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**SALMON RIVER ELECTRIC COOPERATIVE, INC.
POLICIES - ELECTRICITY**

POLICY 1. OFFICE HOURS

Amended February 10, 1999

The office will normally be open from 8:00 A.M. to 5:00 P.M. Monday through Friday each week throughout the year, or as amended from time to time, with the exception of holidays as listed under the Cooperative policy entitled Holidays.

POLICY 2. HOLIDAYS

Amended January 14, 1999

Amended May 20, 2009

The Cooperative will be closed on the following holidays: New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving Day, the day after Thanksgiving and Christmas Day, or other holidays approved by the Board of Directors.

POLICY 3. MEMBERSHIP

Resolution #65-1A, April 7, 1965

Amended February 10, 1999

Amended June 16, 2008

Amended July 20, 2009

Any person, partnership, firm, association, corporation or body politic or subdivision thereof shall only have one membership; which is required for an electrical connection. Each additional connection will not entitle said party to any additional rights or privileges of membership. Payment of a membership fee and a completed membership application is required for a membership.

If a member/customer discontinues service from the Cooperative, membership may be cancelled and the membership fee may be applied to all obligations due with any unapplied balance refunded.

POLICY 4. ADDITIONAL SERVICES

Resolution #73-4, September 5, 1973

Amended March 17, 1999

Amended May 20, 2009

Additional services connected under a membership shall be subject to the policies of the Cooperative and applicable rate schedules.

POLICY 5. SERVICE SECURITY DEPOSITS

Resolution #80-4, November 11, 1980

Amended May 11, 1994

Amended December 11, 1996

Amended March 17, 1999
Amended September 14, 2003
Amended June 16, 2008
Amended January 20, 2016
Amended February 22, 2017

For each service connection, a service security deposit shall be required for connecting or reconnecting electric service, as provided in this policy.

A service security deposit, except as provided under Exceptions and Refunds below, shall be required from (a) all new members/customers, (b) all members/customers requesting an additional service connection, and (c) all former members/customers reapplying for service. Also, a service security deposit may be required of any current member/customer receiving a disconnect notice.

No interest shall be paid by the Cooperative on service security deposit amounts.

A. Service Security Deposit Amount

The amount of the service security deposit, either initially or as may thereafter be increased, shall be determined as follows:

1. For a new member/customer, for an existing member/customer requesting an additional service connection, or for a former member/customer reapplying for service; the amount shall be \$100.00 for a residence and two months estimated power bill for all others.
2. For a current member/customer receiving a disconnect notice, the service security deposit amount may be based upon up to two times the highest monthly bill for the service, as determined by the Cooperative.
3. For a former member/customer that has had a written-off account, the deposit amount may be the larger of \$300.00 or the highest 3 months estimated power bill. Exceptions listed below are not applicable.

B. Service Security Deposit Amount Exceptions

In this section, "good standing as to credit" means the previous twelve consecutive months in which a member/customer has had service and the bill was paid on time and in full.

The following exceptions apply:

1. A member/customer requesting an additional similar type service connection shall not be required to make a service security deposit if the member/customer has attained "good standing as to credit".

2. A former member/customer reapplying for membership shall not be required to make a service security deposit if the member/customer was served by the Cooperative at least twelve consecutive months or one full irrigation season and terminated his prior membership in “good standing as to credit.”

3. The Cooperative may require a different service security deposit amount for nonstandard service.

4. If a member/customer requests a hearing at the regular meeting of the Board of Directors relative to the Cooperative’s policy on disconnect procedures, the Cooperative may require an additional service security deposit to cover estimated usage from the time the service would have been disconnected to the time of the hearing(s).

5. New irrigation accounts that don’t meet exceptions B. 1. and B. 2. shall pay a service security deposit in the amount of five times the access charge for each irrigation account being connected.

C. Security Deposit Refunds

Service security deposits shall be refunded by the Cooperative as follows:

1. After a period of twelve consecutive months in which the member/customer has paid all amounts owing to the Cooperative on time.

2. Upon such conditions as may have been specifically agreed to in a written agreement with a member/customer.

3. Upon a member/customer’s termination of service, deposits shall be applied to all obligations due with any unapplied balance refunded.

4. After on full irrigation season for irrigation accounts in which the member/customer has paid all amounts owing to the Cooperative on time.

POLICY 6. CANCELLATION OF MEMBERSHIP (DELETED)

Amended March 17, 1999

Deleted July 20, 2009

POLICY 7. MEMBERSHIP DEPOSIT REFUNDS (DELETED)

Amended March 17, 1999

Amended June 16, 2008

Deleted July 20, 2009

POLICY 8. MONTHLY ACCESS CHARGE FOR ELECTRIC SERVICE

Amended April 14, 1999

Amended September 20, 2001

Amended June 18, 2012

Amended October 21, 2015

The access charge, pursuant to the applicable rate schedule, shall begin at the time electric service is made available.

The monthly access charge will be prorated for the month when an electric service is connected or disconnected.

Policy 8.1 Idle Services Fee

July 16, 2012

Amended February 24, 2016

The Cooperative recognizes that it incurs fixed costs to provide access to its electrical system. These costs are incurred whether electricity is sold or not. In order that each Cooperative Member pays their share of these fixed costs an Idle Service Fee is established. This fee can be found in the applicable rate schedule for the electrical service the Cooperative provides to the Member. Single-phase line extensions where no revenue meter exists, the minimum idle service fee will be computed as if it were one 200-amp single-phase residential service. Three-phase line extensions where no revenue meter exists, the minimum idle service fee will be computed as if it were one 0-30 KW three-phase service. Subdivisions and trailer parks minimum idle service fee will be computed as if it were one 200-amp single-phase residential service.

An idle service exists when electrical service is available at a Member's premise and the electricity has been shut off either at the request of the Member or the Cooperative. Electrical services include poles, wires, transformers, meters, and other associated apparatus and hardware located between the primary distribution line and the Member's point of delivery. The Member's point of delivery is the top of the meter mast on an overhead service and the top lugs of the meter base on an underground service.

Irrigation accounts that are normally disconnected on an annual basis are not considered idle unless the service has not been used a minimum of two months in any given year.

The Member is obligated to pay an idle service fee until such a time that the member requests the service be physically removed, as evidenced by the Member signing the AUTHORIZATION TO REMOVE SERVICE form, or the Cooperative removes the service for violation of Cooperative Policies. Re-installation of electrical services will be according to SREC's Line Extension Rules.

POLICY 9. REFUNDS AND CREDITS

Amended April 14, 1999

Credits and refunds to member/customers will be made by check or by applying credit to the member/customer's account.

POLICY 10. TWO PARTY CHECKS

May 11, 1983

Amended April 14, 1999

Amended June 16, 2008

The Cooperative may accept two party checks on a case by case basis only.

POLICY 11. NET-BILLING

August 21, 2006

Amended May 29, 2014

Amended October 21, 2015

Availability

Net-billing service is available to members of SREC who own and operate power generation equipment subject to the following conditions:

- Generates electricity fueled by solar, wind, biomass, geothermal, hydro, or fuel cell.
- Nameplate generating capacity of not more than twenty-five (25) kilowatts.
- Located on Member's premises and interconnected and operating in parallel with SREC's existing transmission and distribution system.
- Intended to primarily offset part or all of the Member's own electrical requirements.
- Available on a first-come, first-serve basis until the cumulative level of net-billing and other generation equals 15% of the total measured peak load or design capacity of the circuit (as most recently measured at the substation).

Interconnection Requirements

SREC shall allow the interconnection of net-billing facilities subject to the following requirements:

- Member will be charged for any expenses associated with modifying SREC's system to accommodate interconnection. This includes engineering fees.
- Net-billing facilities must be designed to operate within allowable operating standards for SREC's system and must not adversely affect the quality or reliability of service to SREC's other members.
- Net-billing facility must conform to National Electric Code, best utility practices, and any other applicable standards.
- Net-billing facilities shall be inspected by a qualified representative of SREC and the State Electrical Inspector prior to interconnection and upon reasonable request or notification to the Member.
- An approved disconnecting device capable of automatically isolating the net-billing facility from SREC's system shall be provided by the Member and shall be accessible to SREC personnel at all times.
- Member shall sign a net-billing / interconnection agreement before receiving net-billing service.

- Member shall agree to indemnify and defend SREC against any loss, liability, damage, cost, claim, action, demand, expense or responsibility for injury, damage or death to any person or any property arising out of or relating to the member's net-billing or interconnection equipment or operation thereof.

