

BOARD POLICIES

SNAPPING SHOALS ELECTRIC MEMBERSHIP CORPORATION

In addition to any other terms whose definitions are fixed and defined by the Board Policies each of the following defined terms, when used in the Board Policies with an initial capital letter, shall have the meaning ascribed thereto by this Section and shall be applicable to both the singular and plural form of the terms defined:

1. **Annual Meeting** shall mean annual meeting of the membership of Snapping Shoals Electric Membership Corporation.
2. **Articles of Incorporation** shall mean the Articles of Incorporation of Snapping Shoals Electric Membership Corporation.
3. **Audit Committee** shall mean a committee made up of the entire Board of Directors of Snapping Shoals Electric Membership Corporation that reviews the audit and internal controls annually.
4. **Board Chairman** shall mean Chairman of the Board of Directors of Snapping Shoals Electric Membership Corporation.
5. **Board Members** shall mean members of the Board of Directors of Snapping Shoals Electric Membership Corporation.
6. **Board Management Program** shall mean a program offered by NRECA to Board members in order to become certified.
7. **Board of Directors** shall mean the Board of Directors of Snapping Shoals Electric Membership Corporation.
8. **Board Policy** shall mean guidelines of the Board of Directors of Snapping Shoals Electric Membership Corporation.
9. **Building Committee** shall mean a committee of the Board of Directors of Snapping Shoals Electric Membership Corporation that reviews any plans to build or improvements to any facility of Snapping Shoals Electric Membership Corporation.
10. **Bylaws of SSEMC** shall mean the bylaws of Snapping Shoals Electric Membership Corporation.
11. **Bylaws of the Trust** shall mean the bylaws of Snapping Shoals Electric Trust, Inc.
12. **Capital Credit** shall mean margins or profits credited to members of Snapping Shoals Electric Membership Corporation based on their purchases.
13. **CEI** shall mean Cooperative Energy, Inc.
14. **Chairman** shall mean Chairman of the Board of Directors of Snapping Shoals Electric Membership Corporation.
15. **Charter** shall mean the corporate charter of Snapping Shoals Electric Membership Corporation.

16. **Conservation** shall mean methods and procedures implemented by management for the conservation of energy among members within the entire system of Snapping Shoals Electric Membership Corporation.
17. **Consumer Relations Committee** shall mean a committee of the Board of Directors of Snapping Shoals Electric Membership Corporation that works on policies pertaining to consumers.
18. **Continuing Property Records** shall mean perpetual records of all electric utility plant. It reflects the number of units added and removed, balance on hand, detailed cost records, and other relevant details.
19. **Counsel** shall mean general counsel for Snapping Shoals Electric Membership Corporation.
20. **Court of Record** shall mean place to administer justice.
21. **Department Head** shall mean supervisor or manager of departments.
22. **Director** shall mean a director of the Board of Directors of Snapping Shoals Electric Membership Corporation.
23. **Director of Loss Control** shall mean person who enforces safety policies of Snapping Shoals Electric Membership Corporation.
24. **Economic Development** shall mean a policy stating SSEMC will be active and supportive in the positive economic development in our area.
25. **Employee Relations Committee** shall mean committee of the Board of Directors of Snapping Shoals Electric Membership Corporation that works with management on benefits for employees.
26. **Energy Management** shall mean managing energy effectively and providing best service at lowest possible cost.
27. **FDIC** shall mean Federal Deposit Insurance Corporation.
28. **Finance Committee** shall mean committee of the Board of Directors of Snapping Shoals Electric Membership Corporation that reviews finances of the cooperative.
29. **GEMC** shall mean Georgia Electric Membership Corporation.
30. **GEMC Safety Manual** shall mean the safety manual for Georgia Electric Membership Corporation.
31. **General and Distribution Plant Accounts** shall mean records of Snapping Shoals Electric Membership Corporation that reflect the assets which are used in the utilities operations and are expected to be in service for more than one year.
32. **General Plant Items** shall mean equipment used in office, shop and laboratory, and includes transportation equipment, communications system, structures and improvements.

33. **Georgia Public Service Commission** shall mean state regulatory body that handles territorial affairs.
34. **GSOC** – Georgia Systems Operations Corporation.
35. **GTC** – Georgia Transmission Corporation.
36. **Internal Control** shall mean a policy established by SSEMC that will maintain internal control components to the extent that cost of controlling risks do not exceed their benefits.
37. **Long Range Planning** Committee shall mean a committee of the Board of Directors of Snapping Shoals Electric Membership Corporation that shall focus on the long-range strategic goals and objectives of SSEMC. The committee shall: review SSEMC’s mission and purpose; develop long-range strategic goals that are consistent with SSEMC’s mission and purpose and evaluate SSEMC’s progress in accomplishing these long-range strategic goals.
38. **Management** shall mean Vice Presidents and Managers in position of administrative authority.
39. **Management Evaluation Committee** shall mean committee of the Board of Directors of Snapping Shoals Electric Membership Corporation that reviews performance of President/CEO.
40. **President/Chief Executive Officer (CEO)** shall mean person who directs the day-to-day operation of the cooperative.
41. **Material Safety Data Sheets** shall mean information sheet provided by manufacturer of the products used at Snapping Shoals Electric Membership Corporation.
42. **NRECA** shall mean National Rural Electric Cooperative Association.
43. **NRECA Safety Accreditation Program** shall mean a tool for management with a commitment to achieve and maintain higher standards of safety for employees and the community served.
44. **NRUCFC** shall mean National Rural Utilities Cooperative Finance Corporation.
45. **OPC** shall mean Oglethorpe Power Corporation.
46. **Operating Budget** shall mean budget of the cooperative.
47. **Payroll Checks** shall mean checks signed and issued as wages for services or work.
48. **Policy Committee** shall mean a committee of the Board of Directors that review and recommends all policies necessary for the operation of Snapping Shoals Electric Membership Corporation.
49. **Postal Department** shall mean department that handles mail for Snapping Shoals Electric Membership Corporation.
50. **Power Committee** shall mean committee of the Board of Directors that works with management on reviewing contracts for LP load in EMC area, disputes over territory and power supply.
51. **Public Relations** shall mean keeping the membership, employees and media informed of cooperative’s mission, goals and plans and to communicate openly about any crisis or emergency.

