

CITY OF STURGIS, MICHIGAN
ELECTRIC DEPARTMENT

Terms and Conditions
For
Electric Service

As Amended and Approved on May 28, 2003

CITY OF STURGIS, MICHIGAN

***TERMS AND CONDITIONS FOR
ELECTRIC SERVICE***

A. General Rules..... 1

- 1. City's Responsibility..... 1
- 2. Customers Responsibility 1
- 3. Application..... 2
- 4. Inspection.....3
- 5. Deposits for Service..... 3
- 6. Power Quality.....4
- 7. Protection of Equipment.....4
- 8. Customer Owned Generation..... 5
- 9. Resale of Energy..... 5
- 10. Service Fees..... 5
- 11. Discontinuance of Service..... 6
 - a. Reasons for Discontinuing Service..... 6
 - b. Time of Discontinuance..... 6
 - c. Notice and Manner of Discontinuance..... 6
- 12. Restoration of Service..... 7

B. Construction Policy..... 7

- 1. Service Connection..... 7
- 2. Line Extension Policy..... 8
 - a. General..... 8
 - b. Underground Extension - Customer Requested..... 8
 - c. Underground Extensions - New Residential Subdivisions..... 9
- 3. Contribution-in-Aid of Construction Requirements..... 9
 - a. General..... 9
 - b. Overhead Extension..... 9
 - c. Underground Extension..... 9
 - d. Residential Subdivision Extension..... 9
 - e. Customer-Requested Replacement of Existing Overhead Facilities..... 10
- 4. Relocation of City's Facilities at Customer's Request..... 10
- 5. Temporary Services..... 10

C. Metering and Billing..... 11

- 1. Rate Selection..... 11
- 2. Definition of Domestic Use Service..... 11
- 3. Meter Location..... 12
- 4. Meter Readings..... 12
- 5. Overcharges and Undercharges..... 12
- 6. Residential Meter Readings Not Consolidated..... 12
- 7. Meter Testing Program..... 12
- 8. Power Cost Adjustment Factor..... 13

9. Payment and Billing.....	13
10. Equal Payment Plan (Budget Plan).....	13
11. Automatic Payment Plan.....	14
12. Delinquent Payment Agreement.....	14
13. Unauthorized Use of Electricity.....	15
14. Lien and Assessment for Delinquent Bills.....	15
D. Definitions.....	15

A. GENERAL RULES

1. City's Responsibility

The City will use reasonable diligence in furnishing a regular and uninterrupted supply of energy. The City does not, however, guarantee uninterrupted service and shall not be liable for damages should interruption occur due to causes or conditions beyond the City's control. Examples of causes beyond reasonable control include, but are not limited to the following: extraordinary repairs; breakdowns or failures of the machinery, transmission lines, distribution lines, or other facilities of the City; acts of the City taken to prevent or limit the extent or duration of interruptions or disturbances of service on the City's electrical system; weather conditions; or other extenuating circumstances such as acts of God, public enemies, accidents, labor disputes or acts of civil or military authority.

Unless otherwise provided for in a contract between the City and the customer, the City will install service connections to a suitable point of attachment on the customer's premises. The point of attachment will be designated by the City. The City shall not be liable for any loss, injury, or damage resulting from the customer's use of his equipment beyond the point at which the customer's facilities begin. Furthermore, the City shall not be liable for any loss, injury, or damage resulting from a single-phasing condition or any other fluctuation or irregularity in the supply of energy that could have been prevented by the customer through the use of protective devices.

The City will provide and maintain the necessary lines, connections, transformers, protective devices, meters and other equipment as required for the delivery of power and energy to its customers. All such equipment shall be the property of the City. The City shall also supply, and the residential customer shall install, own and maintain the meter socket.

2. Customer's Responsibility

In the event of loss or injury to the City's property through misuse or negligence by the customer, the costs of all necessary repairs or replacement shall be paid by the customer to the City. The customer is responsible for ensuring that no one other than City employees shall make any internal or external adjustments to any equipment of the City's installed on the customer's premises. This includes any interference with or breakage of the City's meter seals.