Value of Generation Used to Offset Customer Use

A Member's generation of kilowatt hours (kwh) shall be used to offset the member's kwh use at the applicable retail rate schedule up to the point the member generates more kwh than is consumed. The Member shall pay per the applicable rate schedule all separate demand and access charges to SREC each month in addition to any kwh use above that generated.

Value of Excess Generation

Any Member kwh generation in excess of kwh use shall be credited by SREC to the Member's account at SREC's avoided cost for energy. SREC's avoided cost for energy shall be its average wholesale energy cost. This will be computed annually and will be included in the applicable rate schedule. No credit will be given for capacity (kw).

All Member net-billing accounts with credit balances shall be cleared (i.e., returned to a \$0.0 balance) once per calendar year. For each 12-month period ending in December, any credit in the Member's accounts shall be refunded directly to the respective Member by crediting the member's account or issuing a check.

Meter Reading

Net-billed meters shall be read monthly by an SREC representative.

POLICY 12. BILLING ADJUSTMENTS TO ELECTRIC BILLS

Amended April 10, 1996

Amended August 11, 1999

Amended May 20, 2009

Amended July 19, 2010

The Cooperative will review billing adjustments to electric bills for a period not to exceed 12 months. Special handling charges may apply when adjusting accounts.

POLICY 13. TENANTS PAYING ELECTRIC BILL IN MEMBER'S NAME

April 12, 1978

Amended July 14, 1999

Amended September 21, 2010

The member is ultimately responsible for the electric bill of all accounts under the member's name even when the member's tenant is paying the bill. Delinquent account notices will be sent by the cooperative to the account address on file and the member will

be liable to the cooperative. The member's other accounts and/or credit rating could be affected if the delinquent account is not satisfied in a timely manner.

POLICY 14. METER DISCONNECTS OR CONNECTS

Amended December 11, 1996

Amended August 11, 1999

Amended November 17, 1999

Amended April 30, 2003

Amended March 24, 2005

Amended July 16, 2012

Meter disconnects and reconnects will be scheduled during normal working hours and coordinated with other work in the area. Any requests outside these parameters may be billed at actual cost.

Generally, the Cooperative will not charge for a temporary disconnect and subsequent reconnect when a member/customer is working on their service entrance equipment, as long as the work can be scheduled during normal working hours and coordinated with other work in the area.

Connect fees can be found in the applicable rate schedule for the electrical service the Cooperative provides to the Member.

POLICY 15. DELINQUENT ACCOUNTS

Amended April 11, 1979

Amended January 21, 1987

Amended December 11, 1996

Amended August 11, 1999

Amended September 20, 2001

Amended January 8, 2003

Amended July 12, 2003

Amended February 14, 2006

Amended May 15, 2006

Amended June 18, 2012

Amended March 18, 2015

Accounts become delinquent/past due if not paid in full by the due date. Delinquent accounts will be charged a 1.5% finance charge per month. The Cooperative reserves the right to discontinue any and all services to a member/customer with a delinquent account.

Past Due Accounts

Member/customers with a past due amount are in jeopardy of being disconnected. The Cooperative will read the meter, calculate a charge per the meter reading, add a disconnect notice fee, and send a disconnect notice before the account is disconnected.

The disconnect notice shall be mailed to the last known address, notifying the member/customer of the total amount now owing and that his/her service will be

disconnected without further notice in ten (10) calendar days from the date of mailing of said notice unless payment is made in full or suitable payment arrangements are made.

Suitable Payment Arrangements

Suitable payment arrangements will include a minimum 20% of the delinquent amount paid before the disconnect date and the remaining delinquent amount paid within a maximum period of three months. A minimum of one third (33%) of the delinquent amount and all current amounts must be paid monthly. A payment agreement will be executed in writing requiring the signature of the member/customer and the Cooperative's customer service representative. Payment arrangements may be made only 2 times in the previous 12 month period otherwise payment in full is required. Member/customers with a good credit rating (payments in full and on time for the previous 12 months) may be granted a 30 day extension to the above mentioned payment arrangement.

If the member/customer does not pay in full or make suitable payment arrangements or does not adhere to a written payment agreement, the service will be disconnected without further notice. All current and delinquent amounts owing, a reconnect fee, security deposit, and finance charges must be paid in full before the member/customer can have the service reconnected

If a member/customer account is delinquent for over 90 days, the account may be presented to the board for a write-off approval and becomes eligible for presentation to a collection agency.

POLICY 16. DISCONNECT PROCEDURE

Resolution #77-4, April 11, 1977

Amended January 21, 1987

Amended December 11, 1996

Amended July 14, 1999

Amended July 12, 2003

Amended June 18, 2012

If a member/customer is subject to disconnection for violation of policies of the Cooperative, or noncompliance with any curtailment plan adopted by the Cooperative, the Cooperative shall give written notice to the member/customer by first class mail at the last address of the member/customer indicated on the Cooperative records. Such notice shall specify the nature of the violation, or noncompliance and allow the member/customer to correct the condition within ten (10) calendar days. If the member/customer fails to correct the condition or make satisfactory arrangements with the Cooperative within such period, the Cooperative shall send a disconnect notice by mail notifying the member/customer that his/her service will be disconnected in ten (10) calendar days from the date of the notice. The notice shall also advise the member/customer of his/her right to request, in writing, a hearing on the intended disconnection before the Cooperative Board of Directors. A request for hearing will postpone the disconnection until such hearing is convened. The hearing shall be held at

the Cooperative headquarters in Challis, Idaho at a time convenient to the Board of Directors.

Any request for hearing shall be in writing, and sent to the Cooperative or personally delivered to the Cooperative. At such hearing, the member/customer may present evidence on his/her behalf, and the decision reached by the Board of Directors shall be final. If the condition is not corrected within the ten (10) calendar days from the date of the disconnect notice, or if the Board of Directors affirms the decision to disconnect, the member/customer's service shall be disconnected without further notice from the Cooperative.

POLICY 17. BUDGET PAYMENT PLAN

May 9, 1984

Amended June 9, 1999

Amended December 11, 2002

Amended February 14, 2006

Amended June 18, 2012

Single phase residential member/customers desiring to make equal monthly payments on their electric bill may be considered for this 12 month plan. The Budget Payment Plan will be available to members that have attained a "good credit rating" with the Cooperative (payment in full and on time for the previous 12 months). Member/customer accounts must be current prior to utilizing the budget payment plan. If, while on the plan, a member/customer does not keep their account current, they may be dropped from the plan.

The Cooperative will compute an average monthly billing based on location usage history. Anytime the Cooperative experiences a change in rate, or the member experiences a change in calculated usage, the budget payment amount may be adjusted for any over or under payments and recomputed based on the new rate.

When a member exits the plan, the member must pay the current account balance.

POLICY 18. METER TESTING

Amended March 17, 1999

The Cooperative will not charge for the member/customer's first request to have a Cooperative meter tested for accuracy. For subsequent meter testing, the member/customer may be charged if the meter's accuracy is determined to be within acceptable tolerances.

POLICY 19. METER READING

Amended March 17, 1999

Amended September 20, 2001

Amended February 14, 2006

Amended May 15, 2006

Amended April 16, 2008
Amended August 24, 2009
Amended June 18, 2012

Single phase meters are read by the Cooperative and the account is billed by the end of the month.

Three phase commercial accounts and irrigation accounts are read by the Cooperative as of the 25th of the month and billed at the end of the month.

If the Cooperative is unable to obtain a meter reading, an estimated read may be used.

When a member/customer wishes to disconnect from electric service, a final meter reading will be obtained. In instances when service will continue to another member/customer, the final meter reading of the disconnected account will serve as the beginning meter read for the connected account.

POLICY 20. ELECTRONIC PAYMENT SYSTEM

July 20, 1998

Amended June 9, 1999

Amended September 20, 2001

Amended September 19, 2006

Amended June 16, 2008

Amended June 18, 2012

Members have the option of viewing and paying their accounts via the Electronic Payment system. They may access the Electronic Payment system through the internet on-line or by phone. Members may make payments using their bank savings account, checking account, or a major credit card. Accounts will be billed and made available on the system near the first of the month for the previous month's electric usage. Payment in full is due in our office on or before the 20th of each month.

Once a member is logged-in to their on-line account they may choose and optionally store a payment method. They may also select to go paperless (no statement mailed) and/or make payments automatically every month.

Detailed instruction for using the Electron Payment system via the internet or telephone are available on our website or from our office.

