

PUBLIC UTILITY DISTRICT NO. 1
OF CLALLAM COUNTY
ELECTRIC SERVICE REGULATIONS

AUGUST 18, 2008

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SECTION 1 - DEFINITIONS

A. ANNUAL LOAD FACTOR

The quotient of the annual electric usage divided by the product of the highest monthly peak demand multiplied by 8,760.

B. APPROVED LESSEE

A person or legal entity furnishing evidence of a lease of sufficient duration and provisions, in the opinion of the General Manager of the District, to justify application of the Line Extension Policy for line construction to serve a proposed facility.

C. BILLING PERIOD

The normal billing period will be from 27 to 33 days and adjusted so that there are twelve (12) billing periods per calendar year. The District reserves the right to adjust billing periods in order to facilitate operations.

D. COMMERCIAL SERVICE

A commercial service is any service to any building, facility or structure that is owned and operated as a part of a business.

E. CONTRACTED SERVICE LOCATION

The designated site on a parcel of land where service is requested by the person(s) initiating line construction, which site determines both timing and ownership of refunds which become available. To qualify as a Contracted Service Location, a site must be of adequate size to accommodate the facility stipulated in the Customer's contract.

F. CONTRIBUTION IN AID OF CONSTRUCTION

The construction cost of a line extension as paid by the Customer plus unit trench cost for lines installed by the District.

G. CONVENTIONAL SUBDIVISION

A subdivision of land such that installation of electric utility lines is required by the County for approval for marketing of building sites.

H. CUSTOMER

A person, commercial business, or other entity that has, or has applied for, a service account with the District.

I. DEVELOPER

A person, commercial business, or legal entity requesting service to two or more dwelling sites, to a manufactured home rental facility, or to a multi-family structure.

J. DISTRICT

Public Utility District No. 1 of Clallam County, Washington.

K. FINANCIAL INSTITUTIONS

Banks, credit unions, and savings and loans.

L. HOME ENTERPRISE AND HOME-BASED INDUSTRY SERVICE

Home-based enterprise, business, or industries shall be defined by requirements set forth in the Clallam County Zoning Code under Zoning Code (CCC 33). When meeting these requirements, the service shall be classified as a Residential Service.

M. IDLE FACILITIES

Overhead and underground lines and equipment which were installed as a means of providing service to customers and have not been used by the customer for active service for a period of one year or more.

N. INDUSTRIAL SERVICE

An industrial service is any commercial service that has over 50 horsepower or over 100 kW of total connected load.

O. LOW INCOME

Meeting the guidelines established by state or federal regulations and administered by Community Action Council.

P. MANAGER

The General Manager of Public Utility District No. 1 of Clallam County, Washington, or authorized agent thereof.

Q. MANUFACTURED HOME

A structure for residential occupancy (eating, sleeping, and sanitation accommodations) that is built on a permanent chassis designed to be transportable and is a minimum of 8 feet wide and 40 feet long excluding the tongue. (Formerly referred to as "mobile home.")

R. NONCONVENTIONAL SUBDIVISION

Any other subdivision of land, including short-platting, where installation of electric utility lines is not required under County regulations.

S. OWNER

For Sharing purposes the Owner of property shall be deemed the holder of the Statutory Warranty Deed, EXCEPT that in the event of contract sale, the Owner shall be deemed to be that person (those persons) purchasing the property by Real Estate Contract.

T. PERSON

Human Beings, associations, co-partnerships, and corporations, whether acting by themselves or by a servant, agent, or employee.

U. RESIDENTIAL SERVICE

A residential service is a service to any building, facility or structure that is associated with a residence. This residence may be either single or multi family type. Included in this category will be manufactured homes occupying spaces in parks if the spaces are individually

metered. Not included in this category will be motels, hotels and RV parks that have only one meter or master meter for multiple units.

V. SHARING

Monies collected by the District from Customers connecting to a line extension wherein other Customers connected to that line have paid a Contribution in Aid of Construction as detailed in Section 3.

W. TRENCH

Trenching, bedding, backfilling, compaction, restoration, and maintenance of subsequent ditch settling.

X. TRENCH COST

The unit cost of trenching as established by the District.

SECTION 2 - GENERAL REGULATIONS

A. CONTRACTS, RATES, AND RESALE

Electric service shall be provided upon written application; such application being a contract for service, subject to the Electric Service Regulations of the District. Rates shall be as detailed in the applicable Rate Schedule. Where, by special consideration of the Manager, more than one Customer receives service from one metering point, the basic charges may be multiplied by the number of Customers. Unless otherwise provided in the contract, the Customer shall not resell the electric energy provided under this Regulation. Any customer desiring to resell electric energy received under the terms of this contract shall be required to enter into a SUBMETERING SERVICE PROVIDER CONTRACT with the District.

1. Effective Date of Contracts

All service contracts shall take effect from the day they are signed, and rates will be charged and bills rendered from the date the premises are connected with electrical power.