The City shall have the right at all reasonable hours to enter the premises of a customer for the purpose of installing, reading, removing, testing, replacing, or otherwise disposing of any of the City's apparatus or property. Furthermore, the City has the right to enter the premise of the customer to remove any or all of the City's property in the event of the termination of the customer's service for any cause.

The customer shall keep the immediate area and access area in and around the City's equipment clean and free of debris.

The customer shall be responsible for providing and maintaining suitable protective devices on his equipment to prevent any loss, injury or damage that might result from single-phasing conditions or any other fluctuation or irregularity in the supply of energy.

It shall be the responsibility of any prospective customer to find out from the City if power is available at a particular location when planning the installation of and before purchasing any major electrical equipment.

3. Application

A copy of the "Terms and Conditions for Electric Service" under which service is to be rendered to a customer will be furnished upon request during normal office hours at City Hall, 130 North Nottawa Street, Sturgis, Michigan 49091. Failure of the City to enforce any requirement of these "Terms and Conditions for Electric Service" shall not be deemed a waiver of its right to do so.

An applicant for service must complete a Service Order with the Customer Service Department. The application must be signed by all individuals responsible for the electric service. If the applicant has had 12 consecutive months of satisfactory payment history, the City may waive the signature requirement.

When the Service Order is for rental property, confirmation by the property owner, landlord or manager will be required. Service may be denied if the rental unit is not registered with the City of Sturgis as required by the City's "Property Maintenance Code".

A written agreement or contract may be required from an applicant before service is granted. A copy of the agreement or contract will be provided to the applicant.

An applicant for a new service (upgrade or new construction) must complete a Service Application with the Electric Department.

If the applicant has an outstanding balance that accrued within the last six (6) years, the balance must be paid in full before service will be rendered. This is in addition to any other applicable fees and deposits.

When the applicant desires delivery of energy at more than one location, a separate agreement will normally be required for each separate location. Service delivery at each location will be billed separately under the applicable rate.

A customer shall be required to provide the City with a minimum of one year notice in the event of abandonment of service because of retail wheeling or other customer choice options elected by the customer.

4. Inspection

It is in the interest of a customer to properly install and maintain all wiring and electrical equipment and at all times be responsible for its character and condition. The City will not inspect a customer's electrical equipment and in no event shall the City be responsible for that equipment. The City will require an electrical inspection certificate by a duly recognized authority for all temporary and permanent services. The certificate must contain the inspector's name, customer's name and service address, and date of approval.

The City has the right to discontinue the existing service to any building or installation if it deems the electrical wiring or equipment of the building or installation to be unsafe or improperly installed.

The City shall not be responsible for any actions as a result of a waiver of any of the above requirements.

5. Deposits for Service

The City may require a cash deposit or other guarantee as a condition of service due to, but not limited to, the following:

- a. The applicant has a prior service account that is delinquent, that accrued within the last six (6) years, and at the time of the request for service, remains unpaid.
- b. The applicant has issued one (1) or more checks that were returned due to non-sufficient funds within the last 12 months.
- c. The applicant did not adhere to the terms of a Payment Agreement.
- d. The applicant has interfered with or diverted the electric service of the City in an unauthorized manner or tampered with electric service or equipment.
- e. The applicant misrepresents his or her identity or credit standing or fails to provide positive identification, if requested, at the time of application.
- f. The applicant is unable to provide prior utility service history information from any other utility.
- g. The applicant is requesting service at a rental unit.
- h. If the applicant has sought relief under federal bankruptcy laws or a receiver is appointed in a state court proceeding, a deposit will be assessed as allowed by federal bankruptcy law or state law.

The deposit required pursuant to the above rules will be one hundred dollars (\$100) for residential customers and three (3) times the estimated average monthly usage for commercial and industrial customers. Deposits will not earn interest. The deposit may be transferred to subsequent service locations if the customer has a satisfactory credit history with the City.

The deposit shall be refunded upon satisfactory payment by the customer of 12 consecutive monthly bills. The refund will be made within 20 business days. Payment is considered satisfactory if made prior to the issuance of a notice of discontinuation of service for non-payment.

6. Power Quality

The load of any three-phase service shall be reasonably balanced between phases by the customer.