POLICY 21. PAYMENT BY CHECK

Amended April 14, 1999

Amended September 20, 2001

Amended June 16, 2008

Member/customers may pay by check, however under certain circumstances, the Cooperative may require a cash payment. A fee will be charged for returned checks at the

state allowed maximum.

POLICY 22. TERMINATION OF SERVICE - LOSS BY FIRE

Resolution #57-9A, July 3, 1957

Amended April 14, 1999

Upon total loss of the building and facilities of a member/customer by fire or casualty, the contract for service may be terminated unless specific action is taken by the Board of Directors relative to each member/customer and relative to each casualty.

POLICY 23. AFTER HOUR MEMBER/CUSTOMER WORK REQUESTS

Amended March 17, 1999

Amended February 14, 2006

Amended September 15, 2009

All after hour member/customer work requests are subject to management approval and billed at the prevailing time, mileage, equipment and material rates.

POLICY 24. RETIRING DECEDENT CAPITAL CREDITS

August 2, 1967

Amended June 11, 1980

Amended February 10, 2000

Amended October 17, 2005

Amended September 19, 2006

Amended October 21, 2015

In accordance with Section 2 of Article VII of the Cooperative's Bylaws, the Board of Directors shall determine the method of allocation, basis, priority and order of capital credit retirements. The Board shall have the discretionary power to retire capital credits of any deceased member who is a natural person, upon the written request of the legal representatives of the member's estate, provided however that the financial condition of the Cooperative shall not be impaired.

A. Limitations

This policy shall apply only to individual deceased members which are natural persons, and shall not apply to corporations, associations, partnerships or other legal entities. In the event of bankruptcy, dissolution, merger or other termination of the existence of any entity, patronage capital credited to the account of any member of the Cooperative which is not a natural person, including but not limited to corporations, partnerships, associations or other legal entity shall be subject to retirement only in accordance with policies of the Cooperative concerning general retirement of capital credits.

B. Written Application

Before capital credits shall be retired, a written application shall be completed by the decedent's representative and approved by the Board.

C. Supporting Evidence

Each application shall be supported by adequate evidence establishing the death, the persons entitled to payment and that payment may be made without legal liability of the Cooperative to any other person, firm or agency. The following rules shall be considered:

1. If decedent's estate is in the process of administration, upon the Cooperative receiving duly certified and current letters of administration, payment may be made to the Executor or Administrator in his or her representative capacity.

2. Upon receipt of an estate closing order, duly certified, specifying to whom the capital credits shall be paid, such capital credits may be paid as provided therein.

3. If decedent's estate has been administered and closed prior to application made herein and the capital credits have not been specifically decreed, the Board may authorize payment according to an estate closing order, if applicable, or it may require the reopening of the estate for administration of the capital credits.

4. If the estate of decedent is not in the process of administration and administration is not contemplated, the Board may authorize payment upon receiving evidence satisfactory to it of the persons entitled, either by will, or intestate succession, to receive the capital credits, together with such indemnity as may be appropriate under the circumstances if such distribution is made.

D. Joint Membership

In the event a decedent is a member of a joint membership and the living member is requesting a decedent capital credit refund, the living member of the joint membership or their duly authorized representative shall submit a name removal request to remove the decedent from the joint membership prior to the membership being eligible for a capital credit refund. All other requirements noted above are requisite.

Joint memberships are only eligible for a decedent capital credit refund, if a member of the joint membership became deceased after December 31, 2014.

E. Debts of Decedents

Any debts owing by decedent to the Cooperative shall be set off against the capital credits to be retired.

POLICY 25. CAPITAL CREDITS **September 19, 2006**

Amended June 21, 2010
Amended October 21, 2015
Amended May 24, 2017

I. OBJECTIVE:

The objective of this Capital Credits Policy is to state the general policy of Salmon River Electric Cooperative, Inc. for allocating and retiring capital credits.

II. POLICY:

The Cooperative shall allocate and retire capital credits in a manner that (1) is consistent with state and federal law; (2) is consistent with operating on a cooperative basis under federal tax law; (3) is fair and reasonable to the Cooperative's members and former members; (4) provides the Cooperative with sufficient equity and capital to operate effectively and efficiently; and (5) protects the Cooperative's financial condition. Subject to law, the Cooperative's articles of incorporation, and the Cooperative's bylaws, the allocation and retirement of capital credits are at the sole discretion of the Cooperative's Board of Directors.

III. EXPECTATIONS:

- A. Board Approval. The Cooperative shall allocate and retire capital credits according to the manner, method, timing and amount approved by the Board.
- B. Patronage Earning Allocations. Net electric operating margins as stated in that fiscal year's audited financial statements represent those dollars that shall be allocated as patronage capital. Allocation will be based on the total dollar amount of purchases for electric service. Total dollar purchases are limited to energy, capacity and monthly access charges for electricity. In addition, interest income derived from electric operations and patronage capital allocated from affiliated cooperatives shall be allocated as patronage capital.
- C. General Capital Credits Retirements. The Cooperative shall generally retire capital credits with goals of: (1) maintaining an equity level above forty-five percent (45%) of the Cooperative's total assets; (2) retiring capital credits every year; (3) retiring capital credits on a first-in, first-out (FIFO) basis; (4) retiring 5% of the SREC total capital credit account balance each year representing a twenty (20) year rotation cycle; (5) communicating and promoting the Cooperative principles; (6) fostering loyalty and support among members and former members; and (7) maximizing public relations and political goodwill.
- D. Special Capital Credits Retirements. The Cooperative (1) may specially retire capital credits upon the death of an individual member or former member; (2) may specially retire capital credits of an individual member or former member

leaving SREC's system when that member or former member's capital credit account balance is less than \$100.00 and chooses to be paid a discounted amount for capital credits, (3) shall specially retire capital credits when a member or former member has a delinquent account that is over ninety days owing and/or the account(s) has been formerly written off. The board shall retire on a discounted rate basis the member's capital credits in an amount equal to or less than the member's debt, (4) may not specially retire capital credits upon the dissolution, liquidation, or cessation of existence of an entity member; and (5) may not specially retire capital credits upon the reorganization, merger, or consolidation of an entity member.

- E. Recoupment. After retiring, and before paying capital credits allocated to a member or former member, the Cooperative may recoup, offset, or set off any amount owed to the Cooperative by the member or former member by reducing the amount of retired capital credits paid to the member or former member by the amount owed.

IV. LIMITATIONS:

- A. Forfeiture of Capital Credits. The Cooperative shall not enter contracts through which a member or former member forfeits the right to the allocation or retirement of capital credits. The Cooperative shall not require any member or former member to forfeit the right to the allocation or retirement of capital credits.
- B. Member Classes. As reasonable and fair, and as approved by the Board, the Cooperative may allocate or retire capital credits to classes of similarly situated members or former members under different manners, methods, timing and amounts, provided the Cooperative allocates and retires capital credits to similarly situated members and former members under the same manner, method, timing and amount.
- C. Notice of Allocation. Within eight and one-half (8 ½) months following a fiscal year, the Cooperative shall notify each member and former member in writing of the amount of capital credits allocation to the member for the preceding fiscal year included with a statement of their total capital credit allocation.
- D. Adverse Financial Impact. The Cooperative shall not retire any capital credits unless the Board first determines that the retirement will not adversely impact the Cooperative's financial condition.
- E. Special Retirement for Deceased. The Cooperative may specially retire capital credits upon the death of a member or former member only upon receiving a written request from the appropriate legal representative, and only under terms and conditions agreed upon by the Cooperative and the appropriate legal representative.

- F. Minimum Amount. The Cooperative shall not retire and pay capital credits in an amount less than ten dollars (\$10.00). Exception: Amounts less than \$10.00 may be paid on inactive accounts to reduce future administrative costs.
- G. Payment and Notice of Retirement. After the Cooperative retires capital credits allocated to a member, the Cooperative shall pay the retired amount by sending a check to the member's most current address listed on the Cooperative's records or crediting a member's account. The Cooperative shall pay the retired amount to a former member by sending a check to the former member's most current address listed on the Cooperative's records.
- H. Early Retirement. A member leaving SREC's system or a former member may choose to be paid a discounted price for capital credit account balances of \$100.00 or less. The discounted value will be the net present value. The member may choose to bypass the discounted rate by donating 100% of their capital credit account balance to the SREC scholarship fund.

$$\text{Net Present Value} = \frac{\text{Amount to be Retired}}{(1 + i)^n}$$

i = Interest Rate (CFC's long term variable rate)

n = Number of yrs remaining until the normal retirement would have occurred

If multiple years are to be retired, then the net present value equals the sum of each year's retirement net present value.