2. Term of Contracts

All service contracts shall be binding and, unless otherwise specified, shall continue in effect until after notice of discontinuance is filed in the office of the District.

3. Customer's Protection

No inspector, agent, or employee of the District may ask, demand, receive, or accept any personal compensation for any service rendered to Customers of electric power, or other persons, in connection with supplying or furnishing electric power by the District.

4. Obligations of District to be in Writing

No promise, agreement, or representation of any employee or agent of the District with reference to furnishing of electric power shall be binding on the District unless the same shall be in writing, signed by the Manager in accordance with the provisions in these Regulations.

5. Liability for Violating Provisions of these Regulations

Any person violating any of the provisions of these Regulations shall be prosecuted in accordance with applicable laws; and in addition, the service of any person found guilty of violating the provisions of these Regulations may be disconnected, and the person violating shall be liable for all damage and expenses incurred by the District and for all electric power used by reason of such violation.

6. Requirement to Meet Building Code Standards

No building shall qualify for service connection if it does not meet or exceed any Regional, State, County, Municipal, or District building code or energy-efficiency standard.

B. SERVICE NOT COVERED IN RATE SCHEDULES

Service may be supplied to Customers not coming within the scope of the regular Rate Schedules of the District; provided that such service shall be covered by separate contract, which may be subject to provisions of the District's power purchase agreements, and shall be approved by the Commissioners of the District.

C. DELIVERY POINT

A delivery point will be established by the District for each customer.

D. TAX ADJUSTMENT

The amount of the total of any or all revenue, kilowatt hours, or other form of tax imposed by any municipal, federal, or state taxing body upon the District, may be apportioned by the Commission of the District according to the territory in which such tax or taxes may be effective and amongst the various different classes of service furnished therein, and shall constitute an additional charge to any amounts which may be billed to any Customer under any rate schedule or special contract covered by these Regulations.

E. DISCONTINUANCE OF SERVICE

The District reserves the right to cut off the supply of electric power and discontinue service in the event the Customer:

1. shall fail to comply with the District's Service Regulations, Requirements, Facility Access Policy or provisions of the Service Contract, or,
2. after due-process, non-payment of a District invoice. Service may be disconnected by the District at any time to prevent fraudulent use or to protect its property. Reconnection will occur after satisfactory remedy to the District. (Also see Section 8, Items C.2 and C.3.)

F. BOARD OF COMMISSIONERS

The Board of Commissioners of Clallam County PUD establishes policies for the District. Any customer who wishes to comment on, make a recommendation regarding a policy, or who disagrees with a decision made by District staff may address the Commissioners at a regularly scheduled Board meeting.

G. APPLICABILITY OF DISTRICT ELECTRICAL SERVICE REQUIREMENTS AND FACILITY ACCESS POLICY

In addition to these Regulations, the District's Electrical Service Requirements and Facility Access Policy are also applicable to the installation, operation and maintenance of all District electrical facilities.

H. RIGHT TO REFUSE SERVICE

The District reserves the right to refuse to connect, or render service to, any applicant or any Customer where such connection and/or where the applicant or Customer has not complied with State, Municipal, or District Electric Service Regulations or Requirements or Facility Access Policy concerning the rendition of service or has an unpaid obligation to the District.

I. RIGHT TO ENTER UPON PREMISES

The District shall have the right, through its agents or employees, to safely enter the property of the Customer at all times for the purpose of: reading, inspecting, repairing, or removing metering devices, appliances, and wiring of the District; trimming or removing trees and brush around meters, transformers, or other equipment that may interfere with the safe and efficient operation of the utility system; maintenance of utility lines, both overhead and underground; and inspection, replacement, installation and removal of District facilities.

SECTION 3 - LINE EXTENSION REGULATIONS

A. GENERAL PROVISIONS

1. Location

Permanent line extensions will normally be built in the most direct route from the nearest source of supply. However, availability of easements and maintenance considerations may affect line routing. Placement of line extensions shall be at the discretion of the Manager of the District.

2. Refund of Sharing

Line construction shares as stipulated in Section 3 shall be refunded to the Owner of the property at the time the Sharing becomes available, EXCEPT where payment for construction has been made by an Approved Lessee, in which case refund shall be made to the lease holder, and EXCEPT where property is held as a Life Estate, refund shall be made to that Person(s) making payment for construction.

3. Trenches

The Customer or Developer shall provide trenches to District specifications for all underground installations.

4. Easements

The Customer or Developer shall provide easements as required for the extension, in the location and of the width specified by the District.

5. Ownership of Facilities

Ownership of any and all facilities constructed under the District's Line Extension Regulations shall remain with the Public Utility District No. 1 of Clallam County, Washington. Ownership of Customer or Contractor installed extensions will begin when approved and energized by the District.