52. ***Purchasing Director*** shall mean person who manages purchasing department for Snapping Shoals Electric Membership Corporation.
53. ***Safety Committee*** shall mean committee of the Board of Directors that works with management to maintain Safety program for protection of employees, members and general public.
54. ***Secretary/Treasurer*** shall mean Secretary/Treasurer of the Board of Directors of Snapping Shoals Electric Membership Corporation.
55. ***Special Meeting*** shall mean a called meeting of the Board of Directors of Snapping Shoals Electric Membership Corporation.
56. ***SSEMC*** shall mean Snapping Shoals Electric Membership Corporation.
57. ***Trust*** shall mean Snapping Shoals Electric Trust, Inc.
58. ***Workers' Compensation Insurance*** shall mean insurance coverage required by any contractors that are hired to do a service.

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1500. ACCOUNTING SYSTEM AND REPORTS

The Board of Directors shall cause to be established and maintained a complete accounting system, subject to the applicable laws, rules and regulations of any regulatory body. Within one hundred and twenty (120) days after the close of each fiscal year, the Board of Directors shall also obtain a full and complete audit of the accounts, books, and financial condition of SSEMC by independent certified public accountants. A report of such audit shall be submitted to the members at the next following annual meeting.

The Board of Directors shall advise the auditing firm to rotate their personnel that does the audit and the auditor shall report to the Board on the audit and internal controls.

REVISED DATE: 10-5-98

REVISED DATE: 11-04

1500A. AUDIT

I. OBJECTIVES

- A. To provide procedures for the Board of Directors to follow in selecting and evaluating an independent auditor and performing oversight of an audit of the Cooperative's financial statements.

II. CONTENT

- A. The Board of Directors shall oversee the independent audit of the financial statements of the Cooperative.
- B. The Board shall select an independent auditor to audit the financial statements of the Cooperative. In selecting an auditor, the Board shall consider the competence and independence of candidates. See, O.C.G.A. § 46-3-303 – all of whom should be certified public accountants.
- C. The auditor shall report to the Board of Directors as required. See, O.C.G.A. § 46-3-303.
- D. The Board shall meet with the auditor at least annually to review the results of the audit and to assess the competence, integrity and independence of the auditor.
- E. The Board shall periodically evaluate the independence and competence of the key personnel on any audit engagement team/other designated department or team responsible for audits or liaison with auditors.

III. RESPONSIBILITY

- A. It is the responsibility of the Board of Directors to select or evaluate the independent auditor on an annual basis. The Board shall maintain appropriate oversight over the audit of the Cooperative's financial statements. The Board shall be responsible for periodic review of this Policy and any modifications to it.

IV. ADOPTED: DECEMBER 2008 EFFECTIVE:DECEMBER 2008

REVISED:

REFERENCES: O.C.G.A. § 46-3-303; 2008 IRS Form 990 Part XI.

1500B. JOINT VENTURES WITH TAXABLE ENTITIES

I. OBJECTIVE

To establish guidelines and procedures for the Board of Directors in considering and evaluating joint venture arrangements with for-profit entities in order to safeguard the tax-exempt, nonprofit status of the Cooperative.

II. CONTENT

- A. If the Cooperative is considering investing, contributing assets to or participating in a joint venture with a taxable, for-profit entity, the President/CEO and the Board of Directors of the Cooperative shall ensure that the venture does not unreasonably endanger the Cooperative's tax-exempt, nonprofit status.
- B. The President/CEO and the Board shall obtain a written opinion from the Cooperative's Attorney regarding the possible effects on the tax-exempt, nonprofit status of the Cooperative under applicable Federal tax laws and applicable Georgia laws.
- C. The Board shall determine, based on the Attorney's opinion and such laws, whether to invest, contribute assets to or participate in the joint venture. For existing joint ventures with taxable, for-profit entities, the President/CEO shall annually evaluate the joint venture arrangements for compliance with this Policy and report his or her findings to the Board of Directors.
- D. It is the policy of the Board of Directors that any joint venture with a for-profit entity shall be structured so that:
 - 1. The Cooperative shall be able to act exclusively in furtherance of its purpose and only incidentally for the benefit of the for-profit partners,
 - 2. The Cooperative shall retain effective control over the venture, and
 - 3. The Cooperative shall maintain sufficient authority over the operations of the venture to further the Cooperative's legally recognized purposes.

III. RESPONSIBILITY

It is responsibility of the President/CEO and the Board of Directors to implement this policy. The President/CEO shall be responsible for evaluating ongoing joint ventures and reporting the findings to the Board of Directors.

IV. ADOPTED: DECEMBER 2008 EFFECTIVE: DECEMBER 2008

REVISED:

REFERENCES: 2008 IRS Form 990, Part VI(16); Internal Revenue Code § 501(c)(12). See, Revenue Ruling 98-15, 1998-1 C.B. 718 (*instructive but not binding; applicable to 501(c)(3) nonprofit hospitals*).

1505. ATTORNEY

The selection of an attorney or legal firm to serve as general legal counsel for SSEMC (“General Counsel”) shall be done annually by the Board of Directors. The firm shall serve until a successor shall be appointed.

Retainers and legal fees for General Counsel and Specialty Counsel (defined below) will be set by the Board from time to time. Legal work not covered by the retainer will be billed on an agreed-to rate plus out of pocket expenses and mileage.

When attending seminars and meetings, General Counsel will be reimbursed actual expenses.