- I. Delinquent Account Offsets. When the board offsets delinquent accounts the following criteria shall be established: (1) the debt is for supplying electric energy to the debtor in the ordinary course of the debtor's and the Cooperative's business; (2) the Cooperative, in the ordinary course of its business and pursuant to a bylaw or policy of general application, regularly retires and offsets capital credits to members or former members owing the Cooperative past due debts; and (3) the retirement and offsetting are made according to ordinary business terms. The discounted rate shall be the net present value of the applicable capital credit account(s) value.
- J. Unclaimed Capital Credits. If a member or former member fails to claim the retired amount within seven (7) years from the retirement date, the Cooperative shall provide notice and take any other action required by law, and may use the amount as permitted by law.

V. RESPONSIBILITY

- A. Implementation of Policy. The Cooperative's General Manager or Chief Executive Officer is responsible for implementing this Policy and for developing the practices and procedures necessary to allocate and retire capital credits according to this Policy.
- B. Recommendations to Board. The Cooperative's Manager is responsible for (1) recommending to the Board the manner, method, timing and amount for allocating and retiring capital credits; and (2) when in the best interest of the Cooperative and its members and former members, recommending to the Board revisions to this Policy.
- C. Review and Approval by Board. The Board is responsible for: (1) reviewing, discussing and evaluating the Manager's recommendations regarding the manner, method, timing and amount for allocating and retiring capital credits; (2) approving the manner, method, timing and amount for allocating and retiring capital credits; (3) reviewing, discussing, and evaluating this Policy every year; (4) reviewing, discussing, and evaluating the Manager's recommendations for revising this Policy; and (5) revising this Policy.
- D. Compliance with Policy. The Board is responsible for the Cooperative's compliance with this Policy.

**POLICY 26. UNCLAIMED CAPITAL
October 20, 2014**

SREC allocates capital credits to its member owners annually. In addition the SREC Board may retire member capital credits subject to MEMBER POLICY 25. From time to time retired member capital credits become unclaimed, as the owner's whereabouts are unknown. SREC shall administer unclaimed capital credits according to the rules set forth below.

1. Unclaimed capital credits shall be considered abandoned, if they remain unclaimed by the owner for more than five (5) years after they become payable or distributable.
2. SREC shall maintain at all times a revolving fund in an amount equal to twenty-five percent (25%) of the accumulated capital credits presumed abandoned by the SREC Board of Directors or twenty thousand dollars (\$20,000), whichever is less.
3. SREC shall transfer funds in excess of the minimum amounts required in its revolving fund into its general fund to be used for any purpose for which it is incorporated.
4. SREC shall maintain and update at least quarterly a list of all reported owners of abandoned property, including dollar amounts, on a website maintained by SREC.
5. SREC shall quarterly publish a notice in the official newspaper of each Idaho county stating when and where the quarterly website listing of SREC

abandoned property will be accessible to citizens. There are currently thirty-seven (37) of these newspapers in Idaho.

6. Unclaimed capital credits shall remain in custody of SREC and payment shall be made once proper credentials are provided to SREC.
7. Unclaimed capital credits with a value less than fifty dollars (\$50) are not subject to the above State mandated reporting and custodial safe keeping. However, SREC shall maintain and update a list of unclaimed capital credits with a value less than \$50 on its website. SREC shall retain unclaimed capital with a value less than fifty (\$50) for three years after which it is not subject to payment and can be used for any purpose for which it is incorporated.

POLICY NUMBERS 27-30 LEFT BLANK INTENTIONALLY

POLICY 31. TEMPORARY LINE MOVES

Amended December 13, 1995

Amended July 12, 2003

The Cooperative may temporarily lift lines for member/customers requesting to move buildings and other high objects in the Cooperative's service area. The member will be billed the actual costs associated with raising lines. The Cooperative retains the privilege of determining the time and routing of such moves that may require taking facilities out of service.

POLICY 32. MEMBER/CUSTOMER EQUIPMENT ATTACHED TO COOPERATIVE POLES AND/OR EQUIPMENT

Amended February 10, 1999

Appurtenances or attachments of any kind shall not be affixed to Cooperative poles and/or equipment by members/customers or anyone else without specific authorization from Cooperative management. Adequate working space around the poles and equipment shall be maintained at all times. No person, unless he/she is a Cooperative employee or has received authorization from the Cooperative, shall be permitted to make electrical connections of any type on Cooperative properties or facilities.

POLICY 33. DAMAGE TO COOPERATIVE PROPERTY

Amended February 10, 1999

The member/customer is responsible for any damaged Cooperative property such as meters, meter glasses, services, etc., that are broken or damaged by the member/customer. The member/customer may be charged for any such damages.

POLICY 34. NOTIFICATION OF PLANNED OUTAGES

Amended February 10, 1999

It shall be the practice of the Cooperative to attempt to notify members/customers of

planned outages.

POLICY 35. MEMBER/CUSTOMER-CAUSED OUTAGES

Amended February 10, 1999

If it is determined that the member/customer is responsible for the outage, the Cooperative may charge the member/customer for expenses incurred to restore service.

POLICY 36. POWER ALLOCATION PRIORITY

Resolution #80-3, April 9, 1980

Amended February 10, 2000

Deleted November 16, 2009

POLICY 37. LARGE INDUSTRIAL LOADS

June 11, 1980

Amended December 21, 2010

It shall be the policy of the Cooperative in the consideration of service to Large Industrial Loads (2500 KW or larger) that the following objectives of the Cooperative shall be maintained and the staff is directed to advance the following objectives in the negotiation of service to any such load:

A. To maintain the financial integrity of the Cooperative to avoid any adverse impact on other consumers, existing or future.

B. To maintain and protect the autonomy of the staff, management and Board of Directors to avoid undue influence by any one consumer or class of consumers in the planning, management and operation of the Cooperative and to preserve the Cooperative principle of one member, one vote.

C. To assure the maintenance of the quality of service to standards adopted to the other consumers of the Cooperative.

D. To make arrangements with the consumer for financing of the required facilities to serve such load on a case by case basis.

E. To assure adherence to any other applicable Cooperative policy as adopted or amended by the Cooperative from time to time.

F. To require a contract for the providing of a power supply and facilities prior to placing any orders for equipment or other substantial involvement by the Cooperative.

POLICY 38. USE OF HERBICIDES

November 20, 1985
Amended April 14, 1999

The Cooperative retains the right to use herbicides for the control of vegetation within easement boundaries. The member/customer will be notified prior to the application and informed of the type of herbicide to be used.

POLICY 39. SALVAGED MATERIAL SALES
January 3, 1996
Amended May 8, 1996
Amended April 14, 1999

Salvaged materials (i.e. poles, crossarms, etc.) with no future value to the Cooperative may be sold to the public.

POLICY 40. COOPERATIVE OWNED HEINEMANN BREAKER & SERVICE ENTRANCE CONDUCTOR (SEC) LOOP REPLACEMENT POLICY
January 7, 1998
Amended February 10, 2000

The Cooperative will replace an existing Cooperative Heinemann breaker and/or service entrance conductor (SEC) loop of equal size and type with updated service equipment. The member will be required to sign a release form, choosing one (1) of the following four (4) options:

Option 1 - Replacement and Member Ownership.

The Cooperative will replace the service equipment at no cost to the member. The member will acknowledge receipt of and accept full ownership and responsibility of the new service equipment from the Cooperative following the terms outlined in the Heinemann Breaker and/or SEC Loop Release Form.

Option 2 - Upgrade and Member Ownership.

The member chooses to have the service upgraded and accept full responsibility for the installation. The member chooses to upgrade the existing service equipment to a size other than what is existing. At the member's cost and upon approval from the Cooperative, the member may upgrade the existing service equipment by a date specified by the Cooperative. The new service equipment must be installed by a licensed electrical contractor and must meet current National Electric Code (NEC) standards. The member will accept full responsibility and ownership of the new service equipment, as well as all liability, future maintenance and upgrade costs. The member will receive off-setting dollar credits from the Cooperative for replacing the existing service equipment. The amount of this credit will be determined by the Cooperative and will be based on the cost difference between replacing the existing service equipment and the upgrade. These credits will be given to the member upon completion of the change out and inspection by the Cooperative.

Option 3 - Removal.