6. Increase, Maintenance, and Upgrading of Facilities

Any costs incurred to provide any increase in facilities beyond those requested or needed to serve the load of an individual Customer or Developer (see Section 5.A) shall be absorbed by the District, provided that the Manager of the District shall be the final authority as to the size of facilities to be installed, and provided that certain standard and minimum facilities may be established as customary for District installation. Maintenance and upgrading of facilities for District purposes following initial construction shall be the responsibility of the District.

7. Mailing of Sharing

Any payment derived from Sharing shall be mailed to the last known address of the present Owner. When a Sharing has been mailed to such Person(s) and has been returned to the District due to lack of proper mailing address, the District shall make all reasonable efforts to locate the present Owner. However, in the event the present Owner may not be located, after one year's time has elapsed, the monies shall become the property of the District.

8. Contracted Service Location

When a line extension is initiated by a Customer, the location on the property where service is requested shall become a part of the contractual agreement. Acceptance of service by the Customer shall be deemed evidence of proper identification of that location. In the event that the parcel first served is divided by sale prior to Sharing, ownership of monies and entitlement to Sharing shall run with the parcel of land encompassing the Contracted Service Location.

The Customer may modify the Contracted Service Location by notifying the District in writing prior to service first being connected at the site; and when such notification is acknowledged by the District, the new site shall become the Contracted Service Location, and the Owner of said parcel shall be entitled to any and all applicable Sharings.

9. Construction and Ownership of Extension

The Customer(s) shall bear the entire cost of the extension and may elect either to have the extension constructed by the District in compliance with this Section or by a contractor of choice, in accordance with all specifications of, and subject to inspection (the cost of such inspection, etc. shall be paid for by the Customer or Customers) and approval by the District.

Upon completion of the contractor extension, title thereto, together with all necessary franchises, easements, rights-of-way, and/or permits pertaining to the extension shall be conveyed to the District, and the District agrees to assume obligations and liabilities for maintenance and operation. In the event that the extension is built by a contractor:

a. The extension shall be guaranteed by the Customer, for a period of not less than one year, against physical defects. Electrical service will not be made available until all requirements

are met by the Customer(s).

b. The Customer shall have the option of entering into a modified "Line Extension Agreement" whereby future Customers using the line will be required to pay certain costs of Sharing, as stipulated by the District's Regulations. The Customer shall then furnish evidence of the cost of the extension, and the District shall record that cost as a sharable "Contribution in Aid of Construction" for the contracted service location of the property to be served. Such evidence must be provided within six (6) months of completion or the line will be considered a free line and not subject to sharing. The Customer shall be entitled to Sharing only while the balance of the "Contribution in Aid of Construction" exceeds \$500, and within the time limits established by District Regulations.

10. Proposal Cost

The District will provide line extension cost estimates to the Customer or potential developers. If the cost of preparing the estimate(s) exceeds \$1,000, the customer or developer will pay in advance the estimated engineering cost for amounts in excess of \$1,000.

11. Unit Costs

The District Manager will establish unit costs (based on actual District cost) for components of the electrical system used in line extensions and a unit cost trench allowance. These costs will be changed as needed to reflect current actual expenses.

12. Cost Accounting

The District will review the actual cost of each line extension. If the actual cost exceeds the estimate by more than \$50, the Customer will be invoiced for that amount in excess of the estimate; or if the estimate exceeds the actual cost by more than \$50, a refund of the excess will be made to the Customer.

B. RESIDENTIAL LINE EXTENSIONS

1. New Service Charge

The District's New Service Charge shall be paid prior to connection to District facilities, and shall provide for installation of a transformer, overhead service conductor installation, underground service inspection and connection, and the District's portion of the metering equipment for a service to a single-family residence. In addition, a service pole may be installed, without cost to the Customer, if that service pole is required for the convenience of the District.

2. Construction Costs

Where facilities construction is required to make service available to a single-family residence, the costs to the Customer(s) shall be determined as follows:

- a. The estimated cost of the facilities to be constructed by the District plus the New Service Charge will be determined by the District.
- b. The Customer(s) desiring service shall pay to the District the estimated cost of the facilities plus the New Service Charge.
- c. Cost sharing will be included in construction cost estimates.

3. Construction Cost Sharing

- a. Any Contribution in Aid of Construction paid by the initial Customer(s) for which a line extension is built and which in total exceeds \$500 shall be distributed over the number of primary poles installed and/or the number of feet of underground line installed, and shall become the basis for future Sharing of costs by additional Customers using the line.
- b. Sharing on construction costs shall continue for seven (7) years from the time service is available from the line or until the first time after such Share shall become less than Five Hundred Dollars (\$500), whichever comes first.
- c. Shares shall be computed based on that portion of the line to be used by the additional Customer and on the resulting total number of Customers served by the line segment involved. For overhead lines, Sharing shall be on a per-pole basis; for underground lines, Sharing shall be on a per-foot basis. Sharing of monies collected shall be based on the number of users of each segment of line who are still eligible for Sharing refunds.
- d. The monies collected for "Sharing" of the extension cost shall be distributed to eligible shareholders within 120 days after completion of construction.
- e. Trench cost allowance will be included in sharing costs.

