IV. Approved Procedures, and Specifications

A. Scheduled maintenance methods:

Prior to each year's end, the Line Superintendent shall compile a schedule list of planned right-of-way maintenance work with dates and line sections defined for each type of maintenance approach method.

B. ROW Maintenance procedures:

The Line Superintendent shall keep record of any deviation from the original schedule as determined from documentation submitted by Right-of-Way maintenance personnel, and normal verbal progress reviews with the crew leaders.

C. Annual trimming:

The Line Superintendent shall include in the list any location that requires an annual tree trimming interval.

D. Maintenance methods:

- 1. General: Normally, the right-of-way maintenance personnel shall measure from the centerline of the transmission line to each right-of-way boundary and remove any vegetation that may impair vehicle access or which may encroach on line conductors. Areas with plants or animals included in an endangered species or areas of historical significance are hand cleared rather than mowed.
- 2. Mowing: Mowing, or shredding, is the right-of-way maintenance clearing method utilized for a majority of STEC rights-of-way. The width of the easement shall be mowed with equipment capable of cutting brush and small trees to an above ground level that will not damage tires. Grasses shall not be mowed to a level that allows accelerated erosion. Mowing shall be delayed and re-scheduled if excessive damage to the right-of-way occurs or is predicted and in no instance will mowing be done on cropland.
- 3. Hand Sawing: Trees and brush along the rights-of-way that are too large to mow are cut within 3" above the ground line using chainsaws. Trees, branches, and brush shall be chipped and spread on the right-of-way. Trees and branches too large for chipping shall be cut into convenient size and stacked at the edge of the right-of-way for landowner use. If requested by the landowner, branches, trees, and brush shall be removed from the property.
- 4. Tree Trimming: On rights-of-way with landowner, public rights-of-way, or regulatory limits on vegetation removal, and branches on off-rights-of-way trees within the specified clearances to a line are trimmed using ground based and climbing techniques. Branches so removed are then chipped and spread on the right-of-way or removed as is applicable. Tree trimming shall comply with the appropriate sections of ANSI Standard A300.
- 5. Herbicide Application: Trees in places that are difficult to access or are deemed unsafe to use standard removal or trimming techniques may be sprayed with an approved herbicide. Herbicide shall be applied to the trunks of trees removed by hand sawing and to the larger stumps behind mowing to prevent accelerated regrowth.

Each easement shall be reviewed prior to any herbicide application to determine if there are restrictions in addition to applicable regulatory codes.

The herbicide applicator shall complete a daily Pesticide Application Record any time that herbicide is applied.

STEC primarily uses the following herbicides:

- a. Garlon 4 and Diesel: The solution is 2.5 gallons of Garlon 4 mixed with 12.5 gallons of diesel. It is used primarily to suppress re-growth along fences and areas that have limited vehicle access. Review of this mixture's compliance with applicable rules and regulations shall be performed annually by the appropriately authorized employee. Application to stumps and trunks is made coincident with right-of-way mowing as needed to prevent rapid re-growth that may hinder vehicle access.
- b. Growth Inhibitor: Growth inhibitors may be used where allowed by easement, environmental constraints and landowner in situations that have fast growing vegetation and the required trimming frequency is impractical. All such applications shall be documented.

V. Maintenance and Inspection Documentation

All right-of-way inspection and maintenance efforts shall be recorded. Each crew leader and lead patrolman is responsible for documenting all of the following that apply for each day of inspection or maintenance:

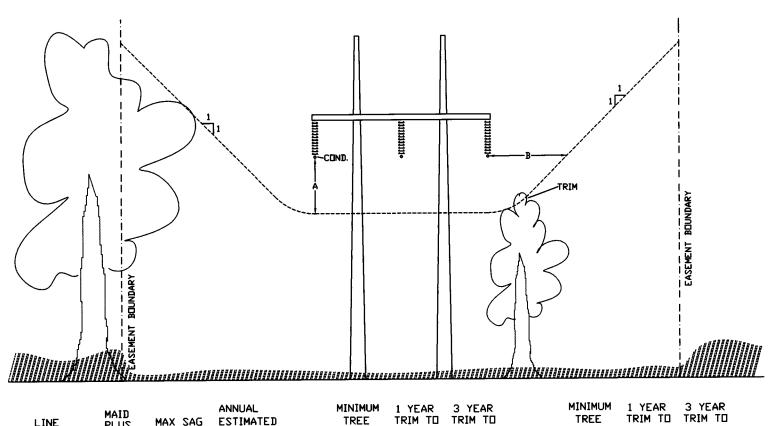
- A. Names of the personnel doing the work
- B. Location of the work
 - 1. Line section (such as "Sam Rayburn to Aloe")
 - 2. Structure numbers at each extreme of the work area
- C. Condition of the right-of-way before mowing
 - 1. Type, density, and height of brush
 - 2. Type, density, and height of trees
 - 3. Tree clearances
 - 4. Type and height of grass, weeds or crop
 - 5. Gate locations
- D. Pesticide Application Record if herbicide is applied
- E. Herbicide type, mixture, and amount
- F. Name and phone number of the landowner if available
- G. Any special considerations such as alternate access to which a landowner has agreed
- H. New developments or requests by landowner
- I. Signature of the person filling in the above information

The daily work documents shall be filed for a minimum of five (5) years. They shall be kept in a place that is convenient for review and secure from accidental removal.

