection Charge + \$30.00 Non Pay Reconnect charge)

Non-pay Reconnect Charge After Hours - \$75.00

(\$20.00 Connect Charge + \$30.00 Non Pay Charge + \$25.00 Overtime Charge)

Same Day Service - \$75.00

*Meter Test Charge - \$10.00

*Meter Reading Charge - \$10.00

*Investigation Fee - \$200.00

*Non-Taxable

APPENDIX 3 UNDERGROUND LINES

The Cooperative will extend underground lines to permanent structures, upon request by the owner or developer under the following conditions:

1. Underground primary cable will be installed at the current approved rate providing that the trenching can be performed with cable trenching equipment, or equivalent, without conflicts such as rock, driveways, curbing, water or sewer lines.
2. Underground service cable will be installed from the transformer to the normal point of delivery on the house at the current approved rate providing that the trenching can be performed with cable trenching equipment, or equivalent, without conflicts such as rock, driveways, curbing, water or sewer lines. Excess footage required to extend the service line beyond the closest point will be billed at the current approved rate.
3. The Cooperative will not be responsible for damages to underground utilities or other devices if the owner or his representative does not identify them.
4. Any extraordinary work required for installation of underground cable, such as rock blasting, under road boring, work under or around water and sewer lines, curbs, etc.; material required for extraordinary work; or nonstandard construction materials; will be billed to the requesting party at the approved rates.
5. The type of construction and the location of facilities will be at the option of the Cooperative. Should the owner or developer desire changes in either location or type of construction, such installations will be made only upon the owner or developer agreeing to pay to the Cooperative the estimated additional cost incurred.
6. The Cooperative shall have the option of placing transformers above ground, on pads of its specifications and/or design, or underground, and in enclosures of its specification and/or design, as the Cooperative in its sole discretion may determine to be practicable.
7. Where unusual local wiring or electrical code requirements occasion extra cost in making the installation, such cost shall be borne by the applicant for service.
8. Shrubs, trees, and grass sod requiring protection during the installation of the underground lines will be the responsibility of the owner or developer, and the owner or developer will hold the Cooperative and/or its sub-contractors harmless against any claims for such damage. It will be the responsibility of the owner or developer to reseed and/or maintain the trench cover.

I. Commercial, Industrial and Public Buildings

Upon request from the consumer, the Cooperative will install underground services to a commercial, industrial or public building installations, upon the consumer agreeing to pay the estimated excess cost (if any) of installing underground service over the cost of conventional overhead service within the limits established by policy.

II. Subdivision Lighting

Upon the owners or developers request, in new residential areas to which underground electric facilities are being extended or installed, street lighting can be installed at no additional underground charge provided that they are within five feet of a transformer or secondary junction box. Wiring in excess of five feet per light will be installed and the requesting party will be billed at the appropriate excess footage rate. Requests for Subdivision lighting to be installed after installation of underground primary cable will require payment of a “set up” as well as the appropriate underground conductor charge at the current approved rates. The light fixtures installed and the poles upon which they are mounted shall be selected and determined by the Cooperative. In the event the owner or developer desires fixtures or poles of a different type, the owner or developer shall be required to pay the excess cost (if any) of such specifically requested facilities at the time they are installed. See OUTDOOR and MUNICIPAL LIGHTING SERVICE Schedule “OL” for rules and pricing. Additional information is also available in Street Lighting for Residential Subdivisions outside corporate limits in SCHEDULE RSL.

III. Security Lights

If security lights requiring underground wiring are requested for individual residences to be installed at the same time underground service cables are installed, there is no charge for security light wiring installed in the same trench with the service cable. Any additional trenching and wire will be installed at the current approved rate. If security lights are requested for individual residences that are to be installed after the service cable has been installed, there will be a “set up” charge for each trip to install new area lights plus a per foot cable installation charge at the current approved rates. See OUTDOOR and MUNICIPAL LIGHTING SERVICE Schedule “OL” for rules and pricing.