

Rules and Regulations of BVU Authority

June 22, 2015

- 1) **Application/Contract for Service**– Each prospective Customer desiring electric, water, and/or sewer service, herein referred to as service, will enter into an application/contract for service with BVU Authority (BVU), post a deposit and/or other security and be billed an administrative fee on the first month's bill. This application/contract requires at least one picture identification presented, and BVU shall make a credit investigation as a prevention method for identity theft and fraud and to determine credit worthiness for deposit consideration. Service will not be supplied by BVU to any applicant who makes a fraudulent attempt to apply for service as deemed by BVU personnel. BVU requires any existing BVU debt the applicant has to be satisfied before service can be established. After completing application/contract for service and meeting all the requirements of BVU's Rules and Regulations, typically BVU will connect an existing electric service, in locations that do not require an inspection, within three (3) business days after meeting all requirements.

- 2) **Deposit** – A deposit of twice the highest bill at the service location may be required of any Customer before electric service is supplied. In special cases of hardship of residential Customers, BVU may approve installment payments for deposits \$300.00 or greater. All deposits retained more than six months, shall accrue interest annually. The interest earned on the deposit will be comparable to the annual rate of interest earned by BVU's primary bank account. Deposit balance including earned interest will be accounted for and credited to the Customer or on the unpaid bills of the Customer upon termination of service or upon return of deposit to the Customer. Customers deposit will be waived if the Customer 1) has a current account with BVU and has an excellent credit rating as deemed by BVU (no more than three (3) late fees/penalties within the last twelve (12) months) or 2) has an excellent credit rating as determined by BVU personnel based on a credit check with the national credit bureau. A Customer with a Beacon Score of 577 or higher will not be required to pay a deposit unless there is previous debt owed to BVU, and then the deposit will be twice the highest bill. A Customer with a Beacon Score of 576 or below will be required to pay a deposit of twice the highest bill. For commercial and industrial Customers the standard deposit is equal to twice the highest estimated monthly bill. Deposits shall be retained until service is terminated. Any existing business or commercial Customer without a deposit, letter of credit, or surety bond will be grandfathered in without meeting current deposit requirements. However, if services would be disconnected due to non-pay, the Customer would be required to pay a deposit before services would be reconnected. All existing businesses changing ownership/business names will need to follow the regular BVU deposit requirements. At the discretion of BVU's CEO, COO or Executive VP/CFO, an existing commercial Customer that is moving to a new location within BVU's service territory or adding a new account within BVU's service territory that has an established history of excellent pay with BVU and has had service with BVU for at least the previous five years may request that the security deposit required be waived if the quoted deposit is less than \$1,000. The waiver of such deposit is at the sole discretion of BVU management and deposits in excess of \$1,000 may not be waived or reduced. Any

existing security on current accounts would need to be maintained on the current account or transferred to the new account under this arrangement; therefore no waiver or reduction in the existing security amount would be done. In lieu of a cash deposit, BVU may accept a surety bond or irrevocable standby letter of credit from a BVU approved organization in the amount equal to twice the highest monthly bill. These instruments should renew automatically from year to year. In the event that the Customer's surety bond or irrevocable standby letter of credit lapses, BVU will bill the Customer the full amount of the deposit required. The deposit balance (including earned interest) as well as the adequacy of such deposit shall be subject to review by the Customer and BVU. Deposit balance including earned interest shall be accounted for and credited to the Customer or on the unpaid bills of the Customer upon termination of service or upon return of deposit to the Customer.

- 3) **Billing** –BVU shall designate a standard net payment period for residential Customers of not less than 15 days, and for other classes of service, not less than 10 days, after the date of the bill. BVU may establish for any class of service a late payment charge of no more than 5 percent for any portion of bill paid after the net payment period. Bills paid on or before the “due date for current charges only” date shall be payable at the “net amount due”, but thereafter a late payment charge (refer Schedule of Administrative and Operational Fees and Charges hereafter referred as Schedule A) shall be applied the next business day to any portion of the bill remaining unpaid. Should the “due date for current charges only” date of the bill fall on a Saturday, Sunday, or a BVU recognized holiday, the next business day following the “due date for current charges only” date will be held as a day of grace for payment delivery. Failure to receive a bill will not release Customer from payment obligation. BVU may disconnect service for non-payment if payment is not received on or before ten (10) days prior to the next month's “due date for current charges only” date which is approximately twenty (20) days from the “due date for current charge only” date. Disconnection amounts and final payment dates will be posted on the next bill in red. For all commercial or industrial Customers, the Supervisor of Billing & Cash Receipts will manage any aged debt up to the amount of their cash deposit, surety bond, or irrevocable letter of credit. After that amount has been met, the account will be escalated to the CEO, Executive VP/CFO and COO. Any disconnection of service for nonpayment of Customer's bill for charges when due shall be made only after reasonable prior written (including electronic or door-hanger) notice. Such notice shall inform the Customer of the availability of a procedure for discussing any dispute with a designated BVU representative authorized to review disputed bills and correct any errors. For a billing dispute, the Customer may contact customer service during regular business hours to provide notice of a bill dispute. If this notice is received prior to the Customer's services being disconnected, the disconnect will be suspended until the issue is resolved. The Customer Service Representative will review the Customer's billing records and render a preliminary ruling. If the customer is dissatisfied with the results thereof, they can appeal to the Supervisor of Billing and Cash Receipts, where that decision shall be final. For purposes of this regulation, a sufficient reasonable prior notice to the Customer shall include a notice separate from the bill, the non- payment of which will result in termination. Forms of notice may include, electronic notification