VI. System Operator Responsibilities

A. Upon determining vegetation contact is the cause of a transmission operation, the System Operator shall,

- 1. Take the necessary steps to isolate any damaged equipment and restore any interrupted electric service if deemed safe to the public to do so.
- 2. Enter line operations into a log.
 - a. Outaged circuit description
 - b. Sectionalizing equipment actions
 - c. Date, time and duration of the outage
- 3. Contact the Line Superintendent to initiate personnel response.
- 4. Report to ERCOT the cause of transmission line operations.
- **B.** Following restoration, mitigation, and internal reporting of the transmission line operation, the System Operator shall record information pertaining to the contact occurrence.
 - 1. Type of vegetation
 - 2. Location with respect to the right-of-way boundaries and transmission line equipment
 - 3. Reasons for the vegetation contact.
- C. The Chief System Operator shall ensure reporting of vegetation caused operations in compliance with NERC and ERCOT requirements. Limits to the reports are as follows:
 - 1. Multiple outages sustained with a 24 hour period caused by the same contact occurrence shall be considered as one outage.
 - 2. Some types of vegetation caused outages need not be reported.
 - a. Vegetation contacts as a result of a natural disaster such as fire, tornado, hurricanes, landslides, wind shear, earthquakes, and major storms.
 - **b.** Vegetation related outages due to human or animal activity as in tree trimming mishaps, agricultural activities, logging activity, vehicle contact with a tree, tree moving, and animal related tree damages.
 - 3. Reporting shall include:
 - a. Transmission line section impacted
 - **b.** Date, time, and duration of outage
 - c. Cause description
 - d. Countermeasures taken, if any
 - e. Other pertinent information
 - f. Categorization of the outage including:
 - (1) Category 1: Outages caused by vegetation growing into lines from inside or outside the right-of-way.
 - (2) Category 2: Outages caused by vegetation falling into lines from inside the right-of-way.
 - (3) Category 3: Outages caused by vegetation falling into lines from outside the right-of-way.



LINE VÜLTAGE	MAID PLUS MAD	MAX SAG CHANGE	ANNUAL ESTIMATED GROWTH
69 kV	3′-5 ″	6′	2.2′
138 kV	3'-11"	6′	2.2′
345 kV	10'-5 '	9′	2.2′

MINIMUM TREE APPROACH	1 YEAR TRIM TO DISTANCE	3 YEAR TRIM TO DISTANCE			
9′-5 ″	12'-11"	16′			
9′-11″	13′-5 ′	16'-6 "			
19′-5 ″	22′-11*	26′			
CLEARANCE 2 CLEARANCE 1					
VERTICAL DIMENSION "A"					

MINIMUM	1 YEAR	3 YEAR
TREE	TRIM TO	TRIM TO
APPROACH	DISTANCE	DISTANCE
14'-9"	18'-5 '	

CLEARANCE 2	CLEARANCE 1		
27′-10 ′	31′-4″	34′-5 ″	
22′-10″	26'- 4"	29′-5 ′	
14'-9 "	18′-5 ″	21'-6*	

HORIZONTAL DIMENSION "B"

'MAID PLUS MAD' DISTANCE IS THE MINIMUM APPROACH OF ANY VEGETATION TO THE CONDUCTOR. 'MINIMUM TREE APPROACH' DISTANCES ARE BASED UPON MID-SPAN LOCATIONS. ALLOWABLE ENCROACHMENT OF VEGETATION NEAR STRUCTURES MAY BE REDUCED FROM THAT INDICATED AS DETERMINED UPON A CASE BY CASE BASIS BUT IN NO INSTANCE IS IT ACCEPTABLE TO PROVIDE LESS THAN 'MAID PLUS MAD' CLEARANCE PLUS CLEARANCE FOR RETURN INTERVAL.

NOTES:
1) THE LISTED CLEARANCES ARE ADEQUATE FOR ALL CONSTRUCTIONS AT THE INDICATED VOLTAGE.
2) GROWTH RATE IS ESTIMATED AT AVERAGE 2.2 FEET PER YEAR.

	S	OUTH	TEXAS EL	ECTRIC	COOPERATI	VE, II	VC.	DWG. NO.	TMR-14
	P.O. E	OX 119	· · · · · · · · · · · · · · · · · · ·			NURSER	Y, TEXAS 77976		
	V	'EGETA	TION CLEA	RANCE	DIAGRAM				
7	WN. BY	CA	CKD. BY	APPD. BY 153	SCALE NA	DAT	E 1/05/2009		

ELECTRIC TARIFF	Section No.	I			
SECTION: PRELIMINARY STATEMENT	Sheet No.	1			
	Effective Date	2013			
	Revision No.	1			
APPLICABILITY: ALL AREAS SERVED	Page No.	1 of 3			
PRELIMINARY STATEMENT					

South Texas Electric Cooperative, Inc. (STEC) is an electric cooperative duly organized and operating under and pursuant to Article 1528B, Texas Revised Civil Statute, and STEC's Articles of Incorporation were filed and a charter granted by the State of Texas on March 28, 1944.