If the member no longer wishes to use the existing service, then the Cooperative will remove the existing service equipment and associated electrical equipment completely at no cost to the member. The member understands that if the service is to be re-installed at a later date, it will be considered a new service and treated as such under existing new service policies.

Option 4 - Equipment Lease.

If the member wishes to not accept ownership of the new service equipment, then the Cooperative will rent the new service equipment to the member following the terms outlined in the Heinemann Breaker and/or SEC Loop Release Form. A monthly rental fee will be determined by the Cooperative. The member may take full responsibility of the new service equipment at any time and discontinue the rental agreement.

POLICY 41. ELECTRIC SERVICE RULES AND LINE EXTENSIONS

Amended March 15, 2001

Amended July 12, 2003

Amended February 15, 2005

Amended May 18, 2005

Amended December 21, 2010

Amended October 21, 2015

The purpose of this policy is to define the terms and conditions under which Salmon River Electric Cooperative (“The Cooperative”) will provide electric service to its members.

The following policy applies to all existing and new Cooperative electric services and facilities.

ELECTRIC SERVICE RULES

- OWNERSHIP OF FACILITIES

The Cooperative will construct and maintain the delivery facilities required to provide service to the Member’s point of delivery. The delivery facilities (transmission, distribution, services) up to the Point of Delivery (see below), whether financed by individual, developer or the Cooperative, shall remain the property of the Cooperative and shall be retained and maintained in accordance with general practices of the Cooperative. This will not apply when other contractual arrangements have been made with the Cooperative such as in the case of large industrial customers.

It shall be the responsibility of the Member to acquire and maintain reasonable and adequate proof of ownership of any equipment or facility purchased from the Cooperative.

- POINT OF DELIVERY

The point of delivery is defined as the location where the Cooperative's electrical service conductors terminate, more specifically defined as the weather head conductors on overhead services and the meter base on underground services. All equipment and conductors on the load side of the point of delivery shall be the responsibility of the Member, except where equipment is provided by the Cooperative. The Cooperative shall retain ownership and maintain service poles, meters and metering devices (including current transformers and potential transformers) located at the point of delivery. The electrical connection at the point of delivery will be made by the Cooperative.

The Cooperative will comply with all federal, state and local rules and regulations relative to the inspection and connection of electric wiring. If an existing electric service has been disconnected for a period of twelve (12) months or more, the State of Idaho will require the Member to have the electric service re-inspected by the state electrical inspection agency prior to the Cooperative re-connecting the service.

The Cooperative may relocate a point of delivery if the Member agrees to pay all costs associated with the relocation. If there is a significant benefit to the Cooperative, the Cooperative may elect to contribute towards the cost of the relocation.

- FACILITIES ACCESS

The Member specifically grants, at no cost to the Cooperative, a permanent easement over or through lands that he/she controls (owns), for the purpose of installation of the delivery facilities, and the maintenance, repair, replacement, inspection, and relocation of such facilities, or for any other purpose reasonably related.

The Cooperative retains the right from time to time to trim and to cut down and clear away any and all trees and brush that may be a hazard to its facilities. The Member shall not erect or construct any building or other structure, stack items or equipment (obstruct), or drill or operate any well, within the power line corridor. The costs of relocation of Cooperative facilities caused by the Member will be borne by the Member.

The Member shall provide, at no expense to the Cooperative, reasonable motor vehicle access to the meter location for each electric service.

All meters will be installed outside and accessible to the Cooperative unless written permission is received from the Cooperative.

The Member shall adjust his/her irrigation system to not irrigate Cooperative facilities (i.e., poles, transformers, meters, etc.).

The Member shall allow the Cooperative to install and maintain reasonable underground cable location signs on the Member's property.

The Member shall allow the Cooperative access, including the installation of

Cooperative locks into the Member's gate(s), for the purpose of the Cooperative maintaining and operating its facilities.

- POWER QUALITY

The Cooperative does not guarantee constant or uninterrupted delivery of electric service. The Cooperative has no liability to its Members or any other persons for any interruption, suspension, curtailment or fluctuation in electric service or for any loss or damage caused thereby if such interruption, suspension, curtailment or fluctuation resulting from causes beyond the Cooperative's reasonable control. This includes repair, maintenance, improvement, renewal or replacement, and automatic or manual actions taken by the Cooperative, which in its sole judgment are necessary or prudent to protect the performance, integrity, reliability or stability of the Cooperative's facilities, and safety of Cooperative personnel and the general public.

The Cooperative reserves the right to disconnect the Member's service equipment from the Cooperative's system at any time during the life of service if the Cooperative experiences system Power Quality problems caused by the Member's facilities operating on the Cooperative's system. The Member, at his/her expense, shall install the necessary equipment to remedy Power Quality problems caused by the Member.

The Member, at its own expense, agrees to install equipment required to limit the Total Harmonic Distortion (THD) and the Total Demand Distortion (TDD) created by the Member's equipment and infused on the Cooperative's system. The Member's THD and TDD shall not exceed those specified by industry standards and/or Cooperative's guidelines.

The Cooperative requires the Member to have all three-phase loads, phase conductors, balanced to within 80 % of each other.

- PHASE CONVERTER

Phase Converter Equipment (roto-phase) connected to the Cooperative's system will require Cooperative approval prior to installation.

If the Member uses Phase Converter equipment (roto-phase) to generate three-phase power from the Cooperative's single-phase system, such as an alternative to re-phasing an existing power line, the Member accepts all responsibility for mitigating any power quality problems that may occur due to this installation. This includes the Member installing reduced motor starts or other devices when service conditions change or when the use of the Phase Converter equipment affects other Cooperative services.

Cost for correcting power quality problems that can only be corrected by the Cooperative making modifications to the Cooperative system will be charged to the Member(s) causing the power quality problem(s).

- MOTOR INSTALLATIONS

Single phase and three phase motor installations of 10 horsepower or greater (individual or in aggregate) must be evaluated by the Cooperative prior to connecting to the Cooperative's system. Approval of the installation will be based upon factors such as starting and running currents, location on the Cooperative's system and voltage drop.

All motor installations must meet current National Electric Code requirements.

Time delay settings for automatic restarting equipment or simultaneous starting will be set according to Cooperative guidelines.

The Member is responsible for providing protective equipment to protect their facilities. The Cooperative will not be responsible for damage to the Member's equipment caused by the loss of one or more phases serving the Member's equipment. It is the Member's responsibility to obtain and install adequate phase protection for three-phase motors. The Cooperative will not be responsible for damage to Member's equipment caused by the Member's incorrect phase rotation.

The Member, at his/her expense, shall install power factor correction equipment (capacitors) of adequate size to attain unity power factor as more particularly set forth in the Cooperative's applicable Rate Schedules.

- LIMITATION OF USE

A Member's wiring shall not be extended or connected to furnish service to more than one place of use through one meter except in the following cases:

1. Where the places of use are located on the same parcel of land, such as a pump/pivot or out buildings (barn, garage).
2. Where the Member's business consists of one or more adjacent buildings located on the same parcel of land and the business is operated as an integral unit (under the same name and same type of business).

A Member will not resell electricity purchased from the Cooperative except in cases where the Member is owner, lessee, or operator of a commercial building, shopping complex, apartment house, mobile home/recreational vehicle park or other multi-family dwelling where the use has been sub-metered and the use is billed to tenants at a cost no greater than the cost the Cooperative would charge for service (direct pass through).

- CONVERSIONS, SERVICE IMPROVEMENTS, UPGRADES

The cost of converting from single-phase service to multi-phase service or from overhead to underground service will be entirely paid by the Member, unless there is some advantage to the Cooperative in the conversion. In that event the Cooperative may, at its sole discretion, share in the cost of the conversion.

When a Member upgrades service equipment and adds load at an existing account, the

Cooperative, if necessary, will upgrade its transformers and secondary conductors. Generally, the Cooperative will upgrade its transformers and metering devices at no expense to the Member if the Cooperative can reasonably expect increased long term revenues that will justify the investment.

If the Member's upgrade requires any changes to equipment or conductors operating above 600 volts, any investment by the Cooperative will be evaluated and approved on a case-by-case basis.

- **RELOCATION OF FACILITIES**

If a Member requests the relocation of Cooperative Facilities, the Cooperative will evaluate the impact on operations, maintenance and financial viability of the Cooperative to determine the feasibility of the project. Each request for Relocation of Facilities will be considered on a case-by-case basis.

All costs of relocating facilities will be entirely paid by the Member, unless there is some advantage to the Cooperative for the relocation. In that event the Cooperative may, at its sole discretion, share in the cost of relocating facilities.