C. COMMERCIAL LINE EXTENSIONS

1. New Service Charge

The New Service Charge shall be paid prior to connection to District facilities.

- a. For Commercial Accounts with Anticipated Annual Load Factors Equal to or Greater than 40 Percent. The District's New Service Charge shall provide for installation of transformers, overhead service conductors, underground service connection and the District's portion of metering equipment.
- b. For Commercial Accounts with Anticipated Annual Load Factors Less than 40 Percent. At the discretion of the Manager, some portion of the transformation and metering cost shall be paid by the Customer. Surcharges collected for transformation or metering shall not be sharable.
- c. Primary Metering. The cost of primary metering shall be paid by the Customer, unless such primary metering is required by the District for its benefit.
- d. Service Pole. A service pole may be installed without cost to a commercial Customer if such service pole is required for the District's convenience.

2. Construction Costs

Where facilities construction is required to make service available to a commercial account, the costs to the Customer shall be determined as follows:

- a. The estimated cost of the facilities to be constructed by the District plus the New Service Charge will be determined by the District.
- b. The commercial Customer(s) desiring service shall pay to the District the estimated cost of the facilities plus the New Service Charge.
- c. Cost sharing will be included in construction cost estimates.

3. Construction Cost Sharing

- a. Commercial line extension costs shall be shared in the same manner as residential line extension costs; however, where a multi-phase line has been provided and a Customer utilizes a portion of the line for single-phase (or VØ) service, the single-phase (or VØ) Customer's costs shall be based on single-phase (or VØ) costs from the Table of Construction Costs in use at the time the line was built.
- b. Transformer installation charges for three-phase service shall be a Contribution in Aid of Construction and eligible for sharing by other three-phase customers.
- c. Trench cost allowance will be included in sharing cost.

D. INDUSTRIAL AND LARGE POWER LINE EXTENSIONS

Line extensions for industrial and large power accounts shall be made by individual arrangement.

E. DEVELOPER LINE EXTENSIONS

1. Construction Costs

A Developer requesting extension of electric lines in Conventional or Non conventional Subdivisions or to provide service for manufactured home rental facilities or multi-family dwelling structures shall pay to the District the District's estimated cost of the required facilities prior to work being scheduled.

2. Construction Cost Sharing

Line extensions occurring as a result of Developer activities may be subject to sharing. Contribution in Aid of Construction shall be shared in the same manner as in Section 3.C.3. Only that portion of a line utilized by another party shall be included in cost sharing calculations.

F. IRRIGATION LINE EXTENSIONS

Line extensions built to serve irrigation pumps and/or nonresidential farm installations exclusively shall be constructed at the Customer's expense.

The District's New Service Charge shall provide installation of a transformer(s), overhead service conductors, and the District's portion of the metering equipment for the irrigation service.

Irrigation line construction costs shall be shared by additional Customers using the line, in the same manner as residential/commercial line construction costs.

G. IDLE FACILITIES

Line extensions will be owned and maintained by the District as long as customers utilize them for electric service. When it is determined that District facilities have been idle for a period of one year, the District has the right to remove the facilities or parts thereof. The District will attempt to contact the property owner to determine if he/she has a future need for the idle facilities. Customers who are not using any energy but wish to have the facilities available can do so by paying a monthly service charge as determined by the District.

SECTION 4 - DISTRICT'S OBLIGATIONS

A. INTERRUPTION OF SERVICE

The District shall exercise diligence and care to furnish and deliver a continuous supply of electric power to the Customer, but will not be liable for interruption or shortage of supply due to accident or conditions beyond the District's control. In the event of such interruption or shortage, the District shall not be liable for any loss or damage occasioned thereby, nor shall such interruption or shortage constitute a breach of its contract.

B. CLAIMS FOR DAMAGES

The District has a procedure to evaluate claims for damages. A Claim for Damages form will be provided to parties, at their request, who have experienced property damage as a result of District action or as a consequence of connection to District facilities. Provision of a claim form is not an admission of liability. The District will investigate each claim for damages and respond to the claimant.

SECTION 5 - CUSTOMER'S OBLIGATIONS

A. INCREASED USE

1. In order to prevent damage to the District's equipment and impairment of its service, the Customer shall give the District notice before making any additions to his connected load so that the District, at its option, may provide such facilities as may be necessary for the furnishing of increased service. Such additions include, but are not limited to, electric heating. The District reserves the right to limit service to any Customer.
2. When increased load requires underground service conductor must be changed, the Customer must pay the expense of the installation of the new conductor and conduit, and the District will provide reconnection to its facilities.
3. In cases where a Customer load increases enough at one time to require upgrading of District electrical facilities, the Customer will pay the charge set forth in the Schedule of Deposits and Charges. In cases where system upgrade to primary distribution, transmission, or substation is required, the Customer will pay the upgrade cost (subject to Section 3.A.6). (Exception: where the District determines that service conductor must be replaced with primary conductor to maintain adequate voltage for the original service panel size, the District will perform the work at no charge.) Where gradually increasing loads from multiple Customers requires upgrading of District electrical facilities, the upgrade will be at no charge to the Customers.

