



IMPORTANT: THIS DOCUMENT SUPPLEMENTS AND EXPLAINS YOUR ELECTRIC SERVICE CONTRACT, YOUR "ELECTRIC SERVICE APPLICATION". FAILURE TO ABIDE BY THE TERMS AND CONDITIONS AND RULES AND REGULATIONS SET OUT HEREIN CAN LEAD TO THE DISCONTINUANCE OF ELECTRICAL SERVICE.

I. INTRODUCTION:

(a) **What is the Johnson City Power Board?** The Johnson City Power Board ("Power Board") is the only authorized electrical service distributor for a designated area which consists of most of Washington County, Tennessee, and a small portion of three surrounding counties. It is owned by and is a part of the City of Johnson City, Tennessee, a municipal government.

(b) **Who Operates the Power Board?** The Power Board is operated by the eight member Board of Directors (the "Board"), all of whom are rate payers in the system and only one of whom is associated with the City government of the City of Johnson City. One of the principal responsibilities of the Board is to employ a President & CEO (the "President & CEO") and the staff and employees of the Johnson City Power Board fall under his or her jurisdiction. The Board makes all policy decisions, including setting rates and charges and adopting the rules and regulations, such as those set out herein.

(c) **Why Is It Necessary to Have Rules and Regulations?** As a municipally owned public utility, the Power Board is subject to federal, state and municipal regulations, many of which involve customer-related issues. In addition, the Power Board is required by contract to purchase all the electricity it sells from the Tennessee Valley Authority, a federal agency, which in turn by contract prescribes additional rules and regulations. The Power Board seeks to comply with all legal requirements, and further the Board has adopted additional non-mandated rules and regulations designed to promote increased quality and efficiency of service.

(d) **What Is Required of the Power Board?** As a public utility, the Power Board is required by law to make available electrical service to all potential customers in its designated territory. In order to meet this obligation, it has contracted with the Tennessee Valley Authority to purchase power, has constructed regional distribution stations ("substations") throughout the territory and has constructed thousands of miles of overhead and underground distribution lines along both public and private rights-of-way throughout its designated territory.

II. IMPLEMENTING ELECTRICAL SERVICE: In order to secure electrical service, the customer must complete the Power Board's Electric Service Application, pay a connection charge, make a deposit or provide other suitable guarantee of payment and make the facility in question ready for service within the Power Board's standards.

(a) **Electric Service Application:** The Electric Service Application must be completed by either the customer himself or his designated agent. The customer may be a single individual, a group of individuals, a corporation or a combination of same. In any event, the applicant, in completing the Electric Service Application, certifies that he or she has the authority to act in the customer's behalf, that the Power Board is granted access to the property to be serviced, that the property is ready for the implementation of electrical service, that he or she is a guarantor of the customer's obligations, and that he or she will indemnify and hold the Power Board harmless from any loss or damage resulting from alleged unauthorized implementation of service or access to the designated property. The Electric Service Application requires only that information essential to the servicing of the account. As the Power Board is a municipal corporation, all information contained on the Electric Service Application and generated relating to said account is by law public information, relative to which the public has free and open access.

(b) **Deposit:** Approximately 81% of the revenue derived through Power Board operations is paid to the Tennessee Valley Authority for the electricity transmitted through its distribution system to the customer. Thus, only approximately 19% of revenues received by the Power Board are applied directly to its actual cost of operation as an electrical distributor. It is required by law to operate as a not for profit entity, to be financially stable and to maintain its rates and charges at the lowest practical level. The only compensation allowed to be paid to its owner, the City of Johnson City, is a payment in lieu of taxes. As in most cases the Power Board actually pays the Tennessee Valley Authority for electricity provided to the customer prior to the customer paying the Power Board for the actual electricity received, the Power Board requires that all customers and commercial accounts either make a specified deposit, provide some other acceptable guarantee of payment for electrical charges or meet certain credit criteria. Deposit requirements are published as part of the Power Board's Schedule of Rates and Charges. Upon termination of service, the customer will be entitled to a refund of any unused deposit along with the payment of interest on the same at a rate specified on the Schedule of Rates and Charges. However, at the Power Board's discretion the same may be applied to any other past due account of the customer. The Power Board is given the authority to disconnect electrical service on any delinquent account as a means by which to minimize potential losses. Refer to Paragraph V (d) below.