The service connections, transformers, and appliances must be suitable for operation with the character of service supplied by the City, and shall not be detrimental to the same. The electric power must also be used in such a manner so as not to cause disturbances of the City's transmission or distribution system. The City will be the sole judge as to the suitability of all apparatus or appliances and as to whether the operation of such apparatus or appliances is or will be detrimental to the City's system.

All apparatus used by the customer should have the highest practical commercial efficiency, power factor, and proper balancing of phases. Motors which are frequently started or arranged by automatic control, must give maximum starting torque with minimum current flow and must be equipped with controlling devices as approved by the City. The customer must notify the City of any increases or decreases in its connected load.

7. Protection of Equipment

All property of the City that is placed in or upon a customer's premise and is used in supplying service shall be under the customer's protection. The cost of any loss or damage to such property excluding normal wear and tear shall be payable by the customer.

No attachment of any kind whatsoever may be made to the City's lines, poles, cross arms, structures, or other facilities without the express written consent of the City.

If the City deems that potential problems may arise due to a customer's operations, the City may require certain protective devices be installed by the customer in order to maintain the integrity and reliability of the City's electrical distribution system.

8. Customer Owned Generation

A customer shall not be permitted to operate generation equipment in parallel with the City's service without the express written consent of the City.

9. Resale of Energy

All service supplied by the City is for a customer's use within or upon its premises and for the purposes designated in the application. No customer shall be allowed to resell capacity, energy, or auxiliary services to others. Furthermore, a customer shall not extend service from one location to another by crossing rights-of-way, public streets, roads, alleys, or property owned by others. For the purposes of this section, the renting of a premise with the cost of service included in the rental as an incident of tenancy will not be considered a resale of energy.

10. Service Fees

The following service charges will be added to the customer's monthly bill.

Connection Fees:

New Accounts	N/C
Existing Accounts, Regular Hours	\$20
Existing Accounts, Outside Regular Hours	\$40
Commercial / Industrial	\$300

Disconnect Fees:

Regular Hours	\$20
Due to Non-Payment / NSF	\$40
Commercial / Industrial	\$100

Deposits, Commercial / Industrial

Three (3) times the estimated average monthly usage

Deposits, Residential

\$100

Joint Use Fee, Pole Attachment¹

\$3.74 per year per attachment

Joint Use Fee, Conduit Use²

\$0.56 per year per foot per cable

Late Payment Fee on Unpaid Balance

3% per month

Meter Testing Fee

\$50

NSF Fee

\$25

Setting and Removal of Current Limiting Device

\$20

Pole Setting Fee for Security Lights

\$150

Service Tampering Fee

\$150

Temporary Service

\$150

¹ Requires written pole attachment agreement.

² Requires written conduit use agreement.

11. Discontinuance of Service

a. Reasons for Discontinuing Service

The City may discontinue service to a customer for one or more of the following reasons:

- 1) Non-payment of a delinquent account that accrued within the past six (6) years.
- 2) Failure to post a cash security deposit or other form of guarantee as outlined in Section A(5), "Deposits for Service".
- 3) Unauthorized interference, diversion or use of the City's service.
- 4) Non-sufficient funds.
- 5) Failure to comply with the terms of a Delinquent Payment Agreement.
- 6) Refusal to grant access at reasonable times to equipment installed upon the premises of the customer for the purposes of inspection, meter reading, maintenance, or replacement.
- 7) Material misrepresentation of identity for the purpose of obtaining electrical service.
- 8) The customer has taken any action that adversely affects the customer's safety, the safety of others, or the integrity of the City's electrical system.
- 9) Failure to comply with the "Terms and Conditions for Electric Service".
- 10) The customer has requested the termination of service.

b. Time of Discontinuance

The City will discontinue service on the date specified in the notice of discontinuation or within a reasonable time thereafter between the hours of 7:30 a.m. and 4:00 p.m. Disconnects will only be made if the following day is a regular business day for the City.

c. Notice and Manner of Discontinuance

The City shall discontinue service only after written notice has been sent to the customer by first class mail or personally served to the customer at least five (5) business days prior to the date of the proposed discontinuance. Service of notice by mail is complete upon mailing. The City will maintain an accurate record of the dates of discontinuance mailings.