B. BALANCING OF LOAD

The Customer or contractor shall connect any equipment to keep the load, under normal operating conditions, balanced within plus or minus 10 percent of the average load across the phase wires.

C. CLAIMS FOR DAMAGES

If a customer believes that District action or connection to District facilities may have resulted in property damage, the customer should notify the District as soon as possible. The expense of contractor repairs and/or parts may not be reimbursed unless the District has first been contacted and had opportunity to respond to the situation. The District's Claim for Damages form is available for use by the Customer and will be helpful in making certain all pertinent information is provided.

D. ACCESS TO DISTRICT FACILITIES

The Customer shall not permit access to District equipment or lines by anyone other than authorized representatives of the District. The Customer shall obtain and grant all necessary permission to enable District Representatives to install, maintain, service, or remove its facilities located on the Customer's property.

SECTION 6 - SERVICE REGULATIONS

A. AVAILABILITY OF SERVICE

1. Customer Requests Service

A Customer, before proceeding with the wiring or installation of equipment, shall request a determination of the availability of service from the District.

2. Available Electric Service

The District will advise the Customer of the most suitable phase and voltage available on established circuits. Service will be installed, connected, supplied, and maintained in accordance with the District's Electrical Service Requirements and these Regulations.

3. Protective Devices

Suitable protective devices on the Customer's premises may be required whenever the District deems such installation necessary to protect its property or that of its other Customers.

B. TEMPORARY SERVICE

1. Availability

Temporary service will be supplied under applicable rate schedules and in accordance with the following conditions:

- a. The Customer will pay in advance the estimated cost of furnishing and removing the required facilities, less the value of materials returned to stock; provided, that where service conductors and a meter are required; the advance payment will be as set forth in the applicable Schedule of Deposits and Charges.

- b. The Customer will pay for such service at the monthly rate applicable to the class of service.
- c. Temporary service will be provided for one year from the date the service is connected to District facilities. The Customer may request continuance of temporary service annually thereafter, and the District may continue such service at the Manager's discretion. If continuance of temporary service is not determined to be safe, the Customer will be notified of termination of such service and will be given a reasonable time, not to exceed one year, to convert to a permanent service.

C. SERVICE INSTALLATION AND MAINTENANCE

1. Electric Service Requirements

The District's Electric Service Requirements are applicable to every service in addition to the subsections below.

2. Overhead Services

Overhead service conductors will be installed by the District and attached to a connection point, acceptable to the District, provided by the Customer on the Customer's facility. In the case of metering on a District pole, the District will attach its conductors to the pole and connect to the Customer's wiring thereon.

3. Service Poles

The District will furnish and install any service poles where they are required. Payment for service poles shall be as determined in Section 3 - Line Extension Regulations.

4. Underground Services

Underground service conductors will be provided and installed by the Customer or contractor, except that they will be connected by the District to District facilities. **Residential** underground service conductors must be installed to District specifications and inspected and approved by a District representative prior to backfill.

5. Maintenance of Services

- a. The District will maintain the service conductors between the District's transformer and the connections on the source side of the customer's weather-head on all overhead residential, commercial and industrial services.
- b. **Residential** underground service conductors installed to District specifications between a District facility and the Customer's meter will be maintained by the District after acceptance and a one-year warranty period.
- c. Apartments and Condominiums

The underground service or services to any multi-unit residential structure or structures containing more than 4 individually metered dwelling units shall be classified as

commercial with respect to the requirements of this section.

- d. **Commercial** or **industrial** underground service installed from the District transformer to the customer's point of metering will be maintained by the customer or the customer's contractor at the customer's expense. The District will assist, by request, in the maintenance by providing available resources at the customer's expense.
- e. The Customer's point of metering of an instrument transformer installation is considered to be at the instrument transformer.
- f. Whenever a Customer requests changes to the service that affect the maintenance responsibility, the Customer will be so advised.

D. SERVICE ENTRANCE

1. Location of Service Entrance

The applicant for service shall determine from the District the location of the service entrance and metering equipment. Any wiring installed without first determining service entrance and/or meter locations as covered above is done at the risk of having to relocate the service to conform with the requirements of the District.

2. Number of Attachments

All service entrances will be so located that the service conductors installed by the District will reach the service entrance by attachment at only one location on the building.

3. Specific Requirements

Specific requirements are contained in the District's Electrical Service Requirements.

E. CUSTOMER EQUIPMENT ON POLES

No equipment, devices, or wiring, other than service entrance equipment belonging to a Customer, shall be attached to District-owned poles except by special permission from the District; and any such attachment shall be done strictly in accordance with District specifications.