The General Counsel acts as the primary legal advisor to the Board of Directors, the President and CEO, and management and staff of SSEMC in carrying out the duties and responsibilities of SSEMC. General Counsel shall, without limitation, provide the following legal services:

- (1) General Counsel shall attend all regular meetings of the Board of Directors, advising the Board on legal questions that may arise at such meetings; likewise, General Counsel shall attend special meetings of the Board or meetings of committees of the Board upon the Board’s request. General Counsel shall assist Management in preparing the minutes of meetings of the Board or its committees, as necessary or appropriate.
- (2) General Counsel shall prepare or review SSEMC bylaws and or amendments to existing bylaws, policies, or service rules and regulations when requested by the Board of Directors or Management of SSEMC.
- (3) General Counsel shall furnish legal advice, oral or written, when and as requested by the Board of Directors or Management of SSEMC.
- (4) General Counsel shall prepare, review or examine contracts proposed or entered into by SSEMC as designated by the Board of Directors or President/CEO.
- (5) General Counsel shall act for and on behalf of SSEMC when SSEMC finds it necessary to institute legal action against anyone and institute such proceedings and prosecute the same to its final determination. If SSEMC is forced to defend any action instituted against SSEMC by others in court or before any commission or regulatory body, General Counsel will defend the suit or controversy before said Court, commission or body until a final settlement or determination of the matter.
- (6) The Board of Directors shall authorize the use of various attorneys in specialized fields (“Specialty Counsel”), with the understanding the Board of Directors will be kept informed and advised of the cost effectiveness and General Counsel will also be kept informed and advised of action taken.
- (7) General Counsel shall examine all loan documents before they are executed by the Board of Directors and/or Management. General Counsel may, as dictated by the circumstances, supervise the execution of said documents and attend to the proper execution, filing and recording of all loan documents and certify those actions and perform all other work on the final loan documents as required by the law.

- (8) General Counsel shall be in complete sympathy at all times with the rural Electric Program and its purpose and have no conflicting interests. General Counsel shall stand ready at all times to assist the Board of Directors and Management in the protection of the Cooperative's territory for loads of all sizes.

This listing of services is intended to be illustrative and not exhaustive.

REVISED DATE: 10-5-98

REVISED DATE: 10-13-09

1505A. USE OF OTHER LEGAL SERVICES

The Board of Directors shall authorize management, at their discretion, to use various attorneys in specialized fields, with the understanding that the Board of Directors will be kept informed and advised of the cost effectiveness and Counsel will also be kept informed and advised of all action taken.

EFFECTIVE DATE: JUNE 1995

1515. COLLECTION POINTS

On authorization of the Board of Directors collection points may be established at one or more locations in each town, the surrounding area of which is served by SSEMC.

The President/CEO shall, with Board of Directors approval, enter into an agreement with the organization setting forth the amount of compensation each shall receive for this service.

This agreement shall also include a list of supplies to be furnished by SSEMC, method of reporting collections, frequency of reporting, and such other stipulations necessary to insure current, accurate accounting to the consumer.

REVISED DATE: 10-5-98

1520. BUDGETS

At the beginning of each year, the President/CEO will present for the approval of the Board of Directors an Operating Budget.

Budgets will be prepared by each Department Head for his or her department no later than December 31st of each year for the ensuing year.

A comparison of actual results to the budget for the corresponding period will be presented monthly to the Board of Directors.

REVISED DATE: 10-5-98

1522. INTERNAL CONTROL

Snapping Shoals Electric Membership Corporation will establish and maintain the following internal control components, to the extent that cost of controlling risks do not exceed their benefits:

1. An organizational environment in which integrity and value control behavior and promote ethical conduct.
2. Assessment of the risk to the achievement of critical success factors and their related goals.
3. Development and execution of policies and procedures adequate to control cooperative activities, address risks and ensure execution of management directives.
4. Information and communication systems sufficient to capture and transmit important cooperative information as required for decision-making, customer care and business operations.
5. Routine monitoring of internal control system operations to assure compliance with policies and procedures.

Management will report to the Board:

1. At least once a year regarding an evaluation, which may be performed by an independent public accountant, of the internal control system.
2. As needed, regarding internal control system failures and corrective actions taken.

EFFECTIVE DATE: 11-04

1524. CAPITAL NEEDS

Snapping Shoals Electric Membership Corporation establishes rates to cover the cost of providing service and to provide adequate capital to maintain a distribution system that delivers reliable electric service to its members.

If the rates for a given year exceed the needs outlined above, the cooperative may refund the excess monies to the members of that year. The refund, with the based operating results through November, will be limited to an amount not to exceed the lessor of \$2,000,000 or 2% of total assets on that date.

In addition, the Cooperative will return additional capital back to the membership at such times as the capital is no longer needed to provide reliable electric service.

EFFECTIVE DATE 2-8-99

REVISED – 3-10-03

1525. CAPITAL CREDITS - ASSIGNMENT

Capital Credit accounts will be maintained for each member. Margins will be allocated to each member's account based upon the percentage of margins to total sales of electric energy for the year. However, the Board of Directors, at its discretion, may allocate capital credits for an individual member or class of members based upon the rates and cost of service for that member or class.

A notice of margins allocated for the previous year will be published in SSEMC's newsletter as soon as the annual audit has been completed.

EFFECTIVE DATE: OCTOBER 1992

1527. CAPITAL CREDITS - RETIREMENT

The Board of Directors will determine the method, amount, basis and priority of retirement of Capital Credits.

When payment of the retirement cannot be accomplished because the member cannot be located, and the check is returned and undeliverable by the Postal Department or the check is not tendered, the retirement amount shall be recorded in an account for unclaimed property. If a claim is presented by the original payee or his or her estate within the period of time allowed, the retirement amount less expenses incurred by SSEMC to maintain records relating to such account, shall be paid by SSEMC.

If such retirement is not claimed within the period of time allowed, the retirement amount less expenses incurred by SSEMC to maintain records relating to such account, will be disbursed in accordance with the State of Georgia's "Disposition of Unclaimed Property Act".

EFFECTIVE DATE: OCTOBER 1992

REVISED: NOVEMBER 2007

1528. CAPITAL CREDITS - PAYMENTS TO ESTATES

The Board of Directors, at its discretion, shall have the power to approve retirement of Capital Credits to the estate of any natural member. The retirement may be made upon such terms and conditions as the Board of Directors, acting under policies of general applications, and the legal representatives of such member's estate shall agree upon; provided, however, that the financial condition of SSEMC will not be impaired thereby.