The Cooperative may request the Member to pay a non-refundable deposit, in advance, for engineering services needed for the Relocation of Facilities.

The Cooperative may require a construction agreement to be executed in writing and a deposit to be paid before any special equipment is ordered and/or any construction is started.

- **RETIREMENT OF SERVICE**

Only a property Owner/Member of the Cooperative can request a retirement of service. A retirement of service request, completed by the property Owner/Member, shall be submitted prior to the Cooperative retiring the service.

The member may be subject to paying the costs of the retirement. With the retirement of service, no credits will be allowed toward the installation and retirement costs of the service from power bills (access charge and usage) that have been paid to the Cooperative during the period the service is in existence.

If a service is under an existing Agreement obligation, the service will not be removed until all obligations have been met.

The Cooperative shall determine the need, method and schedule for the retirement of the service and facilities.

The Cooperative reserves the right to retire a service that has been disconnected for a period of twelve (12) months or greater. If it is requested that the service be reinstalled, the service installation will be subject to the current line extension option chosen.

- UNDERGROUND TRENCHING & CONDUIT INSTALLATION

Generally, all underground trenching and conduit installations will be performed by the Cooperative. However, the Cooperative may allow SREC approved contractors to perform the work based on the contractor's ability to perform the work, construction coordination, inspection coordination and construction safety. All contractor work must be pre-approved by the Cooperative and must be completed in accordance with the Cooperative's specifications and guidelines.

- FACILITY LOCATES

Facility locates include the locating and identifying of both Cooperative overhead and underground facilities. Generally, the Cooperative will provide facility locates of Cooperative facilities at no charge to the member if the locate can be pre-scheduled and performed during regular business hours. Locates performed outside regular business hours may be charged to the Member.

The Member may be charged for locating non-Cooperative facilities. The Cooperative does not guarantee the accuracy of locating non-Cooperative facilities. The Member accepts all responsibility and costs associated with the Cooperative locating Member non-Cooperative facilities.

The Member is responsible for locating all other facilities (water, sewer, telephone, cable TV, gas, etc.) prior to the Cooperative performing any excavation type work, such as underground trenching for the Member. The costs for others locating facilities and repairing damaged facilities caused by incorrect and/or incomplete facility locates will be borne by the Member.

- CONSTRUCTION & STIPULATIONS

The Cooperative reserves the right to commence or cease construction of facilities contingent upon legal or easement considerations, Member caused delays, climate and weather conditions, geographical conditions, excavation problems, wetland problems, archaeological or endangered species considerations.

- HOLD HARMLESS

The Member will indemnify, defend and hold harmless SREC and its directors, officers, agents, members, and employees from all claims of whatsoever nature or kind, including those brought by employees of the Member or sub-contractors, arising out of or as a result of any act or failure to act, whether or not negligent, in connection with the operation of the Member's owned electric facilities and the Member's participation with facilities construction (i.e. trenching and backfilling).

- LINE EXTENSION RULES

It shall be the policy of the Cooperative to extend electric service to prospective member(s) insofar as it shall be possible within sound business principles. The line extension must also be able to comply with Cooperative operation and maintenance standards.

- MEMBERSHIP

The Applicant shall become a Member of the Cooperative by applying for membership and paying the Membership fee. As a Member of the Cooperative, he/she is bound by the provisions of the Articles of Incorporation and Bylaws of the Cooperative and by such policies, rules and regulations adopted by the Cooperative Board of Directors.

- CONSTRUCTION AGREEMENT

At the option of the Cooperative, a Member may be required to sign a construction agreement which specifies the terms of the line extension.

- EASEMENTS AND PERMITS

The Member, without cost to the Cooperative, is ultimately responsible for securing all necessary easements and/or permits for the construction and operation of Cooperative facilities. Easements and/or permits will require Cooperative approval for content and format prior to final signatures.

The Member is required to have necessary inspections and permits (electrical, building, etc.) completed prior to the Cooperative energizing the Member's service.

- CONSTRUCTION ESTIMATES

Construction estimates will be used to establish construction agreements and necessary deposits prior to facilities construction. The Cooperative will determine the cost of a line extension in accordance with standard engineering cost estimating procedures. Cost sharing between the Member and the Cooperative will be in accordance to the criteria established for each line extension option (e.g., Single-Phase Service, Multi-Phase Service, etc.).

Estimates will be valid for 90 days under normal conditions.

In special circumstances, the Cooperative may utilize outside engineering services to aid with facilities construction estimates.

- PAYMENTS

The Member is required to pay, less any Cooperative Aid-to-Construction amounts, all costs (including engineering, travel, labor, equipment and materials) associated with the installation of this type of service. The actual cost of the construction will govern, which may be greater or lesser than the estimate.

The Member will be required to pay one-half the estimated cost of construction amount, less any allowances, prior to scheduling construction. Once the job has been completed, the Member will be billed for the actual audited cost of construction. This may result in an additional charge or credit to the Member.

The Cooperative, at its option, may require a member to provide a suitable performance bond to guarantee the performance of a construction agreement in excess of \$25,000.00.

A non-refundable deposit may be required for initiating a Cooperative Work Order. A Work Order will be initiated for new service work, facility modification work and work requiring extensive engineering, such as supplying estimates where a field investigation is needed.

Depending on the circumstances, the Cooperative may require additional deposit(s) to be paid prior to any special equipment order and/or any construction commencement.

For capital-intensive projects, a construction deposit may be required prior to scheduling construction.

The billing period for a new service shall commence when the Cooperative's work is complete and energized.

- COVENANTS RUNNING WITH LAND/TRANSFER OF INTEREST
Agreements/Contracts between the Cooperative and the Member, including, but not limited to, the payment obligations of the Member shall constitute covenants running with the premises and land, and shall be binding upon the premises and all transferees, purchasers, and successors in interest of the Member's right, title, and interest in the premises until the terms and conditions of the Agreement are fully complied with by the Member. The Agreement/Contract becomes a lien on the land of the Member herein served and may be foreclosed under mortgage foreclosure law in accordance with the Idaho Code.

The Member agrees that upon any sale or transfer of the premises, the Member will inform any purchaser or transferee of the terms and conditions of outstanding Agreements/Contracts, and shall provide written evidence to the Cooperative that such sale or transfer is subject to the terms and conditions of the outstanding Agreements/Contracts, and that the purchaser or transferee has accepted and assumed the Member's obligations.

- DESIGN CRITERIA
For all Cooperative constructed facilities, the Cooperative will stipulate the design criteria, including but not limited to, the location of electrical facilities, the number of phases required, the use of overhead or underground power line, maximum horsepower and voltage stipulations. The Cooperative's Electric Service Handbook will serve as the guidelines for new service connections.
- SCHEDULING OF WORK
Scheduling of Work is conditional upon receipt of completed applications, easements, permits, agreements, deposits and other required documents.
- LINE EXTENSION CREDITS
When a new line extension requires attaching to an original line extension, and the original line extension was constructed within the last 10 years, a line extension refund may be owed to those members who have contributed to the cost of the

original line extension. The refund amount would be calculated using the following determinants.

1. Depreciated audited line extension value based on a 10 year depreciation cycle and excluding Cooperative aid-to-construction allowances.
2. Percentage of original line extension to be attached to.
3. The number of customers attached to the original line extension.

The refund amount will be payable to each member attached to the original line extension based on their pro rata share of the original line extension. This refund cost will be payable by the member attaching to the original line extension and rolled in to the applicable line extension option chosen.

Line extension credits for connecting to Subdivisions/Developments are addressed separately.

LINE EXTENSION OPTIONS

Line extension options specify how the costs for construction and removal of Cooperative delivery facilities will be applied. Other costs will be governed by the applicable rate schedule. Any line extension option chosen will be subject to agency approval prior to SREC initiating any work. "Agency Approval" includes approval from all governmental agencies involved with the subdivision/development (e.g., USFS, BLM, State, County, City).

- SERVICE TO SINGLE-PHASE POWER ACCOUNTS

Single-Phase service includes permanent service to residential, commercial and irrigation type accounts.

SREC shall provide a transformer and a meter (not to exceed \$5,000) as "Aid to Construction".

- SERVICE TO MULTIPLE-PHASE POWER ACCOUNTS

Multiple-phase Service includes commercial, industrial and irrigation type services.

SREC shall provide a transformer(s) and a meter (not to exceed \$5,000) as "Aid to Construction".