F. DETERMINATION OF DEMAND AND REACTIVE

1. Load Requirements

Demand metering shall be installed on services when connected load is 100 kilowatts or more. Reactive metering shall also be installed on motor loads exceeding 50 horsepower or when the District determines the power factor of the load would be less than 95 percent lagging.

2. Time Interval

Where the rate is based on kW demand, the kW demand shall be the highest 15-minute demand in the month, as determined by suitable indicating or recording instruments.

3. Demands of Fluctuating Loads

In determining demand where loads are widely fluctuating, there shall be added to the 15-minute measured or computed demand specified in any demand provisions in the applicable rate schedules 40 percent of the excess of any short period over 150 percent of such specified demand; provided, that at the District's option, an equivalent demand may be fixed for any apparatus having widely fluctuating load and abnormal effect on voltage and an adjustment on the demand as otherwise determined shall be made, taking into account such equivalent demand.

G. POWER FACTOR ADJUSTMENT

1. Power Factor Charge

Under rate schedules providing for a kW demand charge, adjustment for power factor shall be made as detailed in the applicable Rate Schedules.

2. Power Factor Correction

If the District determines that the power factor of a Customer's load is less than 95 percent lagging, the District may require the Customer to install proper equipment to prevent its power factor from falling below 95 percent.

H. ENERGY EFFICIENCY

1. Cities and County Areas

The current Washington State Energy Code and the current Washington State Ventilation and Indoor Air Quality Code are considered District-wide minimum energy efficiency standards for the applicable structures requiring code compliance.

- a. The District shall consider a certificate of completion or similar occupancy permit issued by a building official and recognized by the State of Washington or other official and/or agency approved by the District, as evidence of satisfactory compliance with the District's energy efficiency standards in lieu of verification by District representatives.
- b. Failure to secure the proper inspections and/or to comply with the District's energy efficiency standards will result in denial of service or disconnection.

2. Federal and Tribal Areas

In those areas of the District's service territory not regulated by the State of Washington, the current Washington State Energy Code and the current Washington State Ventilation and Indoor Air Quality Code, as applicable to Group R occupancy, shall be considered the District's minimum energy efficiency standards. The standards shall be applied by the District in a way that parallels enforcement by the State of Washington for the purposes of regulating the distribution of electric energy in a uniform manner and providing for the actual and prospective needs of the District.

- a. District representatives shall be notified and allowed access to verify compliance with the District's energy efficiency standards.
- b. Failure to comply with the District's energy efficiency standards will result in assessment of an Energy Resources Surcharge in order to receive or maintain new or altered electrical service.

3. Manufactured Homes

The 1994 HUD Code will be the minimum energy efficiency standard for manufactured homes in the District's service territory.

Manufactured homes that do not meet the minimum standard will be assessed an Energy Resources Surcharge at the time of application for electric service (see Schedule of Deposits and Charges).

- a. Manufactured homes connected to District electric service are exempt from the surcharge when relocating within the service territory.
- b. Manufactured homes that do not have permanently installed electric heat and are heated with other fuels or are non-residential are exempt from the surcharge.
- c. Manufactured homes heated with a heat pump are exempt from the surcharge.

Surcharge fees collected will be placed into the Conservation Resources Acquisition Account for installation of energy conservation measures.

SECTION 7 - CONNECTION OF MOTORS TO DISTRICT FACILITIES

A. GENERAL

Approval of the District is required before installation of any single-phase motor exceeding 10 horsepower or combination of motors exceeding 15 horsepower.

B. IRRIGATION (CENTRIFUGAL PUMP OPERATION)

Motors for irrigation purposes, up to and including 50 horsepower, may be started across the line. Motors larger than 50 horsepower require starting facilities which are subject to the approval of the District.

C. INDUSTRIAL MOTOR LOADS (COVERS ALL OTHER APPLICATIONS)

Industrial motor applications, up to and including 25 horsepower, are permitted to be started across the line. Motors over 25 horsepower require starting facilities which are subject to approval by the District.

SECTION 8 - DEPOSITS, CHARGES, PAYMENTS AND BILLING

A. DEPOSITS

1. Residential

A deposit may be required from a residential Customer, unless the Customer has established a satisfactory credit record with the District or can provide a satisfactory credit reference from their previous utility, telephone company, or financial institution. Such deposit will normally be based on two-twelfths of estimated annual billings. The deposit shall be as set forth in the District's Schedule of Deposits and Charges.

2. Nonresidential

A deposit may be required from a nonresidential Customer unless the Customer has established a satisfactory credit record with the District. The amount of such deposit will be determined by the District after consideration of estimated billings (see Schedule of Deposits and Charges).

3. Additional or New Deposits

Nothing in these rules shall prevent the District from requiring additional or new deposits when conditions warrant.