Company headquarters are located at the Sam Rayburn Power Plant Complex near Nursery,
Texas in Victoria County and there are satellite offices in Pearsall, Texas and Donna, Texas.
The addresses are as follows:

(Headquarters)	(Pearsall Office)	(Valley Office)
2849 FM 447	2393 CR 1005 PO Box 405	3800 N. FM 493
PO Box 119 Nursery, TX 77976	Pearsall, Texas 78061	Donna, TX 78537

STEC is a generation and transmission cooperative that provides wholesale services for eight (8) member distribution cooperatives (Members) that have certificated service areas in forty-two (42) Texas counties. All Member loads are in the Electric Reliability Council of Texas region.

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PRELIMINARY S	TATEMENT	i

Members are:

Jackson Electric Cooperative, Inc. (JEC)

8925 SH 111 South

PO Box 1189

Ganado, TX 77962

Edna, TX 77957

Karnes Electric Cooperative, Inc. (KEC)

1007 N. Hwy. 123

PO Box 7

Karnes City, TX 78118

Magic Valley Electric Cooperative, Inc. (MVEC)

 $1\frac{3}{4}$ Miles West on Hwy 83

PO Box 267

Mercedes, TX 78570

Medina Electric Cooperative, Inc. (MEC)

2308 18th Street

PO Box 370

Hondo, TX 78861-0370

Nueces Electric Cooperative, Inc. (NEC)

709 E. Main

P.O. Box 260970

Robstown, TX 78380

Corpus Christi, TX 78426

San Patricio Electric Cooperative, Inc. (SPEC)

402 E. Sinton Street

PO Drawer 400

Sinton, TX 78387

Victoria Electric Cooperative, Inc. (VEC)

102 S. Ben Jordan Street

PO Box 2178

Victoria, TX 77902

Wharton County Electric Cooperative, Inc. (WCEC)

1815 E. Jackson Street

PO Box 31

El Campo, TX 77437

ELECTRIC TARIFF	Section No.	I			
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PRELIMINARY STATEMENT					

STEC's Members serve in the Counties below:

Goliad	McMullen
Hidalgo	Nueces
Jackson	Real
Jim Hogg	Refugio
Jim Wells	San Patricio
Karnes	Starr
Kenedy	Uvalde
Kinney	Victoria
Kleberg	Webb
LaSalle	Wharton
Lavaca	Willacy
Live Oak	Wilson
Matagorda	Zapata
Medina	Zavala
	Hidalgo Jackson Jim Hogg Jim Wells Karnes Kenedy Kinney Kleberg LaSalle Lavaca Live Oak Matagorda

STEC installed, owns, and operates about 2,000 total miles of transmission line rated at 69 kV, 138 kV, and 345 kV with associated transmission switching stations and delivery point substations. The Members own and operate the distribution lines connected to STEC substations.

Each Member is considered in the STEC Bylaws to be a Permanent Member and as such have one voting representative on the STEC Board of Directors. Each Member has an alternate representative with voting privileges in the absence of its Director. It is the policy of the STEC Board of Directors to furnish electrical energy to the Members at the lowest possible cost consistent with sound business practices. These practices require revenue that adequately provides for retirement of long-term debt and capital for the day to day operation of STEC.

ELECTRIC TARIFF	Section No.	II		
SECTION: RATES AND CHARGES	Sheet No.			
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APPLICABILITY: ENTIRE TRANSMISSION SYSTEM	Page No.	1 of 3		
WHOLESALE TRANSMISSION SERVICE				

AVAILABILITY:

South Texas Electric Cooperative (STEC) shall make wholesale transmission service available under this schedule to municipally-owned utilities, electric cooperatives, power marketers, power generation companies, qualifying facilities, qualifying scheduling entities, retail electric providers, distribution service providers, and other transmission service customers as defined in P.U.C. SUBST. R. 25.5(142).

APPLICATION:

The tariff shall apply to all transactions as set out in P.U.C. SUBST. R. 25.191.

|(T)|

CHARGES FOR TRANSMISSION SERVICE WITHIN ERCOT:

Charges for wholesale transmission service delivered within ERCOT shall be in (T) accordance with P.U.C. SUBST. R. 25.192(b).

STEC's annual TCOS is \$47,681,204.

|(I)

Annual access fee \$0.722285 per KW | (T)

Monthly access fee \$0.060190 per KW | (T)

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WHOLESALE TRANSMISSION SERVICE				

CHARGES FOR EXPORTS FROM ERCOT:

Charges for wholesale transmission service for exports from ERCOT shall be in accordance with P.U.C. SUBST. R. 25.192(e).

Charges are based on the megawatts that are actually exported, the duration of the transaction and rates established in accordance with P.U.C. SUBST. R. 25.192. Billing intervals shall consist of a year, month, week, day, or hour.

Monthly access fee for on-peak service \$.180571 per KW (June, July, August, and September)

Monthly access fee for off-peak service \$0.060190 per KW (I)

PAYMENT:

Bills are due when rendered and are past due if payment has not been received by

STEC within 35 calendar days after issuance. The postmark, if any, on the envelope of the
bill, or an issuance date on the bill if there is not a postmark on the envelope, shall constitute
proof of the date of issuance.

All bills shall be considered to be rendered if mailed to the last mailing address provided by the transmission customer requesting transmission services.

