

RULE I
BUDGET PAY PLANS

1. Residential Budget Pay Plan - Schedules 1, 5, and 6. A Budget Pay Plan is available to Residential Customers desiring to levelize payments for electric service. If a Customer has more than one electric service on the account, each electric service charge will be levelized individually. A Customer may sign up for the Budget Pay Plan at any time during the year. In order to be eligible for the Budget Pay Plan, the Customer's account must not be in arrears and the customer must have received service at the same location for a minimum of nine months.

The levelized payment will approximate the average of 12 monthly billings based on either the historical charges, or an estimate of future charges. The Budget Pay amount for each electric service on the account will be adjusted to the next higher dollar. Budget Pay amounts will be recalculated at the 12-month (or 365-day) anniversary of the first bill that was generated after the Customer enrolled in the Budget Pay Plan. The new monthly payment will be the recalculated Budget Pay amount(s). A Customer's Budget Pay amount(s) may decrease, increase, or remain the same.

Customers with a negative balance in their Budget Pay Plan account at the time of recalculation will have monthly Budget Pay charges equal to the recalculated Budget Pay amount plus one-twelfth of the negative balance. At the Customer's request, a negative balance may be paid in full. Customers with a positive balance in their Budget Pay Plan account at the time of recalculation, or upon termination of the agreement after all charges for services have been paid, will be refunded at the Customer's request. If no request for refund is made, the monthly Budget Pay charges will be equal to the recalculated Budget Pay amount reduced by one-twelfth of the positive balance. Upon the Customer's request, a positive balance for one Budget Pay electric service may be transferred to the balance of another Budget Pay electric service on the account.

Any estimates furnished by the Company with such Budget Pay Plan should not be construed as a guarantee that the total actual charges will not exceed the estimates. The Company, because of rate changes or other requirements, may at any time submit a revised estimate to the Customer and require that the Customer pay the revised monthly Budget Pay installment as a condition to the continuation of the Budget Pay Plan for the Customer.

The Budget Pay amount(s) will be billed on the regular service bill each month. Once established, the Budget Pay Plan will remain in effect from year to year until the Customer notifies the Company not less than 30 days prior to the desired date of cancellation or unless the Customer fails to pay the agreed amounts.

2. Small General Service Budget Pay Plan - Schedules 7 and 8. A Budget Pay Plan is available to Small General Service Customers receiving service on Schedules 7 and 8. If a Customer has more than one electric service on the account, each electric service charge will be levelized individually. If a Customer transfers to another schedule (other than Schedules 1, 5, or 6), the Budget Pay Plan will not be available. A Customer may sign up for the Budget Pay Plan at any time during the year.

In order to qualify, the Customer must have been receiving service at the same location, under the same ownership and account number, and with all monthly billings paid on or before the past due date for at least 12 months prior to applying for the Budget Pay Plan. The Customer must maintain the payment status as described above or the Customer will be removed from the Budget Pay Plan on the next monthly billing and all past due balances will become immediately due and payable.

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(Continued)

2. Small General Service Budget Pay Plan - Schedules 7 and 8 (Continued)

The levelized payment will approximate the average of 12 monthly billings based on historical charges. Budget Pay amounts will be recalculated at the 12-month (or 365-day) anniversary of the first bill that was generated after the Customer enrolled in the Budget Pay Plan. The Budget Pay amount for each electric service on the account will be adjusted to the next higher dollar. The new monthly payment will be the recalculated Budget Pay amount(s). A Customer's Budget Pay amount(s) may decrease, increase, or remain the same.

Customers with a negative balance in their Budget Pay Plan account at the time of recalculation will have monthly Budget Pay charges equal to the recalculated Budget Pay amount plus one-twelfth of the negative balance. At the Customer's request, a negative balance may be paid in full. Customers with a positive balance in their Budget Pay Plan account at the time of recalculation, or upon termination of the agreement after all charges for services have been paid, will be refunded at the Customer's request. If no request for refund is made, the monthly Budget Pay charges will be equal to the recalculated Budget Pay amount reduced by one-twelfth of the positive balance. Upon the Customer's request, a positive balance for one Budget Pay electric service may be transferred to the balance of another Budget Pay electric service on the account.

Any estimates furnished by the Company with such Budget Pay Plan should not be construed as a guarantee that the total actual charges will not exceed the estimates. The Company, because of rate changes or other requirements, may at any time submit a revised estimate to the Customer and require that the Customer pay the revised monthly Budget Pay installment as a condition to the continuation of the Budget Pay Plan for the Customer.

The Budget Pay amount(s) will be billed on the regular service bill each month. Once established, the Budget Pay Plan will remain in effect from year to year until the Customer notifies the Company not less than 30 days prior to the desired date of cancellation or unless the Customer fails to pay the agreed amounts.