4. Refund of Deposits

At the discretion of the District, deposits may be refunded or credited to an account when the Customer, by prompt payment of all bills rendered over a period of one year or more, has established a satisfactory credit rating. Deposit refunds or credits after August 1, 2003, will be 101.5% of the initial deposit when in compliance with the initial twelve months satisfactory credit. Deposits will be refunded upon termination of service after all outstanding amounts due the District have been paid.

B. CHARGES

Payment of charges, as set forth in the applicable Schedule of Deposits and Charges, will be required of all.

C. PAYMENTS

1. Bills Payable Within Ten Days

All bills, for service rendered and minimum charges, are due when rendered and payable within ten (10) days from the date of mailing, unless otherwise specified, and if not so paid, become delinquent and subject to disconnection as outlined in Section 8, Item C.5.

2. Delinquent Payments

When a Customer develops a history of delinquency with the District in that billings are not paid within a ten (10) day period as stipulated above, and further, are not paid within a thirty (30) day period following the date of mailing for two or more occasions, which need not be consecutive, the District may, at its option, require a deposit as security and/or require said Customer to make scheduled payments (on a monthly, or more frequent basis) to bring the account to a current status, and, therefore, said Customer may be required to assume monthly payments on an Average Payment Plan.

3. Average Payment Plan

"Average Payment Plan" shall be interpreted to mean that the Customer shall pay an estimated amount each month on or before a specified date; said account and date to be determined by the Manager of the District, beginning approximately one month following the scheduled reading of the Customer's meter, and continuing on a regular monthly basis thereafter, and if not so paid, the amount may be deemed delinquent and subject to disconnection as outlined in Section 8, Item C.5.

At the option of the General Manager, new Customers of the District, including all Customers who have not established credit with the District, shall be required to make monthly estimated payments on all utility bills according to a payment schedule determined by the District and presented to the Customer upon signing for utility service, or as soon thereafter as is practicable. Such monthly payments are due on the date established, and if not so paid, shall result in the account associated with said payments becoming delinquent and being subject to disconnection as outlined in Section 8, Item C.5.

4. Right to Disconnect Service

The right to discontinue service for default, as defined in Section 8, Item C.1, may be exercised whenever and as often as default shall occur; and neither delay nor omission on the part of the District to enforce this rule at any one or more times shall be deemed a waiver of rights to enforce the same at any time, so long as the default continues.

5. Notice of Pending Disconnection

Written notice will be sent to a customer by first class mail at least five (5) days before service is discontinued under this regulation and will advise the Customer of the reason(s) for the disconnection action except in the case of fraudulent use of service or as per 8.D below, when the District may disconnect service without notice. For the purpose of this regulation, notice shall be considered to have been given when placed in the United States mail addressed to the Customer at his address as shown on the District's records.

The District will attempt to provide additional notification approximately 24 hours prior to the disconnection through automated phone equipment when phone service is available or with field-delivered door hanger notice.

When it is necessary, in the opinion of the District, to mail a collection notice to any Customer (in addition to regular billing statement and/or monthly payment cards), a charge of the actual cost to the District may be added to the Customer's bill, in order that collection costs may be paid by those Customers creating said costs.

D. RETURNED CHECK CHARGE

An accounting service charge (Returned Check Charge), as set forth in applicable Schedule of Deposits and Charges, may be made to a Customer if a check tendered to the District as payment for utility service is not honored by the Customer's bank because of insufficient funds, the bank account's having been closed, or other irregularity. Payment of a delinquent balance with a dishonored check will result in immediate termination of service.

E. FIELD COLLECTION CHARGE

A Field Collection Charge, as set forth in applicable Schedule of Deposits and Charges, may be made to a Customer who has not responded to a Notice of Unpaid Account, requiring a District representative to make a personal visit to collect or make arrangements for collection of the unpaid account.

F. CUSTOMER'S RIGHTS

1. Informal Conference

A Customer who disputes the amount of a bill when due, or who does not intend to pay the full amount of the bill or invoice when due, shall have the right to an informal conference with certain designated employees in the District.

- a. Informal conferences shall take place during the normal working hours -- 8:00 a.m. to 5:00 p.m., Monday through Friday.
- b. The Customer may either appear in person in the District's office or confer by telephone.
- c. Such designated employees shall have the authority to reach agreements with the Customer for a deferred payment schedule of the particular bill.

2. Appeal Hearings

If a Customer is not satisfied with the determination of the District's designated employee during the informal conference, the Customer may schedule a hearing with the District Hearing Officer.