(c) **Point of Delivery Standards:** The point of delivery is that point, as designated by the Power Board, on the customer's premises where current is to be delivered to the building or premises. All wiring and equipment beyond the point of delivery is required to be provided and maintained by the customer at no expense to the Power Board. All wiring of the customer must conform to the Power Board's requirements and accepted modern standards, as exemplified by the requirements of the National Electrical Safety Code and the National Electric Code. All city and county governments in the designated service area have adopted those Codes and it is the customer's responsibility, not that of the Power Board, to assure that the customer's premises is in compliance therewith and ready for service. Although the Power Board is not obligated to inspect any installation before electricity is introduced or at any later time, it shall refuse service and so notify the customer if it comes to its attention that any of the customer's wiring or appliances are not in accordance with Power Board standards.

(d) **Connection Charges and Charges for Non-Standard Services:** The customer is required to pay the Power Board its standard connection charges as well as any cost for any special or non-standard installation charges to meet its particular requirements for service. Non-standard requirements usually relate to equipment installation associated with line extension, underground service, other than standard voltages, or the supply of closer voltage requirements than required by standard practice. It is the policy of the Power Board to base such charges on its actual cost incurred, plus an allowance for administrative charges. At the customer's request, the Power Board shall provide an estimate of such charges. Customers are required to either issue a purchase order or enter into a contract prior to the required work being performed by the Power Board. At the Power Board's option, it may enter into an agreement whereby such charges are financed over a period of time and included in the customer's monthly power bill. Where such charges are included in the customer's monthly power bill, all payments relating to said bill will be first applied to the payment of the non-standard service charge, plus interest, and then to the monthly power charge. A customer's failure to pay its bill in total, including those related to the non-standard service, will render an account delinquent and subject it to disconnect.

(e) **Temporary Service:** Customers requiring electric service on a temporary basis will be required to pay all costs for connection and disconnection incidental to the supplying and removing of service at the time service is supplied.

III. SERVICE RESPONSIBILITIES: It is the goal of the Power Board to provide dependable power service to all customers, but in order to do so, it must have the cooperation of the customer in providing its designated employees or agents reasonable and safe access to its equipment and that the same be protected while on the customer's property.

(a) **Power Board Equipment on Customer's Property:** The customer is required to provide a space for and exercise proper care to protect the property of the Power Board on its premises. This includes keeping Power Board equipment free from interference from trees, shrubs, etc. In the event of loss or damage to Power Board equipment on the customer's property arising from neglect of the customer to care for the same, the cost of the necessary repairs and replacements shall be paid by the customer. All meters, service connectors, and other equipment furnished by the Power Board shall be, and remain, the property of the Power Board. This shall include, but is not limited to, all equipment to the point of delivery, even if paid for by the customer.

(b) **Right of Access:** Power Board identified employees and agents shall have a right of safe access to the customer's premises (including free from interference from animals) at all reasonable times for the purpose of reading meters, testing, repairing, removing or exchanging any and all equipment belonging to the Power Board, as well as freeing Power Board equipment from actual or potential interference.

WARNING: CONTACT WITH ELECTRICAL LINES AND APPLIANCES CAN LEAD TO SERIOUS INJURY OR DEATH. CERTAIN OF THE POWER BOARD'S DISTRIBUTION LINES ARE UNINSULATED AND ACCORDINGLY, MAY RESULT IN INJURY OR DEATH ON CONTACT. AVOID ALL SUCH CONTACT. POWER BOARD EMPLOYEES ARE ON CALL ON A 24 HOUR PER DAY, 7 DAY PER WEEK BASIS TO SAFELY HANDLE ALL SERVICE REQUIREMENTS. TELEPHONE THE POWER BOARD SERVICE DEPARTMENT. WHERE UNDERGROUND UTILITY SERVICE IS AVAILABLE, CONTACT TENNESSEE ONE-CALL BEFORE DIGGING AT 1-800-351-1111.

(c) **Balancing of Loads:** Customers using polyphase power shall at all times take and use energy in such a manner that the load will be balanced between phases to within normally ten percent (10%). In the event of unbalanced polyphase loads, the Power Board reserves the right to require the customer at the customer's expense, to make necessary changes to correct this condition or to compute the billing demand on the assumption that the load on each phase is equal to that of the greatest phase.