When a deceased Capital credit request is granted by the Board of Directors, the retirement is (a) subject to verification by general counsel and (b) the retirement does not indicate or suggest that the Board will approve the retirement of Patronage Capital at anytime during the future.

Terms and conditions of general application may include the consideration of a discounted payment based upon the cycle and method of payment in effect at the time of request.

Capital Credits are jointly owned by husband and wife; therefore upon the death of either, the surviving spouse retains ownership and retirements will be made under the same provisions as other general retirements under Board Policy #1527.

EFFECTIVE DATE: OCTOBER 1992

REVISED DATE: 11-04

1530. CHECKS, DRAFTS, SIGNING OF.

All checks, drafts or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of SSEMC shall be signed by such Directors, Officers or employees of SSEMC and in such manner as shall from time to time be determined by resolution or appropriate motion of the Board of Directors.

REVISED DATE: 10-5-98

REVISED DATE: 11-04

1540. COMMUNICATIONS

It is SSEMC's obligation to keep member-consumers and the general public fully informed on matters relating to SSEMC.

This policy will be implemented as follows:

Inform member-owners about the operation, plans, progress and problems of SSEMC, and develop ways to foster their understanding, acceptance, support and involvement as member-owners.

Provide employees with appropriate training to make each of them an effective participant in the total communications program.

Develop understanding, acceptance and support of SSEMC's objectives, plans and programs among non-members in the area, and regularly inform appropriate media and others of such objectives, plans and programs.

Provide leadership and cooperate in projects and activities dedicated to the betterment of the community, service area, state and nation, with particular emphasis on youth programs and community development, and secure favorable public opinion and understanding of such activities.

Communicate SSEMC's needs and interests to local, state and national officials, and secure their support of the programs and plans of SSEMC.

Support appropriate communications programs developed by our statewide and national associations, and cooperate with these and other organizations in developing and improving those programs which are in the best interest of SSEMC.

REVISED DATE: 10-5-98

1542. PUBLIC RELATIONS

To keep the membership and other public entities fully informed of the cooperative's mission, goals, plans and program and to communicate openly and consistently to employees, consumers and the media about any crisis or emergency. A designated spokesperson will respond to all issues on behalf of the coop.

EFFECTIVE DATE: 11-04

1545. CONSERVATION

The Board of Directors resolves the following to be its policy regarding energy conservation and use:

Conservation: Management will research, test and implement methods and procedures designated to promote energy conservation among the member-owners, within the operation of SSEMC's headquarters facilities, and within the distribution system and vehicle fleet.

Energy Management: Management will research, test and implement equipment and techniques which will produce effective load control and encourage the wisest possible use of the energy that is consumed while continuing to provide service to the membership at the lowest practical cost.

It shall be the President/CEO's responsibility to administer this policy through employed personnel and to develop programs and plans for recommendations to the Board of Directors.

1550. CONSULTANTS

Consultants may be retained when specialized knowledge is needed for advice and assistance in dealing with the problems pertaining to the continued success of the operation of SSEMC.

The President/CEO shall provide advice to the Board on the retention, selection and use of consultants. All consultants shall be approved by the Board of Directors after due consideration. The President/CEO shall arrange for consultants to appear before the Board of Directors to present their reports and findings, if appropriate or requested by the Board of Directors.

REVISED DATE: 10-5-98

1552. ECONOMIC DEVELOPMENT

SSEMC will be active and supportive in the positive economic development in our area. We will work proactively with various Chambers of Commerce and economic development offices in the areas that we serve. Also, we will participate and be supportive of statewide and national economic development activities.

EFFECTIVE DATE: 11-04

1555. CONTRIBUTIONS - CHARITABLE ORGANIZATIONS

Except for disbursements made under the “Disposition of Unclaimed Property Act,” no contributions from SSEMC funds will be made to any charitable organization. The Board of Directors believes that most members of SSEMC contribute individually.

Management shall encourage all employees of SSEMC to give to charitable organizations of their choice.

REVISED:NOVEMBER 2007

1555A. OPERATION ROUNDUP

The Board of Directors will select Board Members for the Trust in accordance with the Bylaws of the Trust. The Trust shall be governed by the rules and regulations promulgated by the Board of Directors, Articles of Incorporation of the Trust and the Bylaws of the Trust as may be amended.

The purpose of the Trust shall be accumulation and disbursement of funds for charitable purposes to families or individuals that are electric customers of Snapping Shoals EMC and to agencies or organizations that provide services in the service area of SSEMC.

Members of the Snapping Shoals EMC Board of Directors and their immediate families, employees of Snapping Shoals EMC and their families and members of the Snapping Shoals Electric Trust Board of Directors and their families are not eligible to apply for funds from Operation Roundup and for Education assistance.

* Immediate families mean spouse, parents, children, brother, sister, niece, nephew, half-sibling, step-sibling, grandparents, grandchildren, in-laws and step-parents. (Article XVI of Bylaws)

EFFECTIVE DATE: 10-5-98
REVISED: NOVEMBER 2007

1560. CORRESPONDENCE - AUTHORITY TO SIGN

The President/CEO is authorized to sign all correspondence in the name of SSEMC as President/CEO, except those which by law, the Charter of SSEMC and the Bylaws require an officer of SSEMC to sign.

The President/CEO may delegate authority to members of the staff to sign correspondence affecting matters in their departments.

1565. DEPOSITORIES - SELECTION AND APPROVAL

The Board of Directors will select the local depositories or banks which must be members of the FDIC wherein the funds of SSEMC are kept.

1574. REVIEW OF FORM 990

I. OBJECTIVES

- A. To establish guidelines and procedures for the preparation, and review by the Board of Directors, of the Cooperative's IRS Form 990 (the "Form 990") before it is filed with the Internal Revenue Service.