including text messages, and email, door hangers and written notice sent to the Customer by way of the U.S. Postal Service. For a billing dispute, the Customer may contact customer service during regular business hours to provide notice of a bill dispute

- 4) **Service Fee (Administrative Fee)** – An Administrative fee (see Schedule A) will be billed for any new connection of service and/or transfer of service. Charges for services not otherwise covered within the Rules and Regulation will be at BVU's reasonable cost, but in no case will the charge be less than the fee listed in the currently effective Schedule of Administrative and Operational Fees and Charges (Schedule A).
- 5) **Reconnection Fee** – A reconnection fee (see Schedule A) will be billed to an account for reconnection of terminated service during normal working hours. If at the Customer's request the connection is made after normal working hours, an after hour's reconnection fee (see Schedule A) will be billed to the reconnected account. BVU expects full payment of any past due amounts prior to reconnection for a Customer that has been disconnected due to non-payment.
- 6) **Trip Charges** – If a trip is made to collect and/or terminate a past due account, there will be a trip charge (see Schedule A) for each such trip. In the event Customer causes BVU to make an unnecessary service call at the Customer's premises, BVU reserves the right to charge Customer with all reasonable costs associated with the trip.
- 7) **Returned Check Charges** – There will be a returned check charge (see Schedule A) for all checks returned unpaid to BVU. BVU may refuse to accept checks as payment from those Customers that have an established history of returned (NSF) checks.
- 8) **Temporary Services** – BVU will furnish and install a temporary service pedestal to Customers who request electrical service on a temporary basis. An installation charge (see Schedule A) will be billed in addition to the Service Fee (item #4). There will be a Temporary Service Monthly Rental Fee (see Schedule A) billed in addition to the monthly energy and Customer charges in accordance with the appropriate rate schedule. In the event of loss or damage to the temporary service pedestal, the Customer will be liable for the costs of necessary repairs or replacements. BVU defines temporary as a period of time less than twelve (12) months and may at its discretion remove the temporary service without notice to Customer after a twelve (12) month service period.
- 9) **Discontinuance of Service by BVU** – BVU may refuse to connect or may discontinue service for violation of any of its Rules and Regulations, or for violation of any provisions of BVU's Schedule of Rates and Charges, application for service, or any BVU's contracts or agreements. BVU may discontinue service to Customer for the theft of service, appearance of theft, or tampering with BVU metering devices and/or equipment. Service will be discontinued to Customers with past due accounts. (Payment in full, including trip charges and reconnection fees, may be required prior to service restoration. Also, a deposit may be required before service will be restored.) The discontinuance of service by BVU for any causes stated in the Rules and

Regulations does not release the Customer from his obligation to BVU for the payment of minimum bills as specified in BVU's contract and/or application with the Customer or for any other amounts due to BVU.

