

2020

2020 CUSTOMER RIGHTS AND RESPONSIBILITIES

A Brief History

In 1937, local residents formed a company to bring light to rural Southern Maryland. With the help of President Roosevelt's Rural Electrification Administration, residents formed a local electric cooperative.

Southern Maryland Electric Cooperative began with 600 members and now serves more than 165,000 customers in Charles and St. Mary's counties, most of Calvert County, and southern Prince George's County.

Cooperatives are distinctly different from investor-owned utilities because co-ops are owned by their customers, and members elect the men and women who serve on the Board of Directors.

Cooperatives also issue capital credits to their members. Capital credits are the member's share of the co-op's margins (profits), based on how much electricity the member purchased and the rate at which the account was billed. SMECO's margins are used to invest in new construction, system improvements, and facility upgrades.

SMECO's Service Commitment

SMECO will make every reasonable effort to provide continuous and uninterrupted service. However, SMECO will not be liable for damages of any kind, including consequential damages, resulting from interruptions or failures of service caused by acts of nature, public enemies, accidents, repairs, orders of the court, or other acts beyond the reasonable control of SMECO.

The co-op makes no repairs to wiring beyond the meter. SMECO owns and maintains the lines up to the meter, but not the service entrance cable to your house. For an overhead installation, the co-op's responsibility ends at the service drop. The meter base is the property of the homeowner and it is each one's responsibility to work with a qualified electrician to maintain, repair, or replace it with a SMECO-approved

meter base as qualified with a SMECO sticker or metal stamp.

Reporting an Outage

Before contacting SMECO to report a power outage, first check your circuit breakers. If all appliances and lights are off, contact SMECO. Call 1-877-74-SMECO (1-877-747-6326) or 1-888-440-3311, use the SMECO 24/7 mobile app or texting feature, or visit smeco.coop/outage.

Reliability

SMECO monitors its service reliability in numerous ways, including the three indices below that are used throughout the electric utility industry, as follows.

- **System Average Interruption Duration Index: SAIDI** indicates the average number of hours each of SMECO's more than 165,000 members was without electric service during the calendar year. In 2018, the average SMECO customer experienced power outages for 1.88 hours, not including major storms.
- **System Average Interruption Frequency Index: SAIFI** indicates the average number of times each customer experienced a sustained service interruption during the calendar year. In 2018, the average SMECO customer experienced 1.23 sustained service interruptions, not including major storms.
- **Customer Average Interruption Duration Index: CAIDI** indicates the duration, in hours, of the average sustained electric service interruption during the calendar year for those members who experienced an outage. In 2018, the average SMECO customer who experienced an outage was without power for 1.52 hours, not including major storms.

For more information about your individual service reliability, please submit your inquiry in writing to:

SMECO, Distribution Operations Director
P.O. Box 1937
Hughesville, MD 20637

Contact Information

Toll-free:	1-888-440-3311
Outage Hotline:	1-877-74-SMECO (1-877-747-6326)
SMECO Direct Pay:	1-866-528-7757
Maryland Relay for the Hearing Impaired (TTY/HCO):	1-800-735-2258
Payment mailing address:	P.O. Box 62261 Baltimore, MD 21264-2261
Mobile App:	SMECO 24/7
Text:	76326 (SMECO)
Website:	www.smeco.coop
Correspondence mailing address:	P.O. Box 1937 Hughesville, MD 20637

Customer Service Locations

15065 Burnt Store Road
Hughesville, MD 20637

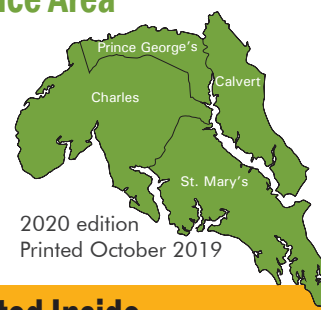
23365 Hollywood Road
Leonardtown, MD 20650

Office Hours

Monday–Friday: 8 a.m. to 4 p.m.
(except holidays)

Customer Care Representatives are available 24 hours a day, 7 days a week at 1-888-440-3311.

Service Area



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Requesting Service

You may request electric service by calling 1-888-440-3311, by visiting a SMECO office, or by going online to smeco.coop. SMECO office addresses and phone numbers are located on the cover of this booklet. After arranging for a service connection, you will receive a service confirmation letter. Please verify the information in the confirmation letter. Please allow 24 business hours for service to be connected.

Your first bill for electric service will include a nonrefundable, nontransferable \$25 service application charge. For each additional electric connection requiring a meter reading, you will be billed a \$25 service application charge; the charge is \$10 when a meter reading is not required. SMECO may verify current tenant occupancy through the owner and/or a notarized lease agreement.

You become a member of the cooperative only when electric service is connected in your name. When your electric service is discontinued, your membership is terminated. Notify SMECO if your mailing address changes so we can send any refunds or capital credits that may be due to you.