II. CONTENT

- A. A draft of the Cooperative's Form 990 shall be prepared under the supervision of the President/CEO of the Cooperative or an independent certified public accountant. See, O.C.G.A. § 46-3-303.
- B. The person or persons responsible for preparing the Form 990 shall certify that, to the best of their knowledge, the Form 990 is correct and fairly reflects the financial condition of the Cooperative.
- C. A draft of the Form 990 shall be distributed to the Board of Directors to review **before** it is to be submitted to the Internal Revenue Service.
- D. When reviewing the Form 990, the Board of Directors shall have access to all supporting documentation and the person or persons responsible for preparing the form.
- E. The Minutes of the meetings of the Board of Directors shall annually document compliance with this policy and the review of the Form 990.

III. RESPONSIBILITY

- A. It is the responsibility of the President/CEO to administer this Policy and to develop appropriate compliance controls.
- B. The Board shall be responsible for periodic review of this Policy and any modifications to it.

IV. ADOPTED: DECEMBER 2008 EFFECTIVE: DECEMBER 2008

REVISED:

REFERENCES: 2008 IRS Form 990, Part VI(10); O.C.G.A. § 46-3-303.

1575. DIRECTORS

The Directors are responsible to the member-owners for achieving, insofar as is possible, the objectives of SSEMC. They delegate the operation of SSEMC to a full time President/CEO, but exercise continuously their function of policy making, borrowing money, promoting good public relations, program planning and general financial and administrative control. The Directors are responsible for the appointment of a President/CEO, attorney, auditors and other consultants.

The Directors are the governing body of SSEMC and are responsible for good management, proper construction, maintenance and operation of its facilities and the repayment on schedule of principal and interest on all loans used for the benefit of SSEMC.

The Directors exercise supervision and control over the execution of policies and programs by the President/CEO. Directors represent the entire area served and not just the specific area from which they are elected. They have the authority under Section 10, Article III of the By-laws to make and adopt such rules and regulations, not inconsistent with the Articles of Incorporation, the By-laws of SSEMC, the laws of the State of Georgia and federal laws as it may deem advisable for the management, administration, and regulation of the business and affairs of SSEMC.

REVISED DATE: 10-5-98

1575A. COMMITTEES OF THE BOARD

The Committee Chairman and members of the following standing committees of the Board of Directors shall be appointed by the Board Chairman within 30 days following Annual Meeting. All Board members shall be appointed to at least one committee.

1. Finance
2. Employee Relations
3. Audit
4. Power
5. Consumer Relations
6. Policy
7. Safety
8. Management Evaluation
9. Building
10. Long Range Planning

Other committees may be set up by the Chairman and Board of Directors as temporary or permanent as the need arises, and the Board Chairman shall be responsible for the appointment of the Chairman and members of the committees.

Each committee shall be composed of at least three members of the Board of Directors, with the exception of the Audit committee, and shall include as ex officio members, the Board Chairman and the Secretary/Treasurer of SSEMC. The Audit committee shall consist of the entire Board of Directors.

Each committee should meet annually and at other times when the committee Chairman or the Board Chairman deems necessary.

REVISED DATE: 10-5-98

REVISED DATE: 11-04

REVISED: NOVEMBER 2007

1575B. DUTIES AND RESPONSIBILITIES OF STANDING COMMITTEES

The Finance Committee shall review and approve loan applications and the purchasing and sale of major equipment. The Finance Committee shall review the audit, financial forecasts and use of funds annually. The committee shall make recommendations to the Board of Directors from time to time concerning the above, for its approval.

The Employee Relations Committee shall work with the President/CEO in recommending to the Board of Directors' salary schedules, vacation and sick leave, and other fringe benefits for employees. These benefits include health insurance, retirement and security benefits, income protection, furnishing of uniforms and equipment and all other matters that may come up. This committee shall meet in October of each year for a review of employee relations.

The Audit Committee shall review the audit and internal controls annually.

The Power Committee shall work with the President/CEO for a continuing low cost source of power. It shall also review contracts for large power loads in SSEMC area. Disputes between other power suppliers and SSEMC over power supply and territory shall be handled by this committee.

The Consumer Relations Committee shall work with the President/CEO and Policy Committee on all policies pertaining to consumer-members. The committee shall recommend to the Board of Directors approval of specific public relation activities, advertising and participation in civic affairs. It shall recommend to the Policy Committee collection policies and other charges for special services.

The Policy Committee shall work with the President/CEO to consolidate all policies recommended by the committees. It shall formulate and recommend to the Board all policies necessary for the operation of SSEMC.

The Safety Committee shall work with the President/CEO to maintain an aggressive and effective program for the protection of the employees, members and general public.

The Management Evaluation Committee shall review the performance of the President/CEO and report to the Board at their Special Meeting held immediately following the Annual Meeting of the members. The Management Evaluation Committee shall make recommendations concerning the President/CEO's salary and other benefits.

The Building Committee shall review plans and recommend to the Board additions to, remodeling of or improvements to the headquarters and related facilities of SSEMC.

The Long Range Planning Committee is a committee of the Board of Directors of SSEMC that shall focus on the long-range strategic goals and objectives of SSEMC. The committee shall: review

SSEMC's mission and purpose; develop long-range strategic goals that are consistent with SSEMC's mission and purpose; and evaluate SSEMC's progress in accomplishing these long-range strategic goals.

REVISED DATE: 10-5-98

REVISED DATE:10-01-01

REVISED DATE: 3-10-03

REVISED DATE: 11-04

1575C. DELEGATES

SSEMC shall be represented at meetings of organizations to which SSEMC is affiliated through membership and at other meetings where the interest of SSEMC is involved.

The Board may elect members of the Board to represent SSEMC as a delegate and alternate on all Board and committees that SSEMC is a member.

REVISED DATE: 10-5-98

REVISED DATE 3-10-03

1575D. FEES AND EXPENSES

Directors shall be paid a per diem for the following:

(1) Attendance at Board of Directors' meetings - Regular, called or committee.

(2) With prior authorization of the SSEMC Board of Directors, per day for attendance at schools, seminars, state, regional or national meetings or any function attended for the benefit of SSEMC. Directors are to receive a per diem for days attended.