- 10) **Termination of Contract by Customer** – Customers who have fulfilled their contract terms and wish to discontinue service must give at least three (3) days written notice to that effect, unless contract specifies otherwise. Notice to discontinue service prior to expiration of the contract term will not relieve Customer from any minimum or guaranteed payment under any contract or rate or schedule.
- 11) **Point of Delivery** – The point of delivery is the point, as designated by BVU, on Customer's premises where electric power and/or water/sewer is to be delivered. All wiring and equipment beyond this point, except the meter and meter base, shall be provided and maintained by the Customer at no expense or responsibility to BVU. Point of delivery is further defined as that point where obligation ends for BVU to furnish and install conductor or conduit or piping, and where obligation begins for Customer to furnish and install conductor or conduit or piping.
- 12) **Customer's Wiring Standards** – Customer's wiring must comply with the standards set forth by the National Electric Code, Commonwealth of Virginia, the local City or County codes and BVU requirements (State of Tennessee for those limited areas BVU serves in Tennessee). The National Electric Code is superseded by the state or local codes when the state or local code is more stringent than the National Electric Code. But when the National Electric Code is not superseded, it will be the minimum acceptable standard. All meter locations for any service must be approved by a representative of BVU. BVU shall not be obligated to provide protective equipment for Customer's lines, facilities, or equipment, and the Customer shall provide surge protective equipment as necessary for the protection of its own property and operations.
- 13) **Inspections** - Inspections and approval of Customer's wiring, as certified by a certificate of final inspection, issued by the designated building or electrical inspector or the local government shall be required prior to BVU furnishing service. BVU reserves the right to inspect any installation for wiring and/or equipment before electricity is introduced or at a later time, and shall have the right to reject any wiring, appliances or equipment not in accordance with BVU standards; but such inspection or failure to inspect or reject shall not render BVU liable or responsible for any loss or damage resulting from defects in the installation, wiring, appliances, or from violations of National, State, local, and BVU codes and standards or from accidents that occur upon the Customer's premises.
- 14) **Construction (Overhead & Underground). Line Extensions. Facilities Upgrades- Specifications and Outdoor Lighting** – Detail, terms and requirements for such will be furnished by BVU on request by the BVU Engineering Department (Per currently effective Aid-In-Construction Policy).
- 15) **Non-Standard or Modified Service** – The Customer shall pay for any special installations necessary to meet his particular requirements for other than BVU standard

or planned voltage or standard voltage regulation. This includes making Customer requested changes in existing installations. Detail, terms and requirements for such will be furnished by BVU on request by the BVU Engineering Department.

16) Transformers – After Aid-In-Construction amount (from Engineering) has been paid by the Customer, BVU will furnish, install, and maintain the necessary transformers for Customer loads which can adequately be served by transformers in an aggregate amount up to and including five hundred (500) kVA; for such loads the metering shall be at secondary voltage, at a point designated by BVU. Detail, terms and requirements for such will be furnished by BVU on request by the BVU Engineering Department (Per currently effective Aid-In-Construction Policy). Customer is responsible for all facilities beyond the metering point unless otherwise designated by these Rules and Regulations and/or by specific contract or agreement. For Customer loads exceeding 500 kVA, BVU will not supply necessary transformer capacity (this will be included in the Aid-In-Construction cost). The metering point shall be determined solely by the transformer size as stated above and BVU personnel. Existing situations not in compliance with these provisions and the currently effective Aid-In-Construction Policy are “grandfathered” only until such time as the existing facilities require revision in any manner (such as replacement, addition, or supplement), whether at the Customer’s request or by BVU’s initiative for normal maintenance, replacement purposes, and/or safety issues.

17) Customer’s Responsibility for BVU Property – All meters, service connections, temporary services and other equipment furnished by BVU shall be, and remain, the property of BVU, unless specified by contract between BVU and Customer. As part of the consideration for service, each Customer shall be BVU’s trustee/bailee/steward of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities. Customer shall control existing trees/shrubbery and refrain from new plantings so as to prevent interference with utility lines and other property of BVU. Customer and/or Customer’s contractor should refrain from digging or construction without contacting Miss Utility at 1-800-552-7001 and allow time for marking of underground lines per the Virginia Underground Utility Damage Prevention Act of the Code of Virginia. In the event such facilities are interfered with, impaired in their operation or damaged by Customer, or by any other person when the Customer’s reasonable care and surveillance could have prevented such, the Customer shall indemnify BVU or any other person against death, injury, loss or damage resulting there from, including but not limited to BVU’s cost of repairing, replacing or relocating any such facilities. In the event such facilities are entered into, or tampered with in such a manner as to allow electricity or water or sewer to be illegally consumed or the measurement of that usage to be impaired, a meter tampering fee (see Schedule A) will be assessed to the Customer of record and/or occupant of the property where such tampering occurred, and in addition, such Customer of record and/or occupant shall indemnify BVU for its estimated loss of revenue, if any, resulting there from. A deposit may be required of the Customer of record and/or occupant (see Deposits).

18) Right of Access – BVU identified employees and contractors shall have access to Customer’s premises at all reasonable times for the purpose of reading meters, testing,

repairing, removing, or exchanging any or all equipment of BVU. BVU may, at its discretion, utilize or upgrade existing facilities on Customer's property for the additional purpose of serving other properties. Meters and the meter bases shall not be inside a building or structure. BVU may require a Customer, at their own expense, to have the meter and meter base moved to the outside of the building or structure. For those Customers that participate in BVU's load management program, BVU identified employees and contractors shall have access to load control devices installed on the Customers' premises at reasonable times for the purposed of testing and repairing the load management devices.