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Customer Choice

When you become a SMECO member, you receive the co-op's electric distribution service, and you will automatically receive SMECO's Standard Offer Service as your electricity supply. However, you can choose another electricity supplier at any time.

Maryland electric customers have the ability to choose their electric power supplier, and, under customer choice, electricity suppliers other than SMECO may offer to sell electricity. Alternate suppliers that sell electricity in SMECO's service area must be certified with the Maryland Public Service Commission (PSC) and SMECO.

The co-op will continue to distribute the power and to maintain and service the electric lines. SMECO will still read the meter and bill the member for electric distribution service. SMECO will also provide electricity to members who do not wish to choose another supplier. Rates for this supply, known as Standard Offer Service, are regulated by the PSC.

Customer choice legislation, which was enacted in 1999, also implemented a variety of consumer protections against fraud, deceptive practices, and unfair discrimination.

For more information on choice-related topics and programs, visit the state's

website at psc.state.md.us. Residential consumer protection issues or complaints may be directed to the PSC, Consumer Affairs Division, at 1-800-492-0474. For a list of licensed electric suppliers, visit psc.state.md.us or call 1-800-492-0474.

Landlord Agreement

When a landlord enters into a Landlord Agreement with SMECO and a tenant requests the electric service to be disconnected, SMECO automatically transfers the service into the landlord's name. The landlord is responsible for the service application fee and charges for electricity beginning with the effective date given by the tenant. If a Landlord Agreement is on file or noted with the co-op, a \$10 service fee is assessed if the service is transferred from the tenant into the name of the landlord, rather than the standard service application fee of \$25. If a tenant's service is disconnected for nonpayment, the Landlord Agreement does not apply.

The landlord is responsible for notifying SMECO when a property is sold in order to cancel the Landlord Agreement and related future billing responsibilities. If SMECO is not notified, the landlord remains responsible for any and all usage incurred. The Landlord Agreement will be cancelled if the landlord fails to pay balances due that are incurred while in the landlord's name.

When a Member Discontinues Service

When members discontinue service with SMECO, we ask that they provide a current mailing address and notify SMECO of any subsequent address changes so future capital credit refunds can continue to be forwarded.

Members do not receive lump-sum capital credit refund checks upon discontinuing service with SMECO. Capital credit refunds may be made based upon Board approval and according to the financial condition of the cooperative.

Deceased Members

SMECO needs to be notified by a relative or other legal representative when a customer of record dies so that the account can be put in another person's name or closed. SMECO will refund the deceased member's capital credits to the member's estate in a reduced lump sum payment if the account was listed solely in the customer's name and is closed. For joint accounts, capital credits are not issued to the estate unless both parties are deceased. For an estate to receive a refund, a relative or representative must provide SMECO with an original death certificate and a Letter

of Administration that designates a legal representative of the estate in accordance with county guidelines.

The Electric Meter

The electric meter measures the amount of electricity you use in kilowatt-hours (kWh). One kWh is equal to leaving a 100-watt light bulb on for 10 hours. This is important because your monthly electric bill is based on the number of kWh you use.

Meter Reading Procedures

SMECO will normally read the meter every month to record your kWh usage, either with an automated system or manually. The date the meter was read and the number of days in each billing period are printed on your bill.

An estimated bill will have the word "estimated" printed on it. Any difference between your actual kWh usage and the estimate will be corrected with the next meter reading.

If you do not provide access to your meter, your service may be turned off.

Account Manager

With SMECO's smart meters, meter readings are automated and energy usage information is available to members online. Just log in to SMECO's Account Manager, and you can see how much energy you used every day. You can use the information available in Account Manager to save energy so you can save money.

How to Read A Meter

If you don't have Internet access, learning to read an electric meter can help you keep track of your kWh usage.

Read your meter like you would read your car's odometer.

Simply subtract last month's reading from this month's reading to determine how much energy you've used.

Use the guide below to find out how much electricity you're using. The displays on the digital meters cycle through several screens, which change every few seconds.

(The following example is for a Sensus meter, the model that most members have.) The first screen in the sequence is a display test to verify that the display is working.



The second screen is a marker for the next screen, which shows the amount of electricity used as measured in kWh. The sample display shows 2439. For most residential members, the third screen shows all you need to know.

Account Manager tip: Sign up for emails and text messages to make bill paying easier.



If you have solar panels or other means of generating your own electricity, the fourth screen is a marker for the upcoming screen, which displays the amount of excess energy produced by your solar panels. SMECO's meter doesn't measure how much energy you produced and used during the month.



The sixth screen is a marker for the upcoming screen, which shows electricity demand. Demand is the maximum amount of electricity that you consume at a given time. The seventh screen displays the amount of demand as measured in kilowatts (kW). Commercial members who operate large equipment are billed for their demand.