(d) **Notice of Trouble:** A customer shall notify the Power Board immediately should its service be unsatisfactory for any reason or should there be any defects, trouble or accidents affecting the supply of electricity. Such notices, if verbal, shall be confirmed in writing in the event the condition persists and is not related to a regional and continuing weather-related problem. All Power Board service personnel are required to be subject to call to deal with major power outages, but in such situations, extended periods of power interruption may be inevitable due to the scope of the problem. In such instances, daily news releases will be issued to the news media. The Power Board will use due diligence to restore power to all customers, and a daily inquiry should be made if power has not been restored as expected.

(e) **Non-Liability:** The Power Board shall use reasonable diligence in supplying current, but shall not be liable for breach of contract in the event of or for loss by injury or damage to persons or property resulting from interruptions of service, excessive or inadequate voltage, single phasing, or otherwise unsatisfactory service.

WARNING: THE POWER BOARD SHALL NOT BE RESPONSIBLE FOR DAMAGES TO CUSTOMER'S PROPERTY RESULTING FROM POWER SURGES WHATEVER THE CAUSE. A "POWER SURGE" MEANS AN ELECTRICAL TRANSIENT OR SPIKE ON THE AC POWER OR COMMUNICATION LINES, WHICH CAN BE CAUSED BY ANY NUMBER OF FACTORS, INCLUDING CUSTOMER USE OR DIRECT OR INDIRECT LIGHTNING. POWER SURGE PROTECTIVE DEVICES ARE AVAILABLE FOR LEASE AND SALE FROM THE POWER BOARD WITH EQUIPMENT PROTECTION COVERAGE PROVIDED BY THE EQUIPMENT MANUFACTURER, NOT THE POWER BOARD. FOR INFORMATION CONCERNING SURGE PROTECTION EQUIPMENT, CONTACT OUR MARKETING DEPARTMENT.

IV. PROHIBITIVE USE OF POWER BY CUSTOMER:

(a) **Voltage Fluctuations Caused by Customer:** A customer must not use his electric service in such a manner as to cause unusual fluctuations or disturbances to the Power Board's system. At the Power Board's discretion, the customer may be required, at his, her or its own expense, to install suitable apparatus which will reasonably limit such fluctuations. A customer is required to notify the Power Board in writing in advance of the installation of any electronic equipment requiring specialized power characteristics or limited power interruption. With advance notice, the Power Board will assist the customer in obtaining the most dependable and highest quality electrical service available from the Power Board system to meet the requirements of the customer's equipment. However, the Power Board will not guarantee that interruption or variations in voltage will not occur. It is solely the responsibility of the customer to provide, install and maintain any devices needed to protect electronic equipment from voltage fluctuation and power interruptions.

(b) **Excessive Loads:** The service connection, transformers, meters and equipment supplied by the Power Board for each customer have definite capacities, and no addition to the equipment or load connected thereto will be allowed except by consent of the Power Board. Failure to give notice of additions or changes in load, and to obtain the Power Board's consent to same, shall render the customer liable for any damage to any of the Power Board's lines or equipment caused by the additional or changed installation.

(c) **Stand-by or Resale Service:** All purchased electric service (other than energy on stand-by service) used on the premises of customer shall be supplied exclusively by the Power Board, and the customer shall not, directly or indirectly, sell, sublet, assign or otherwise dispose of the electric service or any part thereof.

(d) **Theft of Power:** The Power Board may disconnect service to a customer or non-customer immediately and without prior notice where it is established that there is an on-going theft of power or where there is the appearance of current theft devices on the premises of the customer or non-customer.

V. RATES AND BILLING:

(a) **Schedule of Rates and Charges:** The Board has established a "Schedule of Rates and Charges" consistent with TVA guidelines that form the basis for all charges to customers. A copy of same is available at the Power Board office upon request and any change in the schedule and the effective date thereof will be published in a local newspaper. Customers will likewise be provided with a printed notice of applicable rate changes in conjunction with submission of the customer's bill at the time the rate change is effective.

(b) **Billing and Payment:** Bills will be rendered to each customer monthly and shall be based upon a meter reading that has taken place within fifteen (15) days of the billing. Bills are due when issued, and the Customer is allowed fifteen (15) days to pay the net amount due without having to pay a late charge of five percent (5%). Payments must be made to the Power Board at its main office or at such other locations as may be designated by it. Failure to receive a bill will not relieve a customer from its payment obligation. The failure of a Customer to pay any Power Board bill may form a basis for a discontinuance or denial of service to the Customer at any location.