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WHOLESALE TRANSMISSION	N SERVICE		

Billing and payment for transmission service in all other aspects shall be in accordance with P.U.C. SUBST. R. 25.202.

TERMS AND CONDITIONS:

In addition to the express terms and conditions set out herein, all transmission services provided under this tariff shall be subject to the terms and conditions set out in P.U.C. SUBST. R.s 25.191-25.192; 25.195; 25.198; 25.200; 25.202-25.203.

CONTRACTS:

A written agreement for transmission service is required in accordance with ERCOT (T) protocols and P.U.C. Substantive Rules for all eligible customers that have facilities (T) connected to the STEC transmission system.

(T)

(C)

RATES AND CHARGES	Section No	<u>II</u> .
APPLICABILITY: DISTRIBUTION FACILITIES PROVIDING WHOLESALE TRANSMISSION SERVICE	Sheet No. Effective Date Revision No. Page	39
DISTRIBUTION LEVEL W	HOLESALE TRANSM	IISSION SERVICE
South Texas Electric Cooperative available under this schedule to electric electric and qualifying facilities and or a schedule to electric electri	tric utilities, powe	er marketers, exempt wholesale
n P.U.C. Substantive Rule 25.191(c). APPLICATION:		
The tariff shall apply to all plans Substantive Rule 25.191(c) where STE distribution facilities.		
Substantive Rule 25.191(c) where STE		

STEC shall respond to such requests under the same guidelines set out in P.U.C. Substantive Rule 25.198 for responding to requests for wholesale transmission service for planned and unplanned transactions.

CHARGES FOR SERVICE:

Charges for service under this tariff shall be based upon a \$1.9440428 per KW-mo. demand charge per delivery point. Demand shall be calculated based on the greatest one (1) hour interval peak demand in the previous 12 months for that delivery point.

The minimum billing demand per delivery point shall be 300 kW.

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DISTRIBUTION FACILITIES USED TO PROVIDE WHOLESALE TRANSMISSION SERVICE	Page2	of <u>5</u>	-	(1
DISTRIBUTION LEVEL WHOLESALE TO	RANSMISSION SER	VICE		

2). Loss compensation: STEC shall be entitled to charge the customer requesting distribution level wholesale transmission service for losses caused by the transaction. Payment for losses shall be determined in accordance with the ERCOT loss methodology for distribution facilities.

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PAYMENT:

Bills are due when rendered and are past due if payment has not been received by STEC from the customer within 20 calendar days after issuance. The postmark, if any, on the envelope of the bill, or an issuance date on the bill, if there is not a postmark on the envelope, shall constitute proof of the issuance.

All payments shall be made in immediately available funds payable to STEC, or by wire transfer to a bank named by STEC.

Interest on any delinquent bill shall be calculated in accordance with the methodology specified for interest on overbillings and underbillings in P.U.C. Substantive Rule 25.28. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by STEC.

If failure of payment is not corrected with 30 days after STEC notifies the customer to cure such failure, a default by the customer shall be deemed to exist. STEC may terminate customer's service upon the occurrence of a default.

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DISTRIBUTION FACILITIES USED TO PROVIDE WHOLESALE TRANSMISSION SERVICE	Page3	of <u>5</u>	1 (-)
DISTRIBUTION LEVEL WHOLESALE TRA	NSMISSION SER	VICE	

POWER FACTOR:

Each wholesale load will maintain a power factor of 95 percent (95%)or greater at each point of delivery. If at any time the power factor drops below 95 percent (95%), the customer's billing demand shall be adjusted to be not less than 95 percent (95%) of the highest average kilovolt-amperes measured during any one (1) hour interval period of the prior calendar year.

(C)

<u>REQUIRED TECHNICAL ARRANGEMENTS:</u>

Service under this tariff may not commence until STEC and the customer, or a third party, have completed installation of all equipment specified under the interconnection agreement, consistent with NERC, ERCOT, and STEC Planning Criteria and Operating Guides. STEC will exercise reasonable efforts to complete any arrangements for which it is responsible as soon as is practical.

Customer shall have the responsibility for ensuring that it or the third party owning facilities at each point of interconnection with STEC's facilities that are necessary to interconnect and deliver power are constructed, maintained, and operated in accordance with good utility practices.

LOAD SHEDDING AND CURTAILMENT:

STEC shall implement load shedding and curtailment on a nondiscriminatory basis under procedures consistent with STEC's operating and planning criteria and the ERCOT Operating Guides applicable to its distribution facilities.

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Load shedding and curtailment may occur when customer experiences load shedding or curtailment under STEC's wholesale transmission tariff.

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DISTRIBUTION FACILITIES USED TO PROVIDE WHOLESALE TRANSMISSION SERVICE	Page 4	of <u>5</u>	
DISTRIBUTION LEVEL WHOLESALE TRANSMISSION SERVICE			

Load shedding and curtailment may occur because of events that are reasonably beyond STEC's control.

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STEC shall, if time and circumstances permit, notify customer purchasing services in advance of such interruptions, including an explanation of the cause, duration, and magnitude of the interruption and any other pertinent information available. If all such information is not available at the time of notification, such information shall be given as soon thereafter as practicable.

The transmission customer's failure to respond to emergency load shedding and curtailment requests to relieve emergencies on the distribution system may result in the transmission customer being deemed by the transmission provider to be in default and may result in the termination of transmission service.