Computing Kilowatt-Hours

Like readings from your car's odometer, the kWh readings are cumulative; the readings are not reset to "0" each month. SMECO computes the number of kWh used from one reading to the next by subtraction. For example, a meter may be read as 2439, as above, then 30 days later the meter is read as 3439. Subtracting the earlier reading from the last reading shows that 1,000 kWh was used during the month.

The kW is reset on a monthly basis. The kW on the display reflects the peak 15-minute demand since the last reset.

Meter Multiplier For Large Accounts

The size of a customer's electric service is determined by a master electrician when the electric service is new. The meter installation is sized by SMECO to allow for safe registration of kWh usage based on the master electrician's specifications. For members with a large electric service, a meter and instrument transformers are installed to safely measure a fraction of the kWh usage. In these cases, a meter multiplier is used to compute the actual kWh usage for billing.

For example, a meter installation may be sized to allow one-tenth of the actual kWh usage to be registered by the meter. If the meter has a multiplier, a number other than "1" is printed under Meter Multiplier on

your bill; use this number to compute the total kWh and kW used.

Meter Reading Verification

Your kWh usage may vary from month to month. One reason is the varying number of days in the billing period. Other factors may include weather, changes in family living habits, changes in appliances or appliance use, or use of electric heat or air conditioning.

You may request SMECO to check the meter reading used for billing purposes. If the original meter reading was incorrect, SMECO can send you a new bill. If the original meter reading was correct, you will be charged a \$28 Check Meter Read Fee.

Meter Tests

Meters are built and tested to the standards set by the National Bureau of Standards. SMECO tests meters periodically as required by the Maryland PSC. A member may request one meter test in an 18-month period. This test is free of charge. A member may also request a special referee meter test by writing to the PSC (address on back). Depending on the type of meter, your request must include a \$10 deposit for a watt-hour meter test or a \$20 deposit for a combination watt-hour and demand meter test. Your meter will then be tested by a PSC representative with a co-op employee present.

When tested, SMECO meters are found to perform within PSC guidelines 99.9 percent of the time. If your meter is discovered to be operating incorrectly, adjustments (undercharge or overcharge) will be made to prior bills according to PSC regulations. Your deposit will be refunded if the meter over-registers by more than two percent.

Only SMECO employees are authorized to break or remove a meter seal or change a meter. Contact SMECO if you need the meter base detached (to replace siding or sheathing behind the meter base) or when you will be working around electric cables.

Billing Information and Procedures

Rates, fees, and charges are subject to change.

Methods of Payment

Pay Automatically

Enroll in AutoPay to have your SMECO bills deducted automatically from your bank, savings and loan, or credit union account, or use your Visa, MasterCard, or Discover credit or debit card. With AutoPay, there's no more worry about late charges.

Receive Bills and Pay Online

Review and pay your bill online—any time—at smeco.coop. Use Account Manager to review and pay bills, track energy use, forecast your bills, and more. You can also sign up for weekly email updates and high bill alerts.

In a hurry? Make a quick, easy payment online with just your account number and zip code by using the Pay Your Bill button.

You can pay online using third-party bill payment sites such as CheckFree and MyCheckFree through participating banks.

If you use a third-party site to pay your SMECO bill, SMECO will not reimburse you for any overpayment. Overpayments will be credited to your SMECO bill.

Pay by Mobile App

You may also use the SMECO 24/7 mobile app to pay your bill using your iPhone, an Android smartphone, or a tablet. Download the app for free from Apple iTunes or Google Play. Simply search for SMECO 24/7.

Pay by Text

Register for SMECO's texting service to pay your bill. To use the texting option, just text REG (for register) to 76326 (SMECO) and follow the prompts to complete registration.

Pay by Phone

Use SMECO's Direct Pay system to pay with a check or credit card (Visa, MasterCard, or Discover). Have your account number available when you call Direct Pay at 1-866-528-7757.

Pay By Mail

Send a check or money order—never cash—to SMECO at P.O. Box 62261, Baltimore, MD 21264-2261. Always be sure to include your bill stub, and write your account number on your check or money order.

Pay In Person at a SMECO Office

During regular business hours, a Customer Service Representative will accept your payment at the Hughesville or Leonardtown office. Please bring your entire bill when paying in person.

Pay at Walmart

Pay your bill at any Walmart for an additional fee. Just take a copy of your bill to any Walmart Money Center or Customer Service Desk. Please allow three business days for the payment to post. (This option is not recommended for members whose accounts are delinquent or who have received a termination notice.)

Account Manager tip: Sign up for Budget Billing or Automatic Payments, or both!

Special Payment Programs

Budget Plan

The Budget Plan can help you budget your monthly bill payments. To be billed under this plan, your residential electric bills must have totaled at least \$300 during the last 12 months. In the absence of a 12-month history, you may be accepted on the plan if SMECO can make a reasonable estimate of your energy use.