(3) One fee for travel to and from a meeting location when it is necessary to drive the previous day as authorized by the Board of Directors and travel is not made on the same day of the meeting.

Directors will be reimbursed for travel expenses based on the most economical mode of travel. They will be reimbursed the lesser of (1) miles to and from meeting location, multiplied by the current mileage rate as approved by IRS plus additional lodging and meals required or (2) Public transportation including related expenses.

If commercial air travel is available and is the most expedient and economical for the Cooperative, then without regard to the mode actually used, reimbursement shall be for the expenses actually incurred in an amount not to exceed round trip coach airfare. When coach air passage is unavailable and appropriately documented, first class airfare may be reimbursed. Notice of payment of first class airfare, and the related documentation, shall be provided to the Accounting Department for purposes of reporting on the Form 990.

In addition to the most economical mode of travel, the director will be reimbursed for 100% of the cost for his/her meals, tips, lodging, registration fees, etc., provided prior authorization for travel was given.

If travel schedules result in late night arrivals home, the Director will have the discretion to stay overnight. The Director will be reimbursed for the additional expense of the hotel accommodation and meals.

In the event a Director or key employee cancels a trip, he or she must give the Cooperative sufficient notice to cancel any reservations, so as not to incur any expense for the cancelled event. If the Director or key employee fails to give the Cooperative sufficient notice to cancel reservations, he or she is responsible for paying those expenses, except when, in the opinion of the Board of Directors, extenuating circumstances warrant otherwise.

(4) Perquisites - Any of the following perquisites provided to Directors or key employees must be reasonable and approved by the Board of Directors in advance of the reimbursement or payment by the Cooperative: travel for companions, housing allowance or residence for personal use, payments for business use of personal residence, health or social club dues or initiation fees, personal services (e.g., maid, chauffeur, chef), tax indemnification and gross-up payments, discretionary spending accounts. In considering whether to approve the expense, the Board shall consider the necessity and reasonableness of the expense, the circumstances surrounding the expense and any other factors which the Board may deem appropriate. Notice of the provision of any such perquisites, and any related documentation, shall be provided to the Accounting Department for purpose of reporting on the Form 990.

Directors will not be paid for attending social functions on behalf of Snapping Shoals EMC.

The Chairman of the Board of Directors or Chairman of Finance Committee shall review expense reports of the President/CEO and Board members monthly or when applicable.

Business Continuity Restriction

No more than three (3) Company Officers will be permitted to travel on the same flight. Under no circumstances will the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer travel on the same flight.

In addition, no more than four (4) of our Board of Directors will travel on the same flight as our Chief Executive Officer, Chief Operating Officer or Chief Financial Officer.

This policy applies to air travel and ground transportation. The Board Chairman has the authority to make an exception when the situation is justified.

EFFECTIVE DATE: OCTOBER 1995

REVISED: NOVEMBER 2004

REVISED: NOVEMBER 2007

REVISED: DECEMBER 2008

REVISED DATE: 7-10-13

REVISED DATE: 2-10-2015

1575E. BOARD TRAINING AND DEVELOPMENT

Upon election to the Board of Directors, a new Director will receive an orientation regarding the responsibilities of his/her position. Such orientation will be at the direction of the Chairman of the Board and/or President/CEO.

Each Director is encouraged to become a Credential Cooperative Director (CCD) under the Board Management Program of NRECA. To achieve this certification, each Director is encouraged to attend Board of Directors training programs as they are available.

Attendance at other NRECA educational classes, conferences and other activities designed to improve skills and knowledge of Board members shall require prior Board approval.

EFFECTIVE DATE: 10-5-98

REVISED: 10-13-09

1575F. DIRECTOR DUTIES AND STANDARDS OF CONDUCT

I Objective

To explain the fiduciary duties of directors and to clarify the standards of conduct for which they will be held accountable when serving on the board.

II Preamble

All of the powers of the corporation are conferred upon and may be exercised by the Board of Directors, except as reserved to or conferred upon the members by law, the articles of incorporation, or the bylaws. It is the purpose of this policy to identify or establish standards whereby such power may be exercised in the best interests of the cooperative and its members.

III Policy

A. Legal Duties

Directors are subject to legal standards of fiduciary responsibility. These include the duties of care and loyalty.

Under the duty of care, directors are required to:

1. Exercise that degree of care that an ordinarily prudent person would exercise under similar circumstances.
2. Have or acquire the minimum knowledge and skills necessary to direct the affairs of the cooperative.
3. Make every effort to attend all meetings of the board and to study materials sent prior to each board meeting.
4. Study and adhere to all obligations imposed by the Articles of Incorporation, the bylaws, contractual agreements and board policies.

Under the duty of loyalty, directors are required to:

1. Act only in the best long-term interest of the cooperative and its members.
2. Place the interests of the cooperative over any personal interests.
3. Not have any financial interest in a directly competing business.
4. Avoid the appearance of any conflict of interest.
5. Avoid any future conflict of interest by refusing to receive any remuneration from any entity proposing to purchase all or substantially all of the assets of the cooperative.
6. Represent and support the interests of the cooperative to elected and public officials.
7. Publicly support decisions of the board except in extraordinary circumstances where the director believes that there is a clear and present threat to the survival of the cooperative.

B. Conduct with Respect to Fellow Directors

Regardless of any personal differences directors should:

1. Demonstrate mutual respect.
2. Allow opportunity for every other director to be heard on any matter being considered by the board.
3. Abstain from revealing to persons other than directors, the President/CEO or the cooperative's attorney any differences of positions among directors on matters considered and acted upon by the board. (This standard does not preclude fair and accurate publication of such differences to the cooperative's members in relation to contests for director elections or other matters to be voted upon by the members.)