(c) **Delinquent Account/Penalty:** Any account not paid on or before the penalty date specified on the bill shall be considered a delinquent account and subject to penalty, which will be reflected on the bill as the "gross rate". The penalty date specified on the bill will not be less than fifteen (15) days from the date of the mailing of the bill. Bills paid on or before the penalty date shall be payable at the "net rate" as shown on the bill. The penalty shall be five percent (5%) for residential customers and five percent (5%) of the first \$1,000.00 and one and one-half percent (1 ½%) of the balance in excess of \$1,000.00 for commercial customers. The penalty shall be applied to any portion of the bill paid after its penalty date.

NOTICE: BUDGET BILLING IS AVAILABLE TO RESIDENTIAL CUSTOMERS WHO MEET POWER BOARD REQUIREMENTS. IN CASES OF HARDSHIP, CUSTOMERS CAN APPLY FOR ASSISTANCE DURING WINTER MONTHS THROUGH THE POWER BOARD'S "KEEPING WARM PROGRAM" ADMINISTERED BY THE SALVATION ARMY AT 926-2102, THE GOOD SAMARITAN AGENCY AT 928-0288 OR THE NEIGHBORHOOD SERVICES CENTER AT 928-7327.

(d) **Discontinuance of Service for Non-Payment:** Should a bill not be paid by its due date or a check submitted in payment of same be dishonored for payment, the Power Board may at any time after the due date, upon five (5) days written notice to the customer, discontinue service. Reconnection arrangements may be made only at the offices of the Johnson City Power Board, and shall be permitted only after full payment of the past due account, along with disconnection and reconnection charges.

(e) **Contested Billing:** A customer may appear or contact any Customer Service Representative of the Power Board during regular business hours to provide notice of a bill contest. If this notice is received prior to the customer's service 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 said ruling, he or she may request a formal hearing before a Hearing Officer, and if dissatisfied with the results thereof, perfect an appeal to an Appeals Officer. The decision of the Appeals Officer shall be final. The customer must comply strictly with the guidelines and procedures for hearing and appeal as prescribed by the Power Board, which are posted in the Customer Service Department at the Johnson City Power Board and a copy will be provided upon request.

(f) **Meter Test:** The Power Board will, at its own expense, make periodical tests and inspections of its meters in order to maintain a high standard of accuracy. The Power Board will make additional tests or inspections of its meters at the request of the customer. If a test made at a customer's request shows that the involved meter is accurate within two percent (2%) slow or fast, no adjustment will be made in customer's bill, and there will be a testing charge to the customer in the amount of \$70.00. In the event a test shows a meter to be in excess of two percent (2%) fast or slow, an adjustment shall be made in the customer's bill over a period not to exceed thirty (30) days prior to the date of such test and the cost of making such test shall be borne by the Power Board.

VI. TERMINATION OR DISCONTINUANCE OF SERVICE:

(a) **By Power Board:** The Power Board may refuse to connect or may discontinue service for non-payment of a bill (refer to Paragraph V (d) above) or for the violation of any of its Rules and Regulations, willful violation of any of the provisions of the Schedule of Rates and Charges, the Electric Service Application, or any other contract with the customer. The failure of a customer to pay his or her bill at any location can form the basis of a discontinuance or denial of service to said Customer at any location. The discontinuance of service by the Power Board for any cause contained in this rule does not release customer from any obligation that he, she or it might have for services rendered or as provided by contract.

(b) **By Customer:** Customers who have fulfilled their contract terms and wish to discontinue service must give at least three (3) days written notice to the Power Board to that effect. Customers who have given such notice shall be responsible for all power charges through the date of disconnect not to exceed three (3) days from the notice relating thereto.

VII. CUSTOMER COMPLAINTS:

(a) **Procedure:** Any complaint relating to Power Board operations should be directed to the manager of the involved department. If a customer is dissatisfied with the decision of the Department Manager, he or she should contact the office of the President & CEO.

(b) **Board of Directors:** The Board of Directors of the Johnson City Power Board meets at the Power Board offices in the Board chambers at 2600 Boones Creek Road, Johnson City, Tennessee at 4:15 p.m. on the fourth (4th) Tuesday of each month or as shall be otherwise prescribed by the Board. Board meetings are open to the public. Matters shall be added to the Board agenda at the discretion of any member of the Board or the President & CEO.