After six months, the amount of your even monthly payment may be reviewed and adjusted. You can request a review of your payment plan at any time; SMECO may also make adjustments to your payment plan amount during the year if we feel it is necessary.

If you fail to pay your monthly bill, you can be dropped from the program and your service can be turned off.

Sign up with ease in Account Manager.

Bill Extender Plan

SMECO offers a Bill Extender Plan to assist qualifying residential members. You may qualify if you receive Social Security benefits or other government financial assistance as the main source of income within your household or if you are at least 62 years old. The plan automatically extends the date a current bill is due to a 32-day due date.

To enroll in any SMECO program, visit our website at smeco.coop, or call us at **1-888-440-3311**.

Smart Meter Opt Out Fee

If you do not want to have a smart meter installed at your home, you may opt out. An initial fee of \$75, which may be paid in three monthly installments, and a monthly fee of \$17 will be incurred.

Late Payment Fee

SMECO charges a late payment fee of 1.5 percent when payment is received more than 22 days after the bill is issued. Avoid this charge by paying the bill on or before the due date printed on the bill.

When the 22 days allowed for payment expires on a holiday or a weekend, the payment period will be extended through the next business day.

Another late payment fee of 1.5 percent is applied to any portion of the original amount that remains unpaid at the end of the next billing period. A final late payment fee of 2 percent may be applied to any portion of the original amount still unpaid at the end of the next billing period.

The total late payment fees will not exceed 5 percent of the original unpaid amount.

All late payment fees, if not paid, will be added to your next bill as a line item.

Returned Item Charge

Any banking or payment item returned to the co-op unpaid by a customer's bank will incur an \$11 charge per item per occurrence. This applies to payments received for electric bills, customer deposits, reconnection fees, or any other charge paid to the co-op, and includes payments made utilizing third-party bill-paying services. The \$11 charge will be added to the member's account.

A member may request a waiver of the returned item charge if no such waiver has been given in the past 11 months.

How to Compute Your Bill

On the following pages are the calculations used for a sample residential bill based on a monthly usage of 1,000 kWh for a member receiving Standard Offer Service from SMECO. If you choose another electricity supplier, your bill calculations would reflect the energy charge from that supplier.

Bills for residential service and general service are computed in a similar manner. However, general service bills have a number of variables and are printed on more than one type of bill form.

Power Cost Adjustment (PCA)

Standard Offer Service (SOS) members have a monthly PCA, which may be a charge or a credit, included on their bill. The PCA is calculated monthly to recover differences between actual SOS power supply costs and the amount paid by SOS members through the SOS base charges. The PCA also accounts for differences in projected versus actual demand response credits. The monthly PCA factor will be calculated using 12 months of historic and projected power supply costs, kWh sales, demand response credits, and the cumulative over-recovered or under-recovered balance. The PCA factor is revised each month.

Past Due Amount

Any member whose bill shows a past due amount will be mailed a Notice of Termination. If you receive a Notice of Termination and your bill has already been paid, please CALL SMECO as soon as possible—DO NOT DISREGARD the termination notice. We will verify that your payment has been received and credited to your account. If the past due amount has not been paid, your electric service may be turned off.

If a past due amount is owed and a payment is made on the bill, the amount

paid will be applied to the member's SMECO account in the following manner:

- First, the amount paid will be applied to over-due deposit charges owed to SMECO.
- Then, any remainder will be applied to past due electric charges.
- Next, any remainder will be applied to current deposit charges.
- Last, any remainder will be applied to current electric charges.

SMECO Rate Schedules

Abridged—for a complete schedule of current rates, contact SMECO or visit the co-op's website at smeco.coop.

The following rates were in effect September 1, 2019.

The rates, fees, and charges in this booklet were in effect at the time of printing and are subject to change by order of the Public Service Commission.

Members who choose an alternative electricity supplier will pay the electricity rates of that supplier. At the member's option, supplier charges will be included on the bill from SMECO or billed separately by the electricity supplier.

Residential Service: Schedule R Electricity Supply

Members who use SMECO as their electricity supplier will pay SMECO's Standard Offer Service (SOS) Charge and the PCA.

SMECO SOS Charge: The base rate for the electricity supply provided by SMECO. The co-op's Standard Offer Service rates are regulated by the Maryland PSC.

Summer (May–September):
\$0.0698 per kWh

Winter (October–April):
\$0.0754 per kWh

To compare SMECO's electricity supply prices (which include the Standard Offer Service rate and the Power Cost Adjustment) to alternative suppliers' rates, go to smeco.coop.

- **PCA**
See explanation on page 4.

Other Charges

All members, including those who choose an alternative electricity supplier, will pay the charges listed below.

- **Facilities Charge:** a fixed monthly charge that partially recovers the costs of SMECO's physical plant and

Residential Bill Calculations

(Example is based on 1,000 kWh and SMECO's winter rates.)