- 19) **Interruption of Service** - BVU will use reasonable diligence in supplying service (electricity and water) but shall not be liable for breach of contract in the event of, or for loss, injury, or damage to persons or property resulting from interruptions in service, excessive or inadequate voltage, single-phasing or otherwise unsatisfactory service, whether or not caused by negligence. In the event of an emergency or other condition causing a shortage in the amount of electricity or water for BVU to meet the demand on its system, BVU may, by a BVU approved allocation method, fix the amount of electricity or water to be made available for use by the Customer and/or may otherwise restrict the time during which Customer may make use of electricity or water and may restrict the uses of electricity and water. If such actions become necessary, Customer may request a variance because of unusual circumstances including matters adversely affecting public health, safety, and welfare. If Customer fails to comply with such allocation or restriction, BVU may take such remedial actions as it deems appropriate under the circumstance including temporarily disconnecting service and charging additional amounts because of excess use.
- 20) **Voltage Fluctuation Caused by Customer** – Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to BVU's system. BVU's guidelines for acceptable limits of power disturbance that a Customer's service (load) can place on the BVU electrical distribution system are the found in the Institute of Electrical and Electronic Engineers (IEEE) Standard 519. IEEE 519 covers items such as voltage and current distortion, power levels of various harmonics by frequency and by total harmonic distortion (THD). BVU may require Customer, at his own expense, to install suitable apparatus that will reasonably limit such fluctuations and disturbances.
- 21) **Additional Load** – The service connection, transformers, meters, and equipment supplied by BVU for each Customer shall have definite capacity, and no additions to the equipment or load connected thereto will be allowed except by consent of BVU. Failure to give notice of additions or changes in load, and to obtain BVU consent for same, shall render Customer liable for any damage to any of BVU lines or equipment caused by the additional or changed installation.
- 22) **Standby and Resale Service** – All purchased electricity (other than emergency or standby service) used on the premises of Customer shall be exclusively supplied by BVU, and Customer shall not, directly or indirectly, sell, sublet, assign, or otherwise

dispose of the electric power or any part thereof. Customer must follow guidelines of the in effect governing body of the BVU service territory.

- 23) Notice of Trouble** – Customer shall notify BVU immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents affecting the supply of electricity or water. Such notices, if verbal, should be confirmed in writing.
- 24) Meter Tests** – BVU will, at its own expense, make periodic tests and inspections of its meters to maintain a high standard of accuracy. BVU will make additional tests or inspections of its meters at the request of Customer for a meter test fee (see Schedule A). If the tests made at Customer’s request show that the meter is accurate within two percent (2%) slow or fast, no adjustment will be made in Customer’s bill. In case the test shows meter to be in excess of two percent (2%) fast or slow, an adjustment shall be made in Customer’s bill over a period not to exceed sixty (60) days prior to date of such test, and cost of making test shall be borne by BVU.
- 25) Billing Adjusted to Standard Periods** - The Customer charges, usage and minimum bill charges for water and sewer set forth in the Schedule of Rates and Charges are based on billing periods of approximately one month. In the case of the first billing of new accounts (seasonal Customers excepted) and final billing of all accounts where the period covered by the billing involves fractions of a month, the Customer charges, usage, and/or minimum bill charges for water and sewer will be adjusted to a basis proportionate with the period of time during which service is extended. There is no billing adjustment due to fractions of a month for electricity charges, usage, and/or minimum bill charges.
- 26) Load Management Program** – BVU may have load control equipment placed on the premises or equipment of Customers. At any time, either party, Customer or BVU, at their option, may cancel by written notice their participation in the Load Management Program, after which the load control equipment will be removed from their premises or equipment. If the Customer is participating in BVU’s Residential Energy Savings Loan Program by financing a Heat Pump, the load control equipment will remain on the unit for the term of the loan. BVU is not responsible for the replacement of any Customer equipment or be responsible for malfunctions or damages caused by Customer Equipment. Manufacturers’ warranties, if any, will apply to Customer equipment. BVU has the right to activate/operate load control equipment placed on the premises or equipment of the Customer as often as necessary (determined by BVU personnel).
- 27) Scope** – This Schedule of Rules and Regulations is a part of all contracts for receiving service from BVU and applies to all service received from BVU, whether the service is based upon contract, agreement, signed application, or otherwise. BVU shall reasonably inform Customers about rates and service practice policies by making such information available upon Customer’s application for service, at any time upon request by a Customer, and by providing on the website or other technological means of

communication, if available. All retail rate actions initiated BVU shall be communicated to Customers by public statement issued either through print media or electronic media in order to reach the majority of Customers in BVU's service area. BVU, on request, shall provide a statement of a Customer's monthly consumption for the prior 12 months if it is reasonably ascertainable.