LIABILITY PROVISIONS:

Neither a customer nor STEC shall be liable to the other for damages for any act that is beyond such party's control, including any event that is a result of an act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, a curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, or by the making of necessary repairs upon the property or equipment of either party.

Notwithstanding the provisions of the above paragraph, a transmission customer and STEC shall assume all liability for, and shall indemnify each other for, any losses resulting from negligence or other fault in the design, construction, or operation of their respective facilities. Such liability shall include a transmission customer or STEC's monetary losses, costs and

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expenses of defending an action or claim made by a third person, payments for damages related to the death or injury of any person, damage to the property of STEC or the transmission customer, and payments for damages to the property of a third person, and damages for the disruption of the business of a third person. This paragraph does not create a liability on the part of STEC or the transmission customer to a retail customer or other third party person, but requires indemnification where such liability exists. The indemnification required under this paragraph does not include responsibility for STEC's or the transmission customer's costs and expenses of prosecuting or defending an action or claim against the other, or damages for the disruption of the business of STEC or the transmission customer. The limitations on liability set forth in this subsection do not apply in cases of gross negligence or intentional wrongdoing.

CONTRACTS:

An agreement for the provision of distribution level wholesale transmission service is required.

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An interconnection agreement with the party owning facilities at the point of delivery is required. The agreement shall set forth the requirements for physical connection and other terms relating to the electrical connection.

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III-1.0 <u>DEFINITIONS</u>

- 1.1 ASSOCIATE MEMBER. Any person, association, or corporation with whom STEC has or may hereafter have contracts or agreements relating to the pooling of power, interchange of power, or supply or transmission of power to or for STEC. Any electric cooperative corporation may become an Associate Member upon approval by the STEC Board of Directors. The STEC Board of Directors may provide for such terms, fees, dues, and obligations of Associate Membership as it may choose, provided and Associate Member shall not be entitled to vote on the affairs of STEC or serve as a member of the STEC Board of Directors.
- 1.2 COMMISSION. The Public Utility Commission of Texas, P.U.C., PUC, or PUCT.
- 1.3 CONTRIBUTION IN AID OF CONSTRUCTION. Payment to STEC for upgrades, new installations, expansions, removals, and installation of nonstandard equipment for facilities required at a delivery point.
- 1.4 DISTRIBUTION FACILITIES. Facilities rated less than 60kV measured phase to phase that are used to provide wholesale transmission services.
- 1.5 ELECTRIC SERVICE. Any and all acts done, rendered, or performed and any and all things furnished and supplied, and any and all things, including facilities, furnished or supplied by STEC in the performance of providing and delivering wholesale power.

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- 1.6 ERCOT GUIDELINES. Electric Reliability Council of Texas operating guides and protocols
- 1.7 FACILITIES. All plant and equipment, including all tangible and intangible real and personal property without limitation, and any and all means and instrumentalities in any manner owned, operated, leased, licensed, used, controlled, furnished, or supplied for, or in connection with the business of providing electric service.
- 1.8 FACILITIES AGREEMENT. A contract establishing the responsibilities and agreements associated with a transmission point of delivery between STEC and Members' retail customers.
- 1.9 INTERCONNECTION AGREEMENT. A contract establishing the responsibilities and agreements associated with transmission interties and points of delivery between STEC and a TSP.
- 1.10 KV. Kilovolt, or kV, is 1,000 volts. Voltage magnitude unit.
- 1.11 KVA. Kilovolt-ampere is 1,000 volt-amperes. Apparent power unit.
- 1.12 KW. Kilowatt, or kW, is 1,000 watts, and also is 0.001 Megawatts (MW). Real, or actual power unit.
- 1.13 KWH. Kilowatt-hour. Unit of real power delivered equal to one KW for one hour.
- 1.14 KW-MONTH DISTRIBUTION DEMAND RATE. The rate which the non-coincident peak demand KW of each delivery point is multiplied by

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- to calculate the monthly billing for wholesale delivery through distribution facilities.
- 1.15 MEMBER. An electric cooperative that utilizes STEC wholesale electric services in compliance with long-term, all-requirement, wholesale power contracts.
- 1.16 METERING. The facilities utilized to measure the delivery of electric power and energy including measuring device (the meter), wiring, cabinets, communications equipment, and instrument transformers necessary for such measurements and for obtaining meter data at remote locations.
- 1.17 MINIMUM BILLING DEMAND. The minimum KW used as the basis for payment for any point of delivery. The actual measured KW demand may be lower than the minimum billing demand.
- 1.18 NESC. National Electric Safety Code, the latest revision of which at the time of facility installation shall be met by any construction of STEC.
- 1.19 POINT OF DELIVERY. Same as delivery point, STEC's point of delivery to a transmission service customer is the physical location where ownership of the facilities changes to the other party.
- 1.20 POINT OF INTERCONNECTION. Point of delivery or point of ownership change between STEC and a TSP.
- 1.21 POWER FACTOR. The ratio of apparent power (KVA) to real, or actual, power (KW).