Standard Offer Service

Energy Charge plus Power Cost Adjustment

Energy Charge\$75.40
(1,000 kWh x \$0.0754)

Multiply your kWh used by the rate: 7.54 cents per kWh.

Power Cost Adjustment (PCA)(\$0.25)
(1,000 kWh x (\$0.000247))

Multiply your kWh used by the PCA per kWh, a rate which changes monthly. This example uses a credit of .0247 cents per kWh. See explanation on page 4.

Facilities Charge\$9.50
A fixed monthly charge.

Distribution Charge.....\$43.00
(1,000 kWh x \$0.04300)

Multiply your kWh used by the rate: 4.300 cents per kWh.

Bill Stabilization Adjustment\$0.21
(1,000 kWh x \$0.000205)

A Bill Stabilization Adjustment (BSA) that varies each month helps to ensure that the cooperative's revenues cover its fixed costs regardless of abnormal weather or other factors that affect customer energy use. For months when revenue falls short of an average monthly level, the BSA will allow SMECO to recover that shortage. When revenue exceeds an average monthly level, a credit will be added to customer bills.

EmPOWER Maryland Charge.....\$6.98
(1,000 kWh x \$0.00698)

Multiply your kWh used by the rate. The charge of 0.698 cents per kWh covers the cost of energy savings and rebate programs. This rate is in effect until December 31, 2019.

Public Service Co. Franchise Tax\$0.62
(1,000 kWh x \$0.00062)

Multiply your kWh used by the rate: 0.062 cents per kWh. This tax is required by the State of Maryland for sales to all customers.

Electric Universal Service Charge.....\$0.32
This flat rate charge is required by the State of Maryland for assistance to low-income families.

County Energy Tax (P.G. County)\$9.69
(1,000 kWh x \$0.009690)

For residents of Prince George's County, multiply your kWh used by your county's energy tax rate. The energy tax rate in effect until June 30, 2020, is 0.9690 cents per kWh.

For residents of St. Mary's County, the energy tax rate is 1.25 percent of all SOS energy and demand charges.

Maryland Environmental Surcharge.....\$0.14
(1,000 kWh x \$0.000144)

Multiply your kWh used by the rate: 0.0144 cents per kWh. The above surcharge is applicable through June 30, 2020.

Total Current Charges\$145.61
Add the charges together and subtract any credits from the total.

All charges and tax rates are subject to change.

equipment and the costs of operating and maintaining the electric system.

\$9.50 per month

- **Distribution Charge:** a cost for bringing the electricity you use to your home.
\$0.04300 per kWh

- **Bill Stabilization Adjustment (BSA):** a charge or credit for bringing the electricity you use to your home.

- **EmPOWER Maryland Charge:** This charge covers the cost of energy savings, demand response, and rebate programs. These programs required by the state.
\$0.00698 per kWh

- **Public Service Company Franchise Tax:** a tax applying to all members as part of the state utility tax law.
\$0.00062 per kWh

- **Electric Universal Service Charge:** a charge instituted by the state of Maryland to assist low- and fixed-income electric members.
\$0.32 per month

General Service Non-Demand Rates: Schedule GSND

This rate is not available to accounts established after October 2016. Any changes to account status may result in being transitioned to the General Service Demand Rate Class.

Electricity Supply

Only members who use SMECO as their electricity supplier will pay SMECO's Standard Offer Service (SOS) Charge and the PCA.

SMECO's electricity supply prices can be accessed at smeco.coop.

- **SMECO SOS Charges:**

- Summer (May–September): \$0.0677 per kWh

- Winter (October–April): \$0.0751 per kWh

- **PCA**

- See explanation on page 4.

Other Charges

All members, including those who choose an alternative electricity supplier, will pay the charges listed below.

- **Facilities Charge:**

- \$18.28 per month for single-phase members served at secondary voltage

- \$26.15 per month for three-phase members served at secondary voltage

- **Distribution Charge—Energy:**
\$0.03039 per kWh

- **Bill Stabilization Adjustment:** a charge or credit for bringing the electricity you use to your location.

- **EmPOWER Maryland Charge:**
This charge covers the cost of energy savings, demand response, and rebate programs.
\$0.00501 per kWh

- **Public Service Company Franchise Tax:**
\$0.00062 per kWh

- **Electric Universal Service Charge:**

- This charge is a fixed monthly amount based on the member's historic annual electric bill. In the

those members who do pay their bills. A customer deposit ensures payment of final bills and cannot be applied to current bills.

SMECO conducts all matters pertaining to customer deposits in compliance with regulations set by the Maryland PSC. These regulations are defined in the Code of Maryland Regulations (COMAR) 20.30.01 and 20.30.02. Copies of these regulations are available upon request from the co-op.

Any residential or nonresidential member who is requested to furnish a deposit has the right to have this request reviewed by the PSC. The PSC may be contacted at the address or telephone number listed on page 11.