C. Director Access to Cooperative Information

Any director is entitled to have access to cooperative data or information, at reasonable times during the business hours for a proper purpose that is germane to his or her standing as a member or director. This principle is subject to the following:

1. All requests for information shall be made to and through the President/CEO. In no case shall such information be sought through other employees, agents or independent contractors (unless after consultation with and being advised by the cooperative's attorney because an actual or potential criminal activity of the President/CEO is involved).
2. In any instance in which a director has sought access to information not generally made available or reported to the board, the President/CEO shall report on this at the next meeting of the board.
3. Information received by a director pursuant to this policy shall not be revealed by him or her to any other persons (the remaining directors, President/CEO and cooperative attorney excepted) unless he or she is sincerely convinced that he or she is compelled to do so by legal considerations.
4. In no case should a director reveal to others information and data he or she receives if the actual or potential effect of such revelation is to damage the cooperative, including its image, or to enable himself or herself and/or others to personally profit therefrom.

Good Faith and Fair Play

Every director shall deal in good faith and fair play with every other director and the President/CEO in expressing his views, questions and concerns relating to cooperative policies, rates and programs. Good faith and fair play require:

1. All directors should reveal all information or interests that they may have and that may bear upon action being considered by the cooperative.
2. Those directors will not pursue a position, inquiry or motion as to unduly harass or annoy other directors, the President/CEO, employees or independent contractors.

3. That director communications with employees other than the President/CEO shall be casual and conducted on a courteous basis, but not for the purpose of influencing an employee's position or attitude concerning his cooperative-related activities.

IV Policy Implementation and Responsibility

1. All candidates, nominees or appointees to the board shall receive a copy of this policy and attest by their signatures to having received the policy.
2. Snapping Shoals Electric Membership Corporation's legal counsel shall inform all candidates, nominees or appointees to the board regarding the terms and conditions of this policy and the personal liability implications resulting from policy violations.
3. Snapping Shoals Electric Membership Corporation's legal counsel shall review this policy with the board on an annual basis and discuss any personal liability implications resulting from violations.
4. The Chairman of the Board shall ensure that this policy is followed.

EFFECTIVE DATE:1-05

SNAPPING SHOALS ELECTRIC MEMBERSHIP CORPORATION

SUBJECT: CONFLICTS OF INTEREST

POLICY NO. 1575G

I. OBJECTIVES

- A. To provide general guidance to Board members, officers and key employees in the performance of their duties and responsibilities for the Cooperative to assure the high standards of integrity, impartiality, and conduct necessary for maintaining public confidence in the operations of the Cooperative.
- B. To establish a procedure governing conflicts of interest as they affect Board members, officers and key employees.
- C. To establish a procedure for the annual disclosure and monitoring of family and business relationships among Board members, officers and key employees that could give rise to financial conflicts of interest with the Cooperative.
- D. To assure compliance with the standards specified in Article III, Section 5 of the Bylaws of the Cooperative.

II. DEFINITIONS

- A. A “conflict of interest” exists when a Board member, officer or key employee has a financial interest (including interests of a “Family Member”) in a matter or decision of the Cooperative of such nature or magnitude as to present a reasonable prospect of a conflict between his personal interest and that of the Cooperative, so that he may not be able to exercise independent and objective judgment on the matter in the best interests of the Cooperative.
- B. “Family Member” means spouses, ancestors, siblings, children, grandchildren and great-grandchildren; and the spouses of siblings, children, grandchildren and great-grandchildren. All relationships shall include natural, adopted and whole and half blood relationships.

III. CONTENT

A. The Board of Directors has resolved that the statements contained in the following paragraphs will serve as a guide to the Board members, officers and key employees in the management of the affairs of the Cooperative.

1. Use of Office: They shall refrain from any use of their respective offices for private gain for themselves or for other persons or organizations with which they are associated.
2. Use of Information: They shall refrain from any disclosure or use of inside information for private gain, either by direct action or by recommendations or suggestions to other persons or organizations with which they are associated. The confidentiality and proprietary nature of the Cooperative's business information must be respected at all times.
3. Gain from Beneficiary Organizations: They shall not receive or solicit from beneficiary organizations, related organizations or other persons having business with the Cooperative anything of value as a gift, loan, favor or gratuity for themselves or any other persons or organizations with which they are associated, except:
 - gifts, gratuities or favors that do not create a sense of business obligation to the giver;
 - gifts from family or close friends that clearly are not intended to influence a business relationship or transaction;
 - business-related meals, refreshments, entertainment or travel provided that the Cooperative would otherwise reimburse the expense;
 - gifts of reasonable value for such occasions as promotions, birthdays, weddings, holidays or retirement;
 - promotional materials such as caps, t-shirts, mugs, pens, etc.; and
 - civic, charitable, educational or religious organization awards.

Anyone offered any other item of value in connection with the business of the Cooperative should immediately report the offer in accordance with the terms of the Cooperative's Whistleblower Policy. Any person who is unsure whether a potential or actual conflict of interest exists, or whether a particular activity would violate this policy, should ask the Cooperative's attorney.

4. Decisions Which Pose a Conflict of Interest: They shall make full disclosure to the Board of any facts which may indicate a conflict of interest. They shall disqualify themselves from the discussion of and voting on decisions which pose a conflict of interest or the appearance of a conflict of interest. They may request an opinion of the Cooperative's attorney before such action is taken.