- a. The Hearing Officer and any Deputy or Assistant Hearing Officers shall be management-level employees and shall be appointed by the Commission from employees whose other duties are not connected with the credit section.
- b. A written or verbal appeal by a Customer must be filed with the Hearing Officer within five working days after the determination of the informal conference.
- c. In response to a timely appeal, the Hearing Officer shall arrange an appeal hearing at a mutually convenient and accessible location or conduct the hearing by telephone. Such hearing must be scheduled during normal working hours -- 8:00 a.m. to 5:00 p.m., Monday through Friday, and within seven (7) days of receipt of the Customer's appeal.
- d. If the Customer requests, a record will be made of the proceedings. The Hearing Officer may use a tape recorder or other means of preserving a record which he/she deems appropriate; the Customer may provide, at his/her own expense, a court reporter, or supplemental means of providing a record. The Customer shall have the right to counsel.
- e. The Customer shall open the hearing with a statement of the nature of the appeal and shall present whatever evidence the Customer deems relevant. The Customer shall have the reasonable right to examine the records of the District relating to his/her account. After the Customer has completed presenting his/her appeal, the appropriate District personnel shall provide the District's position. The Customer shall have the right to rebuttal.
- f. The Hearing Officer shall provide the Customer with a written decision setting forth (a) the nature of the Customer's appeal; (b) the decision of the Hearing Officer; and (c) the reasons for the decision of the Hearing Officer. The written decision shall be promptly sent to the Customer by certified mail and may also be communicated by telephone.
- g. Service will not be disconnected while an appeal is pending provided that the Customer has complied with the above procedural requirements. The Customer shall have seventy-two (72) hours following the receipt of the written decision of the Hearing Officer to comply with the terms and conditions of the decision. If the Customer fails to take the action required by the Hearing Officer, including payment of a past-due bill, or if he/she refuses to accept receipt of the Hearing Officer's decision, the District may disconnect service without further notice to the Customer.

G. RECONNECTION CHARGE

Whenever service has been discontinued as per these Regulations, a charge, as set forth in the District's Schedule of Deposits and Charges, will be made for restoring service. In the event that the actual cost of labor, transportation, and overhead to cover the expense of such restoration

exceeds the designated charge, the Customer shall pay the actual cost.

H. METER TESTING

When a Customer inquires into his/her billing for any particular month, the District will, upon request, have such meter reread and the service inspected for defects. Should the Customer then desire that the meter be tested, he/she shall be required to make a deposit, as set forth in the Schedule of Deposits and Charges, to cover the cost of making such test. The meter will then be tested.

Should the meter show an error of over two (2) percent, said deposit will be refunded to the Customer, the meter corrected, and the bill adjusted. If the test of such meter should show an accurate measure within two (2) percent, the deposit will be retained by the District to cover the cost of testing. Whenever it shall be determined that any meter has not been registering correctly, then an average bill may be rendered, based either on the nearest four preceding months' average use when the meter was in good order, or on the same month of the preceding year if the use is seasonal.

I. METER TAMPERING CHARGE

Any Customer receiving unmeasured or unauthorized electrical services is responsible for paying the full amount of said services reasonably determined by the District to have been diverted around the meter or received unmeasured or unauthorized due to meter tampering, alteration, or replacement.

A Meter Tampering Charge, as set forth in Schedule of Deposits and Charges, will be added to the estimated billing for unmeasured or unauthorized services to cover the expense of District equipment restoration. In the event that the actual cost of labor, transportation, and overhead to cover the expense of such restoration exceeds the designated charge, the Customer shall pay the actual cost.

J. METER READING, ESTIMATIONS

Meters will normally be read and bills rendered on a monthly cycle, except for Irrigation Service and certain remote or contract accounts. Readings may be done electronically.

If, in the opinion of the District, inclement weather or other extenuating circumstances make it impossible for the District to read meters for a temporary period, the District reserves the right to estimate meter readings and render bills based upon such estimates. Estimates will be based upon account history and weather factors. Actual energy consumption will be confirmed and adjusted as necessary with a subsequent regular meter reading cycle.

Closing meter readings will be done on the day requested by the Customer.

K. BILLING

1. Regular Bills

Bills for the regular billing period will be rendered based upon the meter reading or estimate.

2. Closing Bills

Closing bills will normally be rendered within six (6) days of the Customer requested disconnect date.

3. Billing Error Adjustments

The customer is financially responsible for all electric energy or water passing through the meter. In the event of an error in billing, such as equipment failure or employee recording error, the District will make an adjustment to the billing on the basis of the best information available.

In the event the adjustment is in favor of the customer (present or previous), the District will credit the customer account or refund the credit. The credit will be computed pursuant to Washington State Statutes of Limitation.

In the event the adjustment is in favor of the District, a retroactive billing to the customer will be provided. The retroactive billing computation will be limited to the most recent 12-month period prior to the time of the correction. The customer may choose to pay the retroactive billing over a period of time in agreement with the District.

SECTION 9 - VALIDITY AND EFFECTIVE DATE

A. VALIDITY

If any section, subsection, subdivision, sentence, clause, or phrase of these Regulations is for any reason held to be unconstitutional or void, such invalidity shall not thereby affect the validity of the remaining portions of these Regulations.

B. EFFECTIVE DATE

These Regulations are to take effect and be in force from and after the 18TH day of August, 2008.

ADOPTED by the Board of Commissioners at Public Utility District No. 1 of Clallam County, Washington, this 18TH day of August, 2008.