Residential Customer Deposits

A: SMECO may require a current or former residential customer to reestablish credit if one of the following conditions exist, per COMAR 20.30.02.03:

- The member owes an outstanding bill for a prior residential service;
 - the member's residential account has been terminated within the last 12 months due to nonpayment of a bill;
 - the member failed to pay a residential bill by its due date on more than two occasions in the prior 12 months of service;
 - the residential account is more than two months in arrears; or
 - conditions of service or the basis on which the member's credit was established have materially changed.
- B: A residential customer who has established credit and is receiving service, but who fails to pay a bill by the expiration date of a termination of service notice, may be required by the utility to reestablish credit by depositing the amount prescribed in COMAR 20.30.02.04, in addition to paying the outstanding bill and a reasonable reconnection charge, provided that any prior deposit paid by the customer has been refunded.

New Applicants

New applicants for residential service will be required to establish credit with the co-op or pay a customer deposit. A new customer may establish credit by providing proof of all of the following:

- the applicant was a customer of a utility within the past two years;
- the applicant does not currently have any outstanding bills for utility service to any utility;

- the applicant did not have service discontinued for nonpayment of a utility bill during the last 12 months that service was provided;
- the applicant did not, on more than two occasions during the last 12 months that service was provided, fail to pay a utility bill when the bill became due. (This information can be obtained from your previous utility by requesting a letter of credit.)

If an applicant does not show good paying habits and cannot establish credit satisfactorily, then a deposit will be required. The deposit will not be less than \$50 nor more than 2/12 (two-twelfths) of the estimated charge for service in the upcoming 12 months. If a customer's actual bills differ greatly from the estimated charge for service, then the amount of the deposit will be adjusted accordingly.

Deposits of \$150 or less may be paid in installments over a period of at least eight weeks. Deposits of more than \$150 may be paid over a period of at least 12 weeks. Members will be informed of these payment options at the time the deposit is required.

SMECO will pay interest on customer deposits. Interest rates change the first of each year; call SMECO for the current rate. Once a year, a customer may provide a written request to SMECO to have the interest credited to their account; otherwise, the interest will be paid when the deposit is credited to the account or refunded.

A residential deposit plus accrued interest will be refunded after the first 16 months of service, or 12 months after the deposit has been paid in full, if the customer:

- has not had service turned off for nonpayment of a bill; and
- has not had more than two past due bills; and
- the account is not past due; and
- has not had a returned payment.

If the customer does not meet these conditions, the deposit will be retained. The PSC requires SMECO to review the account each year and to refund the deposit plus accrued interest as soon as the conditions have been met.

SMECO will refund the deposit plus interest of a customer who is 60 years old or older, provided the customer:

- requests refund of the deposit;
- presents satisfactory proof of age; and
- does not owe a past due bill or an uncollected bill to SMECO.

When service is discontinued, SMECO will refund a residential customer deposit plus any accrued interest in excess of the member's final bill. A transfer of service from one residence to another within the service area does not entitle a customer to a refund of the deposit.

Nonresidential Customer Deposits

A: SMECO may require a current or former nonresidential member to reestablish credit if they meet one of the following criteria, per COMAR 20.30.01.03:

- the member owes an outstanding bill for a prior non-residential service;
- the member's nonresidential account has been terminated within the last 12 months due to nonpayment of a bill;
- the member failed to pay a nonresidential bill by its due date on more than two occasions in the prior 12 months of service;
- the nonresidential account is more than one month in arrears; or
- conditions of service or the basis on which the member's credit was established has materially changed.

B: A nonresidential member who has established credit and is receiving service but who fails to pay a bill by the expiration date of a termination of service notice, may be required by the utility to reestablish credit by depositing the amount prescribed in COMAR 20.30.01.04, in addition to paying the outstanding bill and a reasonable reconnection charge.

In addition to demonstrating good paying habits in the ways previously described for prospective residential members, prospective nonresidential members may also be required to establish credit by any one of the following methods:

- showing that the applicant has been actively engaged in his or her current business as a proprietorship, partnership, or corporation for at least four years;
- demonstrating credit worthiness by showing that the applicant has made payment on credit accounts when due;
- furnishing SMECO with a satisfactory guarantee in writing;
- furnishing an irrevocable commercial letter of credit, or providing a surety bond acceptable to the co-op; or
- otherwise establishing the applicant's credit to the co-op's satisfaction.

If an applicant is unable to establish credit under any of the methods stated, SMECO may require a cash deposit to

ensure payment of a final bill. Also, a deposit may be required if the conditions of a service change or if there is a change in the method under which the applicant establishes credit.

When a deposit is required, the deposit will not be for more than the maximum estimated charge for service for two consecutive billing periods, or as may reasonably be required in cases involving service for short periods or special occasions. A deposit of \$100 or more may be paid in installments over a period of at least eight weeks.