In addition, commercial and industrial customers will receive a letter at least five (5) business days prior to the date of the proposed discontinuance stating the date and time of the discontinuation. It will include the amount for which the service is being discontinued. Service discontinuation of industrial customers must be authorized by the Electric Department Superintendent or City Manager.

If the service to be discontinued is known to be a rental unit and the service is in the landlord's name, the City shall notify the landlord and each tenant in writing five (5) business days prior to the discontinuance of service.

Immediately preceding the physical disconnection of service, a city employee shall attempt to identify himself or herself to the customer or other responsible person that may be upon the premises and shall announce the purpose of his or her presence. The employee shall have a copy of the past due account of the customer and request any available verification that the outstanding claims have been satisfied.

When service is discontinued, the employee shall leave notice upon the premises in a manner conspicuous to the customer that service has been discontinued and the address and telephone number where the customer may arrange to have service restored.

12. Restoration of Service

The City shall restore discontinued service when the cause of the discontinuation has been settled or satisfactory credit arrangements have been made. The City shall make an effort to restore service on the day on which restoration is requested. If the City is unable to restore service on the day requested, then restoration shall be made the next business day.

B. CONSTRUCTION POLICY

1. Service Connection

When a customer requests the City to furnish service, the City will designate the location of its service connection and metering equipment. All new residential services must be on or within seven (7) feet of the front of the house. The customer's wiring must be brought outside the building wall nearest the City's service wires so as to be readily accessible. When service is from an overhead system, the customer's wiring must extend at least 18 inches beyond the weather head. When service is from an underground system, the City will extend its service wires to the line side of the meter. When a customer installs service entrance facilities specified by the City and/or installs and uses certain utilization equipment specified by the City, the City may provide or offer to own certain facilities beyond the point at which the City's service wires attach to the building.

The City shall have the right to construct its poles, lines, conduits and circuits on the customer's property and to place its transformers and other apparatus on the customer's property. The customer shall provide suitable space for the installation of the necessary measuring instruments at a point designated by the City and that will protect the equipment from damage.

Before overhead or underground service will be extended, the owner, developer, or customer requesting electric service shall provide adequate sub-grade (within three (3) inches of final grade) prior to the installation of any lines, transformers, or other apparatus. Permanent survey markers indicating property lines must be installed and maintained by the customer. Any subsequent rebuilding or relocation of the City's facilities required due to change in grade or property lines shall be done at the customer's expense.

The customers inside wiring must be grounded in accordance with the requirements of the National Electric Code and any City and State regulations. Service will not be connected if it is determined that the inside wiring does not meet the specifications.

When a customer desires energy to be delivered at a point or in a manner other than that designated by the City's Electric Department, the customer shall pay all of the additional costs. The City shall install, own, and maintain the service line from the property line to the point of attachment to the customer's facilities.

2. Line Extension Policy

a. General

The City will install its distribution facilities within public rights-of-way. In those cases where it is not feasible or practical to place these facilities within the public rights-of-way, and it is necessary to secure rights-of-way and/or tree trimming permits on private property, the applicant or applicants must secure these agreements without cost to the City or assist the City in obtaining the necessary agreements before construction will begin. The City is under no obligation to construct facilities if the necessary rights-of-way and/or tree trimming permits cannot be obtained. The customer shall grant to the City any easement(s) reasonably necessary for the supplying of electrical service.

b. Underground Extensions - Customer Requested

Extension of electric distribution facilities may be placed underground at the option of a developer or customer. If a developer or customer requests an underground extension, the customer shall be subject to a contribution-in-aid of construction as determined pursuant to the formula outlined in Section B (3)(c), "Underground Extension".

c. Underground Extension - New Residential Subdivisions

For all new residential subdivisions, the electric distribution facilities will be constructed underground within the public right-of-way, whenever possible. The owner or developer of such subdivisions will be required to make a non-refundable contribution-in-aid of construction to the City in accordance with the formula outlined in Section B(3)(d), "Residential Subdivision Extension". The owner or developer shall grant to the City any easement it determines to be reasonably necessary for the supplying of electrical service.