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- 1.22 RATE. Means and includes every compensation, tariff, charge, fare, toll, rental, and a classification of any of them demanded, observed, charged, or collected, with regard directly or indirectly by STEC for any service, product, or commodity described in any rules, regulations, practices, or contracts affecting such compensation, tariff, charge, fare, toll, rental, or classification.
- 1.23 SCHEDULE. The Rate plus provisions necessary for billing for various services.
- 1.24 STEC. South Texas Electric Cooperative, Incorporated, a Texas electric cooperative corporation.
- 1.25 TRANSMISSION FACILITIES. Facilities rated at 60kV or higher, measured phase to phase, and the associated equipment necessary to monitor, operate, and control such facilities, including transmission line, breakers, property, station structures, microwave communications, protective relaying, and other associated equipment.
- 1.26 TRANSMISSION SERVICE CUSTOMER. A Member, TSP, DSP, or generating entity that receives service over or through STEC facilities and meets the applicable Commission definition of transmission service customer.
- 1.27 TSP. Transmission service provider
- 1.28 DSP. Distribution service provider
- 1.29 WATT. A unit of electric power measured by a meter.

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1.30 WHOLESALE SERVICE CUSTOMER. Any party contracted with STEC for provision of wholesale services.

III-2.0 <u>ELECTRIC SERVICE</u>

- 2.1 STEC shall make wholesale services available to its Members and other eligible wholesale transmission customers under the terms and conditions in applicable tariff schedules, STEC's Rules and Regulations, wholesale power contracts, interconnection agreements, facility agreements, and the applicable PUC Substantive Rules, Texas Utility Code, ERCOT guidelines, NESC, and other applicable industry standards.
- 2.2 STEC shall construct and maintain transmission lines, transmission switching stations, and substations necessary to transform voltage to distribution levels. Transmission service shall be provided at the nominal voltages of 345kV, 138kV, and 69kV whichever is appropriate. STEC shall provide three phase wholesale service at distribution voltage at its substations at 4.16kV, 12.47kV, 13.2kV, or 24.94kV, measured phase to phase.
- 2.3 Service may be made available at other requested voltages pending economic and reliability justification in compliance with these Rules and Regulations.

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III-3.0 POINT OF DELIVERY

- 3.1 The point of delivery is the physical location where ownership of facilities changes from STEC to the Member or other transmission service customer.
- 3.2 Where STEC's responsibilities include provision and maintenance of substation facilities rated less than 60kV, the point of delivery shall adhere to STEC's Distribution Feeder Terminal Practice which is available upon request to Members and other eligible customers.
- 3.3 Establishing a point of delivery at transmission voltage requires that STEC and the TSP or eligible transmission service customer execute an Interconnection Agreement or execute a Facility Schedule to amend an existing Interconnection Agreement.
- 3.4 Establishing a point of delivery at transmission voltage for Member service to a retail customer requires a Facility Agreement between STEC and the retail customer to define the separation of ownership, installation, and maintenance responsibilities.

III-4.0 <u>CUSTOMER RESPONSIBILITIES</u>

All electric service customers shall:

- 4.1 Execute an agreement with STEC defining each point of delivery.
- 4.2 Install and maintain facilities in accordance with National, State, and local codes, laws, and regulations.

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- 4.3 Install, maintain and own all facilities beyond the point of delivery.
- 4.4 Report to STEC any service interruptions and irregularities at the point of delivery.
- 4.5 Maintain a ninety-five percent (95%) power factor or better at each point of delivery.
- 4.6 Inform STEC prior to connection of any alternate power source to its distribution system that may result in paralleling station transformers or real power flow "into" a STEC's substation. STEC may require time to switch or change control or metering settings to accommodate such connections.
- 4.7 Inform STEC of any significant change in load anticipated at any point of delivery.
- 4.8 Coordinate with STEC all activities at a point of delivery in order to maintain dependable electric service and develop sound business and service relationships.
- 4.9 Assume liability for facilities owned by STEC that are under the control of the customer.
- 4.10 Provide, without cost to STEC, necessary space and means of support at or near any point of delivery connected to distribution owned by others for the installation of STEC metering and monitoring equipment.

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III-5.0 OUTAGES AND INTERRUPTIONS

- 5.1 STEC shall use reasonable diligence to supply steady and continuous service at the points of delivery but is not liable for damages resulting from service interruptions.
- 5.2 STEC shall notify the Member or other wholesale service customer at least four (4) days in advance of the time when electric service at a point of delivery will experience a planned outage unless there are emergency conditions.
- 5.3 In emergency conditions, STEC may or may not be able to give advance notification of an outage.

III-6.0 LIABILITY LIMITATIONS

- 6.1 STEC does not guarantee against fluctuations or interruptions of service whether as a result of negligence or otherwise.
- 6.2 STEC will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits or loss of revenue occasioned by fluctuations or interruptions of STEC service caused by the negligence of STEC.
- 6.3 STEC shall not be liable in damages for any act or event that is beyond STEC's control and which could not be reasonably anticipated and prevented through the use of reasonable measure, including, but not limited to, an act of God, act of the public enemy, war, insurrection,

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equipment or material shortage, breakdown or accident to machinery or equipment, or good faith compliance with then valid curtailment, order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities, including any order or directive of ERCOT.