SMECO will pay interest on customer deposits. Interest rates change the first of each year; call SMECO for the current rate. Once a year, a member may provide a written request to SMECO to have the interest credited to their account; otherwise, the interest will be paid when the deposit is refunded.

A nonresidential deposit plus accrued interest will be refunded after four years if the member:

- has not had service turned off for nonpayment of a bill within the last two years;
- has not, on more than two occasions within the last 12 months, failed to pay a bill within a reasonable time after it became due;
- is not behind in the payment of a bill;
- has not presented a check returned by the bank in payment of a bill within the last two years; and
- has not had unfavorable credit information recorded against the customer within the last two years.

If the member does not meet these conditions at the end of the first four years of service, the deposit will be retained. SMECO will review the account every year and will refund the deposit plus accrued interest when the above conditions have been met.

When service is discontinued, SMECO will, within 45 days, refund the deposit plus any accrued interest in excess of the customer's final bill. A transfer of service from one premise to another within SMECO's service area does not entitle a customer to a refund of the deposit.

Termination and Reconnection Policies

Bills are due when issued and are past due after 22 days. When payment has not been received by the time the next month's bill is

issued, the past due amount will be printed on the current bill.

A separate Notice of Termination is printed and mailed for any bill having a past due amount. The notice informs the customer that service may be turned off after 14 days unless the past due amount is paid. The notice also informs the customer of steps to take to avoid having service to a residence turned off. It is the residential customer's responsibility to notify SMECO **before the scheduled turn-off date** if one or more of the following conditions apply:

- The customer or an occupant of the household is 65 or older, physically handicapped, mentally impaired, or dependent on electrically operated life-support equipment. Serious illness, handicap, or need for life-support equipment must be certified by a licensed physician, physician's assistant, or certified nurse practitioner. A form for certification is provided with the notice and must be returned to SMECO before the scheduled service turn-off date. The customer or the certifying party may call to notify SMECO of the intent to provide certification. (See Restrictions on Terminations, page 10.)
- The customer cannot pay for service in accordance with SMECO's billing practices. (See Alternate Payment Plans, page 9.)
- The amount shown on the bill as past due is the subject of a genuine dispute such as an error in computation or the failure of SMECO to show a payment or credit. (See Dispute Procedures, page 11 or online at smeco.coop/account/rights-and-responsibilities.)

If the past due amount is not paid and the member has not notified SMECO that one of the listed conditions applies, service may be disconnected on or after the date on the termination notice.

When a SMECO employee is sent to the member's home to turn off service for non-payment, the member must pay the past due amount to avoid having service turned off; the member will be billed an additional \$28 collection fee. The SMECO employee is authorized to accept payment (check or credit card) at that time. SMECO does not accept cash payments at homes or businesses.

When service is disconnected, the customer must then pay **all** overdue bills and a reconnection fee to have service restored. In addition, the customer may be required to pay a deposit. (See Residential Customer Deposits, page 8.) Payment to reconnect

service must be made during normal business hours.

A reconnection fee of \$36 will be charged when service is reconnected during co-op working hours. These hours are 8 a.m. to 4 p.m., Monday through Friday (except holidays). A fee of \$133 will be charged when a reconnection is made outside the co-op's regular working hours. SMECO is not obligated to reconnect service after regular business hours when service has been disconnected due to nonpayment.

All fees are subject to change.

Meter Tampering and Unauthorized Electricity Consumption

Service will be terminated when SMECO finds that someone has tampered with the meter, bypassed the registration of the meter, or interfered with the proper metering of service.

After service is terminated, the customer must meet the following requirements to have service connected.

- Pay for all damages to equipment due to interference with metering.
- Pay the bill for unmetered service plus all past due debt.
- Pay an investigation charge of \$252.
- Pay a service application fee.
- Agree to comply with reasonable requirements to protect the cooperative against further losses.
- Pay a deposit in accordance with COMAR 20.30.02.03 Reestablishment of Credit.

Electricians are required to contact SMECO prior to performing energized work that would require temporarily disconnecting the electric meter. If an electrician pulls the meter on your home without contacting SMECO, you will be charged for meter tampering.

Alternate Payment Plans

A member who is unable to pay for electric service in accordance with SMECO's billing practices may, under certain circumstances, negotiate an alternate payment plan. The alternate payment plan will take into account the member's circumstances, financial condition, and payment history.

An alternate payment arrangement must be confirmed with a Customer Care Representative prior to the termination date. The plan negotiated will be noted on the customer's account record at SMECO. If the member fails to meet the obligations agreed upon, SMECO may initiate turn-off procedures without further notice for a past-due balance.

Third-Party Notice

A member may authorize an individual, organization, or agency to receive a copy of any Notice of Termination the member might receive. The purpose of Third-Party Notice is to give the appointed party an opportunity to investigate the situation on behalf of the member. The third party is in no way legally responsible for the member's service or for paying any part of the member's electric bill. Call SMECO to receive a copy of the form to request Third-Party Notice.