5. Disclosure Certificate of Directors, Officers and Key Employees. They must annually complete and sign the Conflict of Interest Certification and Disclosure Form attached to this Policy (“Form”), or a form substantially similar to the Form, and submit the completed and signed Form to the Cooperative. Incumbents may update the previous year’s Form. The Board, Chairman, Secretary and the Cooperative’s attorney shall each retain a copy of the completed Forms.
6. Disclosure Certificate of Candidates: Board member candidates, whether or not already or previously incumbent, shall file with the General Counsel a certificate that they are in compliance with the provisions of this Policy. Such certificate shall be in a form prescribed by the Board of Directors and shall be filed prior to either elections at member meetings or Board appointments to fill vacancies. If at any time a Board member, officer or key employee has a conflict of interest, or potential conflict of interest, he shall notify the Board Chairman or the Cooperative’s attorney and make full disclosure of the conflict or potential conflict. Such disclosure shall be in a form acceptable to the Cooperative, and shall be kept confidential to the extent legally permissible unless the affected person consents otherwise.
7. Financial Interest. They shall not acquire or have a financial interest in any property which the Cooperative acquires. They also shall not have a direct or indirect financial interest in a supplier, contractor, consultant or other entity with which the Cooperative does business unless such interest is disclosed to the full Board or a supervisor as soon as they have knowledge of such interest and the interested Board member, officer or key employee does not participate in any way in the decision to do business with such entity. This does not prohibit the ownership of securities in a publicly owned company except in a substantial amount by which those in a position to materially influence or affect the business relationship between the Cooperative and such publicly owned company. Any other interest in or relationship with an outside entity or individual having business dealings with the Cooperative is prohibited if this interest or relationship might tend to impair the ability of the directors to serve the best interest of the Cooperative, unless such interest is disclosed to the full Board or a supervisor as soon as they have knowledge of such interest and the interested Director, officer or key employee does not participate in any way in the decision to do business with such entity.
8. Family Interests. If Family Members of a Board member, officer or key employee have a financial interest as specified above, such interest shall be fully disclosed to the Board, and the disinterested Directors shall decide if such interest should prevent the Cooperative from entering into a particular transaction, purchase or employment of services. The Director with the interested family member shall not participate in any way in the decision to do business with such Family Member or entity.
9. Disqualification. After being elected, if a Director does not comply with this Policy, then, except as otherwise provided by the Board for good cause, the Board may disqualify the Director from acting on any matter on which he has a conflict of interest, and may take such other actions as may be permitted by the Bylaws.

If a majority of Directors complies with this Policy and approves a Board action, then the failure of a Director to comply with this Policy does not affect the Board action.

10. Officer and Key Employee Disqualification. After being hired, if an officer or key employee does not comply with this Policy, then, such officer or key employee shall be subject to disciplinary action, including, in the case of an employee, termination.
11. Review of Disclosure Certifications. Annually, the attorney shall review the Forms and monitor the compliance with this Policy.
12. Business Ethics. The President/CEO shall develop a policy on business ethics, which will set forth the intent of the Board with regard to conduct of employees in maintaining high standards of integrity, impartiality, and conduct necessary to maintain member and public confidence in the Cooperative.

IV. RESPONSIBILITY

- A. It is the President/CEO's responsibility to provide assistance to the Board to assure compliance with this Policy.
- B. It is the responsibility of the General Counsel to counsel and/or advise individual Board members and/or the Board regarding compliance with this Policy.
- C. It is the responsibility of the Board to review compliance with this Policy and to consult with any Board member or the President/CEO, as the situation may require. It is also the responsibility of the Board to assure, to the extent possible, that the Cooperative is not damaged or compromised because of the existence of a conflict of interest on the part of Board members, the President/CEO, or the General Counsel.

V. ADOPTED: DECEMBER 2008 EFFECTIVE: DECEMBER 2008

REVISED:

REFERENCES: 2008 IRS Form 990, Part IV(28), Part VI(12) and Schedule L; Bylaw Section ***; O.C.G.A. §§ 46-3-303 – 46-3-306.

Conflict of Interest Certification and Disclosure Form

The undersigned does hereby:

1. Affirm that I have received, read, and understand the most current version of Snapping Shoals EMC's (the "Cooperative") Conflict of Interest Policy (the "Policy").
2. Agree to comply with the Policy.
3. Based upon a good faith belief, to the best of my knowledge, and except for the material facts disclosed below, certify that I currently comply with the Policy.
4. Disclose the names of the following living relatives (hereinafter, "Family Members"):

a. Spouse: _____

b. Ancestors (i.e., parents, grandparents, great-grandparents)

c. Siblings & their Spouses:

d. Children & their Spouses:

e. Grandchildren & their Spouses:

f. Great-Grandchildren and their Spouses:

g. Disclose the names of the following additional persons whose interests I share in such a degree as to cause a potential conflict of interest with my fiduciary duty to the Cooperative:

-
5. Disclose the following actual or potential employment, directorship, income, and financial relationships, compensation arrangements, transactions, investments or other business interests I (or a Family Member) that could create, or create the appearance of, a conflict of interest as defined in the Policy:

6. Disclose any other business relationships (such as licenses, leases, royalties, etc.) I (or a Family Member) have that could create, or create the appearance of, a conflict of interest as defined in the Policy:

7. Disclose service as an officer, director, trustee, key employee, shareholder partner or member of the following entities doing business with the Cooperative:

8. Agree to disclose to the Board immediately any material facts that become known to me regarding any actual or potential employment, income, competition, conflict of interest transaction, insider pecuniary benefit, or corporate opportunity referenced in the Policy that could impact my compliance with the Policy.

9. Agree that if, pursuant to the Policy, the Board determines that I fail to comply with the Policy, then, except as provided otherwise in the Policy, the Board may disqualify me from acting on any matter on which I am deemed to have a conflict of interest, and I agree to accept the Board's decision.

Printed Name of Director

Signature of Director

Date

1575H. DIRECTORS' CODE OF ETHICS

A. General Statement

It is the policy of the Board of Directors to expect the highest level of ethical behavior of its Board Members. This ethics policy is intended to provide guidance to the Board Members so that they may perform their duties in a manner that instills the confidence and respect of the community. It is not intended to be all-inclusive because there will always be situations where individuals must use their own reasonable judgment and rely upon their own sense of what is right and prudent. Board Members are encouraged to consult with SSEMC's general counsel if there are any questions about the ethics policy.

B. Conflicts of Interest

The Board Members of Snapping Shoals EMC must conduct themselves as to avoid conflicts of interest, or appearance of conflicts of interest. Such relations include not only dealings between a Board Member and SSEMC, but also dealings between a related party and SSEMC.

A "conflict of interest" exists when a Board Member has a personal interest in a matter of such a nature and magnitude that a conflict exists between the personal interest and SSEMC's interest that could potentially cause an inability to exercise independent and objective judgment on the matter.

Board Members shall not use their respective offices or inside information for private gain or for other individuals or organizations with which they are associated.

Board Members shall make full disclosure to the Board of Directors of any facts indicating a conflict of interest. They shall disqualify themselves from