- 28) **Conflict** - In case of conflict between any provision of any Schedule of Rates and Charges and the Schedule of Rules and Regulations, the Schedule of Rates and Charges shall apply.
- 29) **Revisions** –These Rules and Regulations may be revised, amended, supplemented, or otherwise changed from time to time, without notice. Such changes, when effective, shall have the same force as the present Rules and Regulations. The Schedule of Administrative and Operational Fees and Charges (Schedule A) that this document refers to may be updated from time to time with the currently effective fees and charges as determined by BVU without notice to Customers.
- 30) **Default of Contracts, Agreements, Applications, and any other BVU/Customer Relationships** - In the event of any default where legal action becomes necessary and/or unpaid accounts are turned over to a collection agency; BVU shall be entitled to recover all expenses of enforcement and collection of amounts owed under this agreement including reasonable attorney's fees and BVU's current, in effect, 35% collection agency fee. Collection fees will be reviewed annually and updated to reflect actual agency fee collection costs. BVU Contracts, Agreements, Applications, and other BVU/Customer relationships shall be interpreted under the laws of the Commonwealth of Virginia and any litigation arising hereunder shall be commenced in the courts of the Commonwealth of Virginia having jurisdiction in the City of Bristol, Virginia, unless otherwise mandated by law. Customer may not assign any BVU contract, agreement, application and any other BVU/Customer relationship without the written consent of BVU.
- 31) **Serious Medical Condition** – If a Customer or someone in the household has a serious medical condition that requires the use of electrically-powered life support equipment please fill out a Serious Medical Condition Certification form that can be obtained from BVU or online at http://www.scc.virginia.gov/publicforms/594/med_cert.pdf. The form requires a physician's statement and signature. You must complete a form each year and we must receive it within 30 days of the anniversary date of the last form sent. Customers can receive a 10-day extension if needed, to complete the form and file with BVU if they are in danger of being disconnected for nonpayment. Once the approved form is on file at BVU, the Customer can request two thirty day extension periods consecutively or nonconsecutively within a 12 month period. After exhaustion of the two thirty day extension periods, the Customer will be disconnected if past dues are not paid in full. The Customer is responsible for all charges and fees for services utilized regardless if it was an extension period or not.

32) Inclement Weather- BVU may alter the nonpayment disconnect schedule in extreme weather conditions. BVU will not disconnect service for nonpayment if it is under 32 degrees or over 95 degrees or if the school district is closed due to weather. If the National Weather Service published wind chill or heat index causes safety concerns but the ambient temperatures are not outside the aforementioned ranges, BVU Management may alter the disconnect schedule.

BVU Authority
Schedule of Administrative and Operational Fees and Charges (Schedule A)
(This Schedule is referenced in the Rules and Regulations)

Schedule A

1.	Administrative Charge/ Service Fee (New or transfer of service)	\$25.00
2.	Trip Charge (no disconnection)	\$ 25.00
3.	Reconnection Charge (work hours)	\$ 25.00
4.	Reconnection Charge (M – F 5:00 p.m. to 9:00 p.m. on BVU work days)	\$85.00
5.	Reconnection Charge (M- F after 9:00 p.m. and on holidays and weekends)	\$130.00
6.	Return Check Charge (NSF Check Charge)	\$ 30.00
7.	Meter Test Charge (Single Phase Electric Meter) Meter tests for three phase electric meters and/or water meters are based on actual costs to test by an independent lab.	\$ 40.00
8.	Loan amounts \$7,500 or less Loan amounts greater than \$7,500	\$75.00 1% of loan amount
9.	Temporary Electric Service Installation/Removal (Administrative Charge in addition to this fee)	\$ 50.00
10.	Temporary Service Monthly Rental Fee (in addition to standard monthly billing per rates)	\$ 15.00
11.	Meter Tampering Penalty (in addition to charges to replace meter or damaged equipment)	\$300.00

12.	Late Payment Fee	First \$1000 of Billing	5.0 %
		Additional Billing above \$1000	1.5 %
	(apply to current billing excluding taxes)		

*** Note:**

A request for non-standard service may require additional charges. See the Rules and Regulations for additional information.