When Service May Be Terminated

Terminations Requiring Notice—

After sending a member written notice at least 14 days in advance, a member's service may be turned off for any of the following reasons:

1. Violation of, or noncompliance with, SMECO's tariff on file with the PSC or with the applicable PSC rules (COMAR 20.50, Service Supplied by Electric Companies).
2. Failure to fulfill contractual obligations for services or facilities subject to regulation by the PSC.
3. Failure to provide access to the co-op's meter and equipment located on the customer's premises.
4. Failure to provide the co-op with a deposit as authorized in COMAR 20.30.02, Residential Customer Deposits.
5. Failure to furnish the service, equipment, permits, certificates, or rights-of-way, as specified by SMECO as a condition to obtaining service, or if the equipment or permissions are withdrawn or terminated.

Terminations Without Notice—

SMECO may turn off service without notice for any of the following reasons:

1. A condition on a member's premises is determined by the co-op to be hazardous.
2. The member's use of equipment in a manner which adversely affects the co-op's equipment or service to others.
3. Tampering with equipment furnished and owned by the cooperative.
4. The member's unauthorized use of service by any method, including diversion of electricity around a meter.

Terminations With Seven Days' Notice—

The co-op may turn off service at a dwelling unit if service has been secured in any manner described below:

1. Application was made in a fictitious name.
2. Application was made in the name of an individual who is not an occupant of the dwelling unit, without disclosing the individual's actual address. Application was made in the name of a third party without disclosing that fact or without authority from the third party.
3. Application was made without disclosure of a material fact or by misrepresentation of a material fact.
4. Application was made for service to a dwelling unit where there are co-occupants, if an account for that dwelling unit was previously held in the name of a current co-occupant who failed to pay or make arrangements to pay an outstanding bill or the undisputed portion of a disputed bill at the dwelling unit during a period of co-occupancy with the present applicant.
5. Application was made for service to a dwelling unit where there are co-occupants, if the account at a prior dwelling unit of the applicant was held in the name of a current co-occupant who has failed to pay or make arrangements to pay an outstanding bill or undisputed portion of a disputed bill for service at the prior dwelling unit.
6. Application was made by an individual to help another occupant of a dwelling unit to avoid payment of that occupant's prior outstanding bill.

If service at a dwelling unit was secured in any manner described above, SMECO may give seven days' notice that service will be turned off. The notice will state the facts or circumstances upon which the co-op bases its decision that a turn-off is justified. The notice will state the amount of any outstanding bill. The co-op may then proceed to turn off service unless certification is received from a licensed physician, physician's assistant, or certified nurse practitioner stating that service disconnection will aggravate an existing serious illness or prevent the use of life-support equipment of any occupant of the dwelling unit.

A member who disputes the proposed turn-off must do so in accordance with the provisions of COMAR 20.32.01.04, Dispute Procedures.

Insufficient Reasons for Termination—

SMECO may not turn off service to an existing member for the following reasons:

- Failure of a previous customer to pay for service at the premises to be served unless the current or prospective customer

violates one of the provisions under Terminations with Seven Days' Notice.

- Failure to pay:
 1. for goods and services provided by SMECO other than electric service;
 2. for service in other than a dwelling unit;
 3. the bill of another customer as guarantor of that other customer;
 4. a bill that is past due for less than three months if a security deposit exceeds the amount of the estimated final bill;
 5. any outstanding bill that is less than \$50 and is past due for less than three months;
 6. any undercharge by SMECO for the period in excess of four months as described in COMAR 20.50.04.05; or
 7. an outstanding bill that is more than seven years old unless the customer signed an agreement to pay the outstanding bill before the expiration of this period, or the outstanding bill is for service obtained by the customer in any manner described in COMAR 20.31.02.03D or 20.31.02.04A(1)-(7).

Restrictions on Terminations

Restrictions for Serious Illness and Life-Support Equipment—

If a member or any occupant of the household is declared by a licensed physician, physician's assistant, or certified nurse practitioner to be seriously ill or dependent upon life-support equipment and the member submits a certificate to SMECO, service will not be turned off for **an initial period of up to 30 days** beyond the scheduled turn-off date. During that time, however, the member must enter into an agreement with the co-op for paying delinquent and current amounts due. (See Alternate Payment Plans, page 9.)

The member must provide SMECO with a new completed certificate signed by the physician, physician's assistant, or certified nurse practitioner each month if the serious illness continues beyond 30 days.

Restrictions for Elderly or Handicapped Individuals—

After the Notice of Termination is mailed but before the scheduled turn-off date, a residential member may provide a completed certificate stating that the member or an occupant of the household to which service will be turned off is age 65 or older or handicapped. If SMECO receives this certification, an attempt will be made to contact the member by telephoning or visiting the household and leaving a copy of the Notice of Termination.