III-7.0 LINE AND SERVICE EXTENSION POLICY

- 7.1 STEC is dedicated to provide new points of delivery where its Members require such service. Member's Board of Directors shall pass a resolution directed to STEC's Board of Directors with any request for a new point of delivery. The request shall guarantee STEC's recovery of the investment for the life of the project.
- 7.2 Prior to presenting such a resolution, Member shall furnish STEC with the following:
 - (a) Location of substation;
 - (b) Delivery voltage requested;
 - (c) Number of distribution circuits required;
 - (d) Forecasts of annual peak load in KW and load factor for 10 years following installation;
 - (e) Peak load planned to be transferred from existing delivery points; and,
 - (f) A copy of an approved construction work plan or long range plan reflecting the new delivery point. Member shall indicate whether RUS has reviewed and approved any plan indicating the new delivery point.

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- 7.3 STEC shall, within two months of receiving the above information, furnish Member with an estimated project capital cost, annual fixed cost, and estimated time of completion. The annual fixed cost shall include applicable interest, depreciation, taxes, insurance, operations and maintenance, and administrative and general costs.
- 7.4 STEC and the Member shall together analyze service improvement options with Member performing the necessary distribution system improvement studies and cost estimates and STEC performing the same for the new point of delivery and associated transmission facilities. . STEC shall perform an economic analysis of all improvement options considering an appropriate time period. Generally, the lowest cost option shall be pursued but STEC and the Member shall also consider reliability performance, planning criteria, and electrical losses expected of each option in the selection process. All analyses and studies shall be performed assuming single ownership and from a one company standpoint.

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- 7.5 Upon completion of the improvement solution analysis, Member shall present its resolution requesting a new point of delivery to the STEC Board of Directors which may refer the request to a committee. The STEC Board of Directors shall approve or disapprove the establishment of the new point of delivery.
- 7.6 Members shall allow STEC sufficient time to gain necessary regulatory permissions and to assemble and install required transmission line and station equipment. STEC shall have complete control of the design of any point of delivery.
- 7.7 Transmission facilities that are required to maintain or improve transmission system reliability not associated specifically with a new point of delivery shall not be part of this policy.
- 7.8 Members shall guarantee that STEC shall receive an adequate annual return on its investment in point of delivery facilities for the life of the facilities. It is the responsibility of the Member to keep STEC whole in order that one Member does not place undue burden on the other Members.
- 7.9 In the event of abandonment of a substation, the Member shall reimburse STEC the original cost less any contribution in aid of construction, less depreciation, and less salvage value, plus cost of removal.
- 7.10 STEC may, in establishing a point of delivery, require contribution in aid of construction from any wholesale service customer that is not a Member or has not entered into a long term wholesale power contract

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with STEC, if existing facilities do not adequately or reliably provide the requested service.

- 7.11 STEC may require surety in the form of a letter of credit, bond, or deposit from any TSP or wholesale service customer for transmission facility improvements STEC deems necessary to establish a point of delivery. Surety in a related form may be required from Members' retail customers that have or will have a facility agreement with STEC.
- 7.12 Application of a minimum billing demand in compliance with Section 8.13 below shall apply at any delivery point where STEC is responsible for the installation, ownership, maintenance, or operation of distribution voltage rated equipment. Such minimum billing demand shall be based upon the average of the costs at all delivery points for annual maintenance, operations, and tax expenses.
- 7.13 All points of delivery for wholesale service commencing service after January 1st, 2013 shall have a minimum billing demand of:

MINIMUM BILLING DEMAND	POINT OF DELIVERY TOTAL TRANSFORMER NAMEPLATE BASE CAPACITY
2,500 KW	5 MVA or higher
1,250 KW	less than 5 MVA and greater than 2.5 MVA
750 KW	2.5 MVA or lower

The minimum billing demand in the table according to the appropriate transformer capacity shall be the basis of the monthly billing calculation. The minimum billing demand shall remain in effect for the life of the

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point of delivery except that if the transformer capacity at a point of delivery changes, the minimum billing demand shall change in accordance with the above table of Section III-8.13. STEC shall choose transformer capacity based upon economic and reliability factors, industry standards, and availability.

III-8.0 <u>METERING</u>

- 8.1 All electricity sold by STEC shall be measured by metering and metering related equipment installed, maintained, owned, communicated with and read by STEC unless otherwise indicated in an agreement pertaining to a point of delivery.
- 8.2 STEC shall test the meters at wholesale points of delivery each year to ensure accuracy in compliance with applicable agreements and PUC requirements. Additional tests may be requested of STEC but shall be made by STEC at the requesting party's cost unless the test result shows an unacceptable accuracy level.
- 8.3 If established that meter readings are inaccurate by test or if a meter fails to record meter data, the readings shall be corrected as per reasonable assumptions agreed upon by STEC and the customer. Meter reading correction methods shall comply with any ERCOT and PUC requirements.