- SERVICE TO MOBILE HOME/RECREATIONAL VEHICLE PARK POWER ACCOUNTS

Service to Mobile Home/Recreational Vehicle Parks will be provided in accordance with the Extension Option for Subdivisions and/or Developments except that the facilities may be primary metered and owned by the Member.

If the Member purchases the facilities from the Cooperative, the Member agrees to accept all responsibility for the maintenance and ownership of the facilities.

All Cooperative allowed primary metering components and/or Time-of-Use metering options will be incurred by the Member.

- **SERVICE TO SUBDIVISIONS AND/OR DEVELOPMENT ACCOUNTS**

Subdivisions and developments are considered to be any parcel of real property divided into lots or blocks and/or any real property being developed, such as multiple dwelling units, condominiums, recreational facilities or other unspecified privately developed facilities. In some instances, the subdivision/development may be developed and constructed in segments.

Subdivision and developments will comply with the following requirements and guidelines:

The Developer/Owner shall become a Member of the Cooperative, if not already, by applying for membership and paying the membership fee.

The Cooperative may require, in advance, a non-refundable deposit from the Developer/Owner to cover the Cooperative's expenses to provide preliminary designs and cost estimates of the electric facilities.

The initial and ensuing installation(s) of the backbone system will be established by the Cooperative insuring an adequate and comprehensive plan. The backbone facilities will include the primary lines, secondary lines, junction boxes, deferral boxes and termination points necessary to complete the subdivision/development comprehensive plan. Backbone facilities do not include transformers, meters and service wires to individual services.

The Developer/Owner will provide, at no cost to the Cooperative, adequate easements and rights-of-way for constructing, operating and maintaining the electrical system. The Cooperative will specify the location and widths of required easements and rights-of-way.

If a line extension is required to reach a subdivision/development, the line extension will be administered separately.

Individual service(s) will be provided in accordance with the provisions of the current Line Extension Policy.

The Cooperative reserves the right to extend new facilities from an existing subdivision/development without reimbursement to the Developer/Owner or individual services. At no time will the backbone system of the subdivision/development be subject to a refund. In cases where the Developer/Owner or individual(s) provides a line extension to feed the subdivision/development, the provider may be reimbursed for the line extension in accordance with the current Line Extension Rules.

To complete the design and the construction agreement, the Developer/Owner will be responsible for providing the Cooperative with the following items:

- a) Agency approved designs and construction drawings, including facilities locations (i.e., water, sewer, gas, telecommunications)
- b) Agency approved plat maps and surveyed parcels (pinned).
- c) Recorded subdivision documents.
- d) Estimated future electrical load information.

“Agency Approval” includes approval from all governmental agencies involved with the subdivision/development (e.g., USFS, BLM, State, County, City).

Once the Cooperative has approved the final design, the Developer/Owner will be required to enter into a construction agreement and pay the estimated cost of construction to the Cooperative. The construction agreement and payment of the estimated cost must be completed prior to the Cooperative procuring any materials and scheduling the project for construction. Construction of the subdivision/development will be in accordance with the Developer/Owner(s) recorded plat map. Any construction modifications will require Cooperative approval. Once construction is completed, the actual costs will be determined and the Developer/Owner will receive a refund or be billed the balance due.

- **SERVICE TO LARGE POWER ACCOUNTS**

Service to Large Loads includes commercial and irrigation type services that exceed a 50 KVA capacity.

Requests for Large Loads service will be considered on a case-by-case basis and depending on the specific circumstances. Each Service will be administered through the corresponding Line Extension option for that type of service.

Services to large loads in excess of 2,500 KVA capacities, will be provided in accordance with the specific circumstances and the decision of the Board of Directors of the Cooperative.

The Cooperative may request the Member to pay, in advance, a deposit for engineering services.

- **SERVICE TO NONSTANDARD POWER ACCOUNTS**

A nonstandard service is considered a service requiring special installation requirements. A nonstandard service can include services requiring deviation from standard voltages and/or standard power quality.

All non-standard services will be provided in accordance with the specific circumstances and will require Cooperative approval prior to the design and

installation.

The member/customer may be subject to pay the costs associated with the design and installation of a nonstandard service.

- **SERVICE TO TEMPORARY POWER ACCOUNTS**

Service to Temporary Power Accounts includes services for enterprises or activities, which are temporary in nature and/or where it is known in advance that the temporary service will be of a limited duration. Temporary services may also include operations of speculative character and/or services where the permanency has not yet been established.

Extensions constructed to provide temporary service to new buildings or homes during the construction period and which will be incorporated into the permanent service to the building or home will be provided in accordance with applicable extension option(s) for the class of service being provided.

Extensions to provide temporary service shall be constructed upon receipt of a deposit equal to the established cost of the facilities plus retirement labor and overheads. No Aid-to-Construction allowances will be given toward temporary services unless the temporary service is an integral part of the permanent service (such as construction service). Once a temporary service has been removed, the Member may receive a salvage value credit for salvaged materials returned at value.

The Monthly Minimum Charge shall be charged for the period of time in which the service is used.

The minimum payment for service during the construction period will be in accordance with the applicable rate schedule for the class of service being provided except that service provided to contractors will be subject to a construction deposit. The amount of the construction deposit will be based on the scope and size of the project but shall not be less than \$100.00.

SERVICE TO OUTDOOR LIGHTING ACCOUNTS

Outdoor Lighting Service will be provided in accordance with the Cooperative Dusk to Dawn Lighting Service rate schedule.

The Cooperative will install and maintain Outdoor lights (fixture and brackets) on existing Cooperative owned poles where secondary service is available. In cases where poles, transformers, wiring, etc. is required, the Member will be charged for the additional installation costs. Ownership of the installed facilities (including lights, poles, transformers, wire, etc.) will remain with the Cooperative.

POLICY 42. JOINT USE OF FACILITIES

November 17, 1999

The Cooperative will consider the joint use of both overhead and underground facilities upon the request of an applicant. The qualified applicant will be required to enter into a Joint Use of Facilities Agreement with the Cooperative specifying the terms, conditions and payment schedule.

New joint use facility attachments and removals will require the submittal of a completed application. Cooperative construction and maintenance guidelines must be met before a joint use of facilities application is approved.

POLICY 43. UNSAFE ELECTRICAL CONDITIONS

December 21, 2010

The Cooperative may without prior notice, disconnect electrical service to a member whenever, in its sole discretion, it deems that an unsafe electrical condition or hazard exists on the member side of the electric meter or within any area under the member's control. The Cooperative will endeavor to give advance notice to the member and a reasonable amount of time to remedy the problem whenever reasonably possible. In the event, prior notice is not reasonably possible; the Cooperative shall provide the member with an explanation of the reasons for such disconnection as soon as reasonably possible after the disconnection. Electrical service shall be promptly restored to the premises, once the unsafe condition has been eliminated. Nothing herein shall be construed as or considered as an assumption by the Cooperative of any duty or obligation to eliminate or mitigate such unsafe electrical conditions.

POLICY 44. INTERCONNECTION

December 17, 2014

Scope:

The Cooperative is required by Title II of the Public Utility Regulatory Policy Act (PURPA) to interconnect with, purchase power from, and sell power to Qualified Facilities (QF's). Qualified Facilities as defined by PURPA are cogeneration facilities, with no maximum size, and small power production facilities having a generating capacity equal to or less than 80 MW. PURPA further defines small power production facilities as facilities which use biomass, waste, or renewable resources, including wind, solar energy, and water to produce electric power.

The Cooperative has no obligation to interconnect with, purchase electric power from, and sell electric power to a non-QF. The Cooperative may interconnect with, purchase electric power from, and sell electric power to a non-QF, if the Cooperative determines it's in their interest to do so.

Interconnection Requirements:

Steps for interconnecting with SREC are listed below. More specific requirements are specified in the interconnection agreement.

1. Cooperative provides Generator with “*Consumer Guidelines for Electric Power Generator Installation and Interconnection*” and “*Application for Operation of Customer Owned Generation*”.
2. Generator completes “*Application for Operation of Customer–Owned Generation*” (Part 1 up to and including 25 KW; Part 1 & 2 greater than 25 KW) and pays application fees.
3. Cooperative reviews the “*Application for Operation of Customer–Owned Generation*”.
4. If study is required (*Determined by Cooperative Engineer*), Cooperative executes a study agreement with Generator and Cooperative Engineer will perform study.
5. If study indicates a system upgrade is needed, execute a system upgrade contract with Generator.
6. Execute interconnection agreement (*Short Form Contract–up to and including KW; Long Form Contract–greater than 25 KW*).
7. Cooperative system is upgraded, if necessary for interconnection.
8. Customer–Owned Generation commissioning test is completed, verified, and documented by Cooperative or its appointed representative.
9. Customer–Owned Generation is put in operation.