3. Contribution-in-Aid of Construction Requirements

a. General

Before the City will extend electric service to a customer, the City may require a non-refundable contribution-in-aid of construction. If the City requires the customer to make a non-refundable contribution, the customer must pay the contribution before any construction begins.

b. Overhead Extension

When extending electrical service, the City typically extends using overhead distribution. When overhead service is extended, the customer shall make a non-refundable contribution-in-aid of construction when the expected revenue for the first five (5) years is less than the installation costs. In such cases, the customer's non-refundable contribution shall be equal to the difference between the installation cost and the estimated revenue for the first three (3) years.

c. Underground Extension

When underground service is extended, a contribution-in-aid of construction will be required in accordance with the following procedure. The customer shall pay the sum of: 1) the difference between the expected revenues for the first three (3) years and installation costs for overhead service as outlined in Section b above plus; 2) the estimated difference between the cost of overhead and underground facilities; plus 3) any extraordinary costs including, but not limited to, adverse weather, repairing streets, sidewalks, parking lots, driveways or landscaped areas.

d. Residential Subdivision Extension

The owners or developer of a residential subdivision will be required to make a non-refundable contribution-in-aid of construction equal to the amount computed in accordance with the rules described in this section.

The non-refundable contribution-in-aid of construction shall be equal to the sum of the lot front-foot measurements multiplied by the difference in costs between overhead and direct burial underground facilities as determined by the City. The

front-foot measurement of each lot to be served will be made along the contour of the front lot line. The front lot line is that line which usually borders on or is adjacent to a street. If more than one side of a lot borders a street, the shortest dimension will be used. In cases where a curved lot line borders a street or streets and represents at least two sides of the lot, the front-foot measurement will be considered to be half the total measurement of the lot line. This non-refundable contribution is for the extension of the electric distribution facilities to the lot line of each lot in a subdivision and does not include the service drop extension to each house or building that may be constructed. The non-refundable contribution that will be required for underground service drop extensions will be computed in accordance with Section c above.

e. Customer-Requested Replacement of Existing Overhead Facilities

At the customer's request, existing overhead distribution and service facilities may be replaced with underground facilities. In such cases, the customer shall pay a non-refundable contribution calculated in accordance with Section c above. In addition, the customer or customers must also pay to the City the depreciated value of the existing overhead facilities plus the cost of removing the overhead facilities less any salvage value.

4. Relocation of City's Facilities at Customer's Request

When a customer requests that the City relocate its facilities, which are located on the customer's premise, the customer shall reimburse the City for the entire cost incurred to make such changes. During an addition to or remodeling of an existing building, the meter shall be moved to a suitable location designated by the City. The location must be outside of the building, and easily accessible by City personnel. For residential customers, the meter must be located on the front of the structure or within seven (7) feet of the front of the structure. The cost of moving the meter shall be borne by the customer.

5. Temporary Services

Customers desiring lighting and/or secondary power for less than 12 months for purposes such as, but not limited to, construction jobs, fairs, carnivals, fruit stands, Christmas tree stands, traveling shows, outdoor/indoor entertainment, etc., shall pay the cost of installing and removing all the facilities necessary to supply the temporary service. The temporary service will be constructed by the customer in accordance with the City's construction standards, and the location of the service will be determined by the City.

C. METERING AND BILLING

1. Rate Selection

The rate under which a customer will be billed is determined pursuant to the availability clauses of the City's electric rate schedules. In some cases, the customer may be eligible to take service under more than one rate. Upon request, the City will advise the customer in the selection of the rate that will produce the lowest cost of service based upon the information at hand. However, the responsibility for the selection of a rate lies with the customer, and the City will not be liable for the customer's choice of rates. In no event will the City refund any difference in charges between present and previous rate schedules.

2. Definition of Domestic Use Service

Individual residences requiring single-phase service will be billed under the appropriate Domestic Use rate. Customers will be served individually and thus may not take service for two or more separate residences through a single point of delivery under any rate regardless of common ownership of several residences. Detached buildings actually appurtenant to the residence such as a garage, stable, or barn may be served by extension of the customer's residential wiring, served through a single meter or a separate single phase service of 200 amperes or less. In the case of a multiple dwelling unit with more than one individual residence, the following rules shall apply:

- a. All newly construction duplexes, apartment buildings, and other multiple residences receiving electric service shall have individual tenant metering.
- b. Common area usage in multiple residences where each unit is individually metered will be separately metered and billed under the appropriate Domestic Use rate.
- c. Multiple residences supplied through one single-phase meter, 200 amperes or less, will be billed under the appropriate Domestic Use Rate. Installations that require single-phase meters larger than 200 amperes or three phase meters shall be served under the General Service Rate.
- d. Single meter service to multiple unit residences shall be billed to the landlord.