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- 8.4 STEC shall retain meter readings for seven (7) years or the maximum length of time indicated by ERCOT and PUC requirements applicable to the meter installation, whichever time is shorter.
- 8.5 Meter test and data records shall include:
 - (a) Meter manufacturer
 - (b) Serial number
 - (c) Meter location/point of delivery
 - (d) Meter Data Type, voltage, class, elements, interval, constants, and ratios
 - (e) Meter Test Data test date, technician name, pre-test readings, accuracy, repairs, disposition of as-left meter
- 8.6 Meters shall be located at the discretion of STEC. Any meter with its associated instrument transformers connected to facilities rated less than 60kV shall be subject to meter reading compensation to reflect any line or transformer losses that may exist between such location and the ERCOT system. Compensation for transformer losses shall be calculated based upon actual transformer losses measured during manufacturer testing, or if such test results are not available, upon reasonable engineering assumptions. Compensation for line losses shall only be calculated for distribution feeder losses where the metering instrument transformers are not connected at the STEC distribution bus and shall be made using reasonable engineering assumptions of applicable resistance.
- 8.7 If a STEC substation serves more than one wholesale service customer, compensation of meter readings for transformer losses shall be assigned

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to each party's billing demand according to a load ratio share methodology.

8.8 Only STEC's meters shall be used to record data utilized in STEC billing, except that STEC may or may not accept readings from other meters in calculating the load ratio share of loss compensation.

BILLING AND COLLECTION

- 8.9 Wholesale service customers shall conform and adhere to STEC's rates, schedules, and Rules and Regulations approved by the PUC.
- 8.10 Charges for wholesale electric services shall be billed monthly.
- 8.11 Amounts are due and payable on or before fifteen (15) days from the date the bill is sent.
- 8.12 Payments not received on or before fifteen (15) days from the date the bill is sent shall be considered delinquent. STEC shall send by US mail a past due notice of any payment delinquency. STEC may disconnect any electric service associated with a delinquency fifteen (15) days after the delinquency notice is sent. Restoration of disconnected service shall occur upon full payment of all authorized charges due to STEC.
- 8.13 Billing adjustments may be made if:
- 8.14 Failure of metering equipment to record measurements
- 8.15 Usage or demand accuracies are not within 2% error as indicated by testing

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- 8.16 Improper installation
- 8.17 Improper use of multipliers and ratios
- 8.18 Temporary transfers of load between points of delivery
- 8.19 Other disputes that may be settled in accordance with these Rules and Regulations or by reference to applicable rate schedules.

III-9.0 <u>DISCONNECTION OF SERVICE</u>

- 9.1 Service shall be disconnected if a wholesale service customer violates the terms and conditions in these Rules and Regulations. Such disconnection may be without notice if STEC determines one or more of the following:
- 9.2 A condition of facilities is hazardous.
- 9.3 A customer's equipment or a condition on the customer's system is adversely affecting the service of others.
- 9.4 There is noncompliance with or violation of these Rules and Regulations.
- 9.5 A default under an agreement for service.
- 9.6 Any suspension or discontinuance of service shall not terminate or reduce the terms and conditions of any agreement between STEC and the customer.

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III-10.0 SERVICE AGREEMENTS

Services provided by STEC shall be in accordance with applicable agreements memorializing the responsibilities of STEC and any party of a point of delivery or transmission interconnection. Agreements necessary may include, but are not limited to, the following:

- 10.1 Wholesale Power Contract This agreement is a long-term, all-requirements type of service agreement executed between STEC and each of its Members. All Members are cooperative corporations formed under the same Act as STEC and include cooperatives responsible, in part, for the formation of STEC and the cooperatives later approved as Members by the STEC Board of Directors. Services provided under a wholesale power contract include wholesale generation, transmission, and distribution responsibilities.
- 10.2 Interconnection Agreement This agreement defines the responsibilities associated with ties between STEC and any eligible transmission service customer that does not execute a wholesale power contract with STEC. An Interconnection Agreement is required for transmission facility interconnections and for transmission interconnections at distribution voltage used in providing wholesale transmission services. Each point of delivery shall be indicated in any Interconnection Agreement.
- 10.3 Facility Agreement This agreement defines the responsibilities of STEC and a Member's retail customer if a point of delivery interconnection is made at transmission voltage level.

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10.4 Surety Agreement - STEC may require this type of agreement of any wholesale service customer or Member retail customer if the requested service requires transmission improvements.

III-11.0 POLE ATTACHMENTS

Pole attachments refer to the situation where a STEC pole is supporting electric service or telecommunications facilities owned by others.

- 11.1 No pole attachments are allowed without written permission of STEC.
- 11.2 Members may contact STEC poles to support distribution service facilities if the resulting configuration is in compliance with all applicable NESC requirements. If attaching to a STEC pole is deemed to violate a NESC requirement, any improvement necessary to make the attachment shall be at the cost of the requesting party.
- 11.3 Any pole attachment other than for supporting electrical service wires shall require the owner of the attachment to execute a pole attachment agreement.

SYMBOL	DESCRIPTION		
S	69kV FUSE		
	AIR DISCONNECT SWITCH		
ulu m	TRANSFORMER		
GCB	BREAKER		
	DISTRIBUTION BREAKER/RECLOSER		
R	DISTRIBUTION REGULATOR		
M	METER		
	DISTRIBUTION AIR DISCONNECT SWITCH		
(23)	CIRCUIT SWITCHER		
CI	CIRCUIT INTERRUPTER		
Œ	LOAD TAP CHANGER		

SOUTH TEXAS ELECTRIC COOPERATIVE, IN P.O. BOX 119 NURSERY, 1							
	ONE LINE LEGEND						
	DIRAL BY KK	CHO. BY CA	APPD. BY CA	SCALE NA	DATE 5/16/2013		