Note: Interconnecting Customer-Owned Generation greater than 200 KW has to be approved by BPA.

Avoided Cost:

The “must purchase” provision of PURPA requires the Cooperative to purchase the output from a QF at a rate equal to the Cooperative’s full avoided cost which is the incremental cost to the Cooperative of electric energy or capacity or both which, but for the purchase from the QF or QF’s, the Cooperative would generate itself or purchase from another source. The Cooperative has an all-requirements contract with the Bonneville Power Administration (BPA) and as such the Federal Energy Regulatory Commission (FERC) has consistently held that the Cooperative’s avoided cost would be those rates charged the Cooperative by BPA.

The Cooperative shall establish its full-avoided cost of power each December for the next calendar year. Hence full avoided cost will be forward looking and based on forward forecasts of power costs and loads. Avoided cost shall be computed using the following formula:

$$A = \frac{P}{L}$$

Where:

“A” equals full avoided cost in \$/KWH

“P” equals forecasted next calendar year BPA power costs (\$). Included costs are: all BPA itemized power costs, as found on the BPA billing invoice and; BPA transmission costs. Excluded costs are: Thompson Creek Mine; irrigation rate discount, deferred residential exchange settlement; ongoing REP settlement and; Grant County Hydro power sales.

“L” equals SREC total forecasted load (KWH) for the next calendar year.

Negotiated Rates:

Nothing in PURPA prevents the Cooperative from purchasing the output from a QF at higher rates, if the Cooperative determines it’s in their interest to do so. The Cooperative will consider the following items when considering negotiated rates: Cooperative load growth; generation location; generation hourly and seasonal shape and; BPA rates.

Wheeling Fees:

If the Cooperative does not purchase the output from the Generator, and the Generator chooses to sell the output to another party, the Cooperative shall charge a wheeling fee to transmit over the Cooperative’s power system. The Cooperative shall establish the fee each December for the next calendar year. The wheeling fee shall be computed using the following formula:

$$W = \frac{T+I+D+T+M}{P}$$

Where:

“W” equals wheeling fee in \$/KW

“T” equals SREC transmission expense (\$)*

“I” equals SREC transmission interest expense (\$)*

“D” equals SREC transmission depreciation expense (\$)*

“T” equals SREC transmission tax expense*

“M” equals SREC transmission margin requirement*

“P” equals sum of SREC monthly peak transmission demand (KW)*

Note: * Computed in *SREC Transmission Revenue Requirement Calculation Summary and associated schedules.*

Power Sales to Generator:

The “must sell” provision of PURPA requires the Cooperative to sell any energy and capacity requested by any QF. The cooperative is required to provide that electric service

at rates that are just and reasonable, in the public interest, and which do not discriminate against QF's.

The Cooperative will sell power to the Generator at its published retail power rates coinciding with the corresponding service size and type.

POLICY NUMBERS 45-47 LEFT BLANK INTENTIONALLY

POLICY 48. ANNUAL MEETING PRIZES

Resolution #62-2, March 7, 1962

Amended February 10, 1999

Only members present in person with a prize ticket shall be entitled to win annual meeting prizes.

POLICY 49. ATTENDANCE AT BOARD OF DIRECTOR MEETINGS BY COOPERATIVE MEMBERS

November 11, 1981

Amended August 12, 1987

Amended January 14, 1999

Amended September 19, 2006

Conduct of Meetings

All regular meetings of the Board of Directors may be attended by any current member of the Cooperative. All actions of Directors at such meetings shall be conducted in open session, except that Directors may meet and conduct business in executive session for the following purposes:

A. To interview, hire, discipline, conduct performance evaluations and establish compensation for the General Manager.

B. To consider the compensation, evaluation, dismissal or disciplining of, or to hear complaints or charges brought against any employee or agent of the Cooperative.

C. To conduct deliberations concerning labor negotiations or to acquire an interest in real property.

D. To consult with its legal representative and to receive attorney-client privileged legal advice or information.

E. To consider information on matters of trade or commerce in which the Cooperative is or would be in competition with other providers of the same or similar goods or services.

F. To consider information regarding contracts that may be of a sensitive nature to the other entities.

POLICY 50. INSPECTION OF CORPORATE BOOKS AND RECORDS

November 11, 1981

Amended August 12, 1987

Amended January 14, 1999

Amended September 19, 2006

Amended October 21, 2010

Financial Statements Of The Corporation:

In accordance with Idaho Code 30-3-134, the corporation upon written demand from a member shall furnish that member its latest annual financial statements, which may be consolidated or combined statements of the corporation and its subsidiaries, that include a balance sheet as of the end of the fiscal year and statement of operations for that year. If annual financial statements are reported upon by a public accountant, the accountant's report must accompany them.

Corporate Records:

In accordance with Idaho Code 30-3-131(1), members of the corporation are entitled to inspect and copy, at a reasonable time and location specified by the corporation, the following corporate records listed below, if the member gives the corporation written demand at least fifteen (15) business days before the date on which the member wishes to inspect and copy:

A. The corporation's Articles or restated Articles of Incorporation and all amendments to them currently in effect;

B. The corporation's Bylaws or restated Bylaws and all amendments to them currently in effect;

C. Resolutions adopted by the corporation's Board of Directors relating to the characteristics, qualifications, rights, limitations and obligations of members or any class or category of members;

D. The minutes of all meetings of members and records of all actions approved by the members for the past three (3) years;

E. All written communications to members generally within the past seven (7) years, including the financial statements furnished for the past seven (7) years under section 30-3-134, Idaho Code;

F. A list of the names and business or home addresses of the corporation's current directors and officers;

G. The corporation's most recent annual report delivered to the Secretary of State under section 30-3-136, Idaho Code; and

H. Minutes of the regular meetings of the Board of Directors.

Other Records Of The Corporation:

In accordance with Idaho Code 30-3-131(2), a member is entitled to inspect and copy, at a reasonable time and location specified by the corporation, any of the following records of the corporation if the member meets the criteria listed below and gives the corporation written notice at least fifteen (15) business days before the date on which the member wishes to inspect and copy:

- A. Excerpts from any records required to be maintained under section 30-3-130(1) Idaho Code, to the extent not subject to inspection under section 30-3-131(1) of Idaho Code.
- B. Accounting records of the corporation, and
- C. Subject to section 30-3-133, Idaho Code, the membership list.

Criteria:

- 1. The member's demand to inspect is made in good faith and for a proper purpose, reasonably related to the member's interest as a member of the corporation;
- 2. The member describes in writing with reasonable particularity the purpose and the records the member desires to inspect;
- 3. The records are directly connected with this purpose; and
- 4. The Board of Directors shall determine whether a member's request is for a proper purpose.

If copies are requested, the Cooperative shall make the copies and shall only charge the member the usual fee for such service over 10 pages.

POLICY 51. EQUAL EMPLOYMENT OPPORTUNITY

Resolution #66-6A, October 5, 1966

Amended May 12, 1999

Amended September 19, 2006

Amended November 15, 2010

SREC provides equal employment opportunities to all applicants and all employees in accordance with both state and federal law. SREC strictly prohibits discrimination on the basis of race, color, religion, sex/gender, pregnancy, national origin/ancestry, age, disability, military service/veteran status, genetic information, or any other factor

protected by law. This policy applies to employment, promotion, demotion, transfer, recruitment, hiring, reduction in force, discharge, discipline, rates of pay or other forms of compensation, and any other employment-related decision affecting the terms and conditions of employment.

Employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor or any member of management. Employees can raise concerns and make reports without fear of reprisal. SREC will not tolerate discriminatory conduct. Employees in violation of this Equal Employment Opportunity Policy, including retaliating against any employee or applicant for reporting concerns, will be subject to disciplinary action, up to and including termination of employment.

POLICY 52. ENERGY CONSERVATION

March 11, 1981

Amended March 12, 1997

Amended February 10, 1999

Amended September 19, 2006

It shall be the policy of the Cooperative to promote the wise and efficient use of energy with emphasis on electric energy.

The Cooperative shall make available to its members conservation programs, which from time to time become available to the Cooperative through its power supplier and when such programs are cost effective to administer.

The Cooperative shall continually pursue conservation measures that limit electric energy losses of its transmission and distribution facilities.