If a portion of a residence is regularly used for business, professional, institutional, or gainful purposes and requires service in excess of 200 ampere single-phase, the domestic use rates shall cease to apply to that portion of the residence. Under these circumstances, the customer shall either:

- a. Separate the wiring such that the residential portion of the premises is served through a separate meter under the appropriate Domestic Use rate and the

commercial usage is served through a separate meter or meters under the General Service rate, or

- b. Take service under the General Service rate.

3. Meter Location

The location of the metering equipment must be approved by the Electric Department. For residential service, the meter shall be located on or within seven (7) feet of the front of the structure. Multiple meter sockets must be permanently identified by the owner. Once installed, the metering equipment shall be kept free and clear so that it is easily accessible by the City's authorized personnel. In all cases, the metering equipment must be outdoors and easily accessible by the City's personnel. Neglect or refusal on the part of the customer to provide reasonable access shall be sufficient cause for discontinuance of service by the City and assurance of access may be required before service is restored.

4. Meter Readings

Meters will be read approximately every 30 days during regular working hours. If a meter reading is unavailable, the customer shall pay an estimated amount for service furnished during the billing period.

Customers who have had service for three (3) days or less (from service date to billing date) will not be billed until the following month.

5. Overcharges and Undercharges

If the City overcharges a customer due to a billing or metering error, the City shall refund or credit the amount of the overcharge. The City is not required to adjust, refund or credit an overcharge for more than three (3) years immediately preceding discovery of the billing or metering error.

If the City undercharges a customer due to a billing or metering error, the City may bill the customer for the amount of the undercharge for the 12 month period immediately preceding discovery of the billing or metering error. The City shall offer the customer payment arrangements for the amount of the undercharge.

If the undercharges involves meter tampering or fraud, the City will charge the customer for the amount of the undercharge.

6. Residential Meter Readings Not Consolidated

All residential meters, will be billed separately.

7. Meter Testing Program

All meters will be tested by the meter division in accordance with its standard meter testing plan. If a customer desires testing of a meter in addition to the standard meter testing plan, the customer shall pay a meter testing fee of \$50 per test if the meter is accurate to one percent (1%) or less.

8. Power Cost Adjustment Factor

The City may incorporate a Power Cost Adjustment Factor (PCAF) to the base rates. The adjustment will be determined by the amount wholesale power supply costs differ from base rates.

9. Payment and Billing

Bills will be rendered by the City to the customer monthly in accordance with the Schedule of Electric Rates that is applicable to the customer's service. All bills are payable at the City offices as specified on the bill. Failure to receive a bill will not entitle a customer to the remission of any charge for non-payment within the time specified.

Any amounts due after the termination of service can either be added to the new service location or be billed as the Closing Bill.

10. Equal Payment Plan (Budget Plan)

Customers shall have the option of paying bills under the City's equal payment plan (budget plan) whereby the total service for the succeeding 12-month period will be estimated and bills will be rendered on a monthly basis as 1/12 of the estimate. The City may at any time during the 12-month period adjust the estimate, and bills rendered in accordance with such estimates, so as to conform more nearly to the actual customer usage being experienced. The normal equal payment period will be 12 months commencing in any month selected by the City. In those cases where billing is commenced during a month that leaves less than 12 months to the beginning of the next normal equal payment period to which the customer will be assigned, payments shall be calculated on the basis of the months in the shortened period.

If the computed bills based on a customer's actual usage during an equal payment period exceeds the bills rendered on the equal payment plan, the amount of such excess shall be paid by the customer.

If the computed bills based on a customer's actual usage during an equal payment period are less than the bills rendered on the equal payment plan, the amount of such overpayment shall be credited against the estimated use for the next twelve-month equal payment period. At the request of the customer, such overpayment shall be refunded by check.

