

## PART II - TERMS AND CONDITIONS OF SERVICE

This Retail Electric Service Tariff (Retail Tariff) is a statement of the Cooperative's rules, regulations and practices governing the delivery of and supply of electric service to the Cooperative's Customers. It is supplementary to the regulations of the Public Service Commission of Maryland governing service supplied by electric companies. The Commission's regulations are set forth in Title 20, Code of Maryland Regulations ("COMAR").

This Retail Tariff is filed with the Commission; copies are open to inspection at all offices of the Cooperative. The interpretation of this Retail Tariff as to intent and application will be made by the Cooperative, subject to approval by the Commission.

The applicable provisions of this Retail Tariff are a part of every agreement for service between the Customer and the Cooperative, the terms of which are binding upon the Customer or the successors thereof. No agent of the Cooperative or any other person shall have the power to amend, modify, alter, or waive the provisions of this Retail Tariff or to bind the Cooperative by making any promise or representation not incorporated in the membership application, application for additional service, or rate schedules in the Cooperative's Retail Tariff.

In unusual circumstances, when application of the provisions in this Retail Tariff appears impracticable or unjust to either party or discriminatory to other Customers, the Cooperative or Applicant may refer the matter to the Commission for consideration of modification of the provisions or for the approval of special conditions.

### A. REVISION OF RETAIL TARIFF

This Retail Tariff may be revised or amended from time to time in accordance with the Commission's laws, rules and regulations. All contracts and agreements are subject to Retail Tariff changes.

### B. CODE REQUIREMENTS

These rules and regulations supplement the requirements of the National Electrical Code, National Electrical Safety Code, PSC rulings, and applicable rulings of State, County and Municipal Authorities. The National Electrical Code and various electrical ordinances are designed to provide the minimum requirements considered necessary for safety. The Code itself states:

"Compliance therewith and proper maintenance will result in an installation essentially free from hazard but not necessarily efficient, convenient or adequate for good service or future expansion of electrical use."

In most cases, installation of wiring capacity greater than the minimum code requirements is strongly recommended.

C. APPLICATION FOR SERVICE

To receive electric service from the Cooperative, an Applicant must:

1. Contact a Cooperative office by using SMECO's internet web-site, by telephone, or in person to apply for service and provide related information. All requests for service shall be promptly confirmed in writing to the Applicant.
2. Pay a nonrefundable service application charge. The Service Application Charge shall be \$25 for each application for service where the Cooperative must read or set the meter effective with establishment of new service or the transfer of existing service. The Service Application Charge shall be \$10 where a meter reading is not required or when the service is transferred into the name of a Lessor where a signed Owner's Request For Transfer agreement is on file with the Cooperative.
3. When appropriate, arrange for the Inspection Authority to supply appropriate notice in writing that wiring and utilization equipment have passed inspection.

D. INFORMATION REQUIRED FOR OBTAINING ELECTRIC SERVICE

Before formally requesting electric service, the Applicant should consult the Cooperative regarding the class of service, the exact characteristics and availability of service at a particular location, the exact point of service, and the meter location. This is to be done before wiring or other equipment is purchased or transferred from one location to another for operation within the Cooperative's system.

The Applicant shall furnish the Cooperative with the location of the premises and the size and character of the load to be served. This applies to service for any installation -- whether new, additional, replacement, or a transfer from one location to another within the territory served by the Cooperative. For new industrial or commercial premises, the Applicant should submit building plans showing the plot, building and electrical layout.

E. SPECIFICATION OF RATE SCHEDULE

The Cooperative will specify the rate schedule for service to be supplied in each individual installation and will not be responsible for information given verbally unless it is confirmed in writing.

F. SELECTION OF TYPE OF SERVICE

All Customers will receive Distribution Service from the Cooperative.

The Customer Choice Act gives the customer the option to receive Standard Offer Service from the Cooperative. The Cooperative will provide this service until at least December 31, 2004. Standard Offer Service will also be offered by SMECO for the period 2005 through 2008 unless directed otherwise by the Commission.

The Customer Choice Act also gives the customer the option to receive Competitive Power Supply from an Electricity Supplier. If this option is chosen, the Cooperative will continue to provide Distribution Service.

A Customer is considered to have chosen Standard Offer Service if the Customer: a) contracts for electricity with an Electricity Supplier and it is not delivered, b) cannot arrange for electricity from an Electricity Supplier, c) does not choose an electricity supplier, d) chooses the Standard Offer Service, or e) has been denied service or referred to the Standard Offer Service by an Electricity Supplier in accordance with Section 7-507(e)(6) of the Customer Choice Act. Any Customer not receiving electricity supplies from an Electricity Supplier other than SMECO shall be deemed to take Standard Offer Service.

If the Customer chooses to receive Competitive Power Supply from an Electricity Supplier, the Customer should contract with the Electricity Supplier. The Electricity Supplier will notify the Cooperative of the Customer's choice. If accepted by the Cooperative, that choice will become effective with the next scheduled meter read date occurring at least 17 calendar-days after the Cooperative receives such notification from the Electricity Supplier. The Cooperative will confirm the Customer's choice of the Electricity Supplier by sending a confirmation letter to the Customer. The Customer has ten days from the date the Cooperative receives the enrollment transaction from the Electricity Supplier stating the Customer's choice, to rescind that choice of the Electricity Supplier and to either choose another Electricity Supplier or to return to Standard Offer Service.

Residential customers may change their service selection at any time as described above.

G. UNAUTHORIZED CONNECTION AND DISCONNECTION OF SERVICE

Service conductors, meters and other Cooperative electric equipment shall not be connected or disconnected by anyone other than an authorized Cooperative employee. If a connection is made by an unauthorized person, the service will be subject to immediate disconnection, and legal prosecution may result.

H. INTERRUPTIONS OF ELECTRIC SUPPLY

The Cooperative will make all reasonable efforts to supply uninterrupted service but does not guarantee a constant supply of electricity. The Cooperative reserves the right to temporarily discontinue the supply of electricity at any time to make necessary repairs or modifications to its systems. Such repairs and changes will be made with minimum interruption of service and inconvenience to its Customers. If possible, the Cooperative will provide notice of a planned service interruption to the Customers affected.

I. COOPERATIVE LIABILITY

The Cooperative will not be liable for damages, direct or consequential, resulting from interruptions or failures of service caused by acts of God, public enemies, accidents, repairs, orders of the Court, or other acts reasonably beyond the control of the Cooperative.

The Cooperative will not be responsible in any way for defects in a Customer's wiring or equipment beyond the meter, nor for damage that may result from such defects.

The Cooperative will not be liable for the wastage of electricity caused by accidental grounds or other conditions existing in the Customer's wiring or apparatus beyond the meter.

The Cooperative will not be liable to the Customer for damages resulting from a temporary failure to supply electricity, except in the event of the Cooperative's willful default or willful neglect.

The Cooperative will not be liable to its Customers for personal injuries or damages to property resulting from the use of electric current, except in the event of the Cooperative's willful default or willful neglect.

The Cooperative will not be liable for any loss or damage resulting either from the unauthorized connection of service or from the consequent disconnection of service by the Cooperative.

Except for the installation and maintenance of its own property, the Cooperative does not install or repair wiring on the Customer's premises except under emergency conditions. Therefore, the Cooperative is not responsible for the voltage beyond the point of delivery.

#### J. SERVICE CHARACTERISTICS

The Cooperative will distribute to the Customer electric current alternating at a frequency of 60 hertz. The frequency of the 60 hertz alternating current system is closely regulated such that any 60 hertz service may be used for the operation of electric clocks and other synchronous timing devices of a commercial nature. The number of phases, type of service and voltage characteristics for the available service types are shown below with appropriate comments.

1. Single-phase, 3-wire, 120/240 volt, 60 hertz: This will generally be supplied for lighting and small power purposes.
2. Single-phase, 3-wire, 120/208 volt, 60 hertz: This will be furnished for lighting and small power purposes where three-phase, 4-wire wye, 120/208 volt 60 hertz system has been established.
3. Three-phase, 4-wire delta, 120/240 volt, 60 hertz: This will be furnished for both lighting and power purposes where this system has been established or the size and characteristics of the load make it advisable to supply this service.
4. Three-phase, 4-wire wye, 120/208 volt, 60 hertz: This will be furnished for both lighting and power purposes where this system has been established or the size and characteristics of the load make it advisable to supply this service.
5. Three-phase, 4-wire wye, 264/457 volt, 60 hertz: This will be furnished from overhead lines where this system has been established or the size and characteristics of the load make it advisable to supply this service.
6. Three-phase, 4-wire wye, 277/480 volt, 60 hertz: This will be furnished for both lighting and power purposes where this system has been established or the size and characteristics of the load make it advisable to supply this service.

Other secondary, primary or transmission service voltages are available by special arrangement with the Cooperative.

K. SERVICE CLASSIFICATIONS

The following classes of service have been established by the Cooperative, which reserves the right to determine which class of service will be rendered.

1. Residential Service

Residential Service shall be defined as single-phase service to a private house, apartment, flat, or other living quarters occupied by a person or persons constituting a distinct household. It shall include any private garage adjacent to or connected with the residence and used exclusively by the resident. Residential Service shall also include single-phase service to a farm or to a boat slip that is individually metered.

Existing service for schools, churches and community halls, where the demand does not exceed 25 kW, is billed under the Residential Service rate.

2. General Service Non-Demand

General Service Non-Demand shall be defined as service at a single point of connection to any business enterprise (other than Residential Service to a farm), institution or organization where the peak demand does not exceed 25 kW. The General Service Non-Demand rate shall apply to marina operations and boat slips that are master metered. In addition, the General Service Non-Demand rate shall apply to all new schools, churches, and community halls where the demand does not exceed 25 kW.

3. General Service Demand

General Service Demand shall be defined as service at a single point of connection to any business enterprise (other than Residential Service to a farm), institution or organization where the peak demand exceeds 25 kW. The General Service Demand rate shall apply to marina operations and boat slips that are master metered. In addition, the General Service Demand rate shall apply to all new schools, churches, and community halls and to existing schools, churches and community halls where the demand exceeds 25 kW.

4. Large Power

Large Power shall be defined as service at a single point of connection to any business enterprise where the estimated capacity requirement is 1,000 kVA or more.

5. Combination Residential and General Service

A Customer having a residence and a place of business on the same premises may receive service at a single point of connection and through a single meter if so desired, in which case the service shall be classified as General Service. If the Customer prefers, Residential Service may be obtained at the residence, provided a separate General Service is furnished to the place of business.

6. Distinction Between Residential Service to a Farm and General Service

Residential Service to a farm shall be defined as service at one point of connection to a single farm building, together with adjacent farm buildings and farm equipment. Residential Service to a farm shall also include the use of energy for processing of materials produced on the farm served; for example, feed grinding or milk pasteurizing. On the other hand, if the materials processed are produced elsewhere, as in the case of commercial feed grinding plants, the service shall be classified as General Service.

If three-phase service is required on the farm, all farm and home usage may be included in the three-phase service, which will be classified as General Service. Otherwise, the Customer may request the installation of a single-phase service and a three-phase service if the premises is properly wired.

L. ACCESS TO PREMISES

The Cooperative, through its proper agents and employees, shall have access at reasonable times to the premises of any Customer for the purpose of reading, inspecting, testing, adjusting and otherwise caring for or replacing its meters or other property. Upon termination of service, the Cooperative shall be permitted to remove all such property that may be on the Customer's premises.

In the interest of protecting the Customer, the Cooperative's agents and employees having business on the Customer's premises are furnished with the Cooperative's identification card. The Customer should request that the card be shown before admitting them.

M. INSPECTION AND APPROVAL

The Cooperative will connect service from its system to the wiring of the Customer only upon receiving proper application for service and a notice of approval from the Inspection Authority stating that the wiring and the equipment on the Customer's premises have been installed in accordance with the Inspection Authority's requirements.

The Cooperative may refuse to render service where it has knowledge, or reason to believe, that the Customer's wiring or equipment does not comply with National Electric Code requirements. The Cooperative shall be under no obligation to inspect the wiring and equipment of any Customer or to render any judgment as to its adequacy.

The Cooperative reserves the right to disconnect service when a Customer has installed wiring, equipment or apparatus that is hazardous or that may, or does, adversely affect the service of other Customers, as judged by the Cooperative.

Any changes in, or additions to, the original wiring and equipment of the Customer shall be considered as a new installation subject to inspection and approval of the Inspection Authority. Other provisions of this section must also be met before any service changes will be made by the Cooperative.

N. ALTERATIONS AND ADDITIONS TO SERVICE

The Cooperative's connection to the Customer's premises is made in accordance with the Customer's application. Service conductors, meters, transformers and other necessary facilities are selected to properly supply adequate electric service. Therefore, no additions should be made without first notifying the Cooperative.

The Customer shall be responsible for making appropriate arrangements with the Cooperative and the Customer's electrical contractor for any alterations requiring a change of location or character of service.

The Cooperative will, at its option, remove or abandon disconnected services and meters. Service conductors, meters or metering equipment, by law, shall not be removed or relocated except by employees of the Cooperative authorized to do the work.