If at any time a customer discontinues service with the City under the equal payment plan the customer's actual usage during the current equal payment period will be computed in accordance with applicable rate schedules in effect during the months in question. The difference between the computed bills and the bills rendered under the equal payment plan, as well as any unpaid or non-refunded difference from the previous equal payment period, will be refunded by the City or paid by the customer, whichever is applicable.

The City reserves the right to terminate from the Equal Payment Plan any customer that does not comply with the terms of the written agreement.

11. Automatic Payment Plan

The City shall make available to its customers an automatic payment plan for payment of utility bills. The initial request from the customer shall be in the form of a written agreement. All accounts must be current at the time of the first direct charge.

The automatic payment plan will be terminated upon written request from the customer or if the City receives a returned electronic funds transfer transaction.

Closing bills will not be processed by the automatic payment plan.

The City reserves the right to terminate from this plan any and all customers who do not comply with the terms of the written agreement.

12. Delinquent Payment Agreement

If a customer claims an inability to pay an outstanding bill in full, the City may offer the customer the opportunity to enter into a Delinquent Payment Agreement. All Payment Agreements shall adhere to the following rules.

- a. The City will allow one such agreement per customer per twelve-month period.
- b. The agreement will be in writing and must be signed by the customer. A copy of the agreement shall be maintained on file by the City for a minimum of two years.
- c. Service will not be discontinued to a customer provided that the customer adheres to the terms of the agreement.
- d. The delinquent agreement will specify that a customer pays all current bills plus a reasonable amount of the outstanding balance in installments until the outstanding balance is paid in full. For the purpose of determining a reasonable amount, the City shall consider the following:
 - 1) size of delinquent account,
 - 2) customer's ability to pay;

- 3) customer's payment history;
- 4) amount of time that debt has been outstanding;
- 5) reasons why debt is outstanding; and
- 6) any other relevant factors concerning the circumstances of the customer.

13. Unauthorized Use of Electricity

If a customer is found to have tampered with the City's meter or any other equipment for the purpose of using electricity in an unauthorized manner, the customer will be assessed \$50 plus any cost incurred by the City to correct the customer's tampering plus the estimated unbilled usage times the applicable rate schedule. In addition, the City will assess a \$100 deposit from the customer as outlined in Section A(5), "Deposits for Service". Furthermore, the City may contact the appropriate law enforcement agency to initiate legal action against the customer.

14. Lien and Assessment for Delinquent Bills

Delinquent utility bills shall constitute a lien upon and be subject to a tax assessment against the premises served pursuant to the provisions of an Ordinance adopted by the City of Sturgis Commission on April 11, 2001 and effective May 16, 2001.

D. DEFINITIONS

1. Account: Billing identity relating to customer for one (1) specific service or location.
2. Customer: Any person, firm, association, or corporation or any agency of the federal, state, county, or municipal government that purchases electric service supplied by the City.
3. Delinquent Account: A bill rendered to a customer for electric service which remains unpaid at least fifteen (15) days after the due date.
4. Delinquent Payment Agreement: A written agreement entered into by a customer and the City which purports to resolve any matter in dispute between the City and the customer or provides for the payment of monies not in dispute over a reasonable period of time.
5. Disconnect Charge: A fee to cover the costs to de-energize any electric service.
6. Discontinuance of Service: The cessation of electric service not voluntarily requested by a customer.
7. Estimated Bill: A bill rendered by the City for electric use which is not calculated or computed by employing an actual reading of a meter or other measuring device over a specific period.
8. Late Payment Charge: A finance charge assessed on Delinquent Accounts. The percent is established in the Service Fees section of these Terms and Conditions of Electric Service.
9. Month: Electric service consumption period between Two (2) successive billings, approximately Thirty (30) days apart.

10. Connection Charge: A fee to cover the costs of the initial energizing of any electric service in the name of a new owner or tenant.
11. Premises: An undivided piece of land that is not separated by public roads, streets, or alleys, or a building or a part of a building.
12. Reconnect Charge: A fee to cover the costs to energize any electric service other than a new customer connection.
13. Service Charges: Rates for electric service and other charges authorized by the City commission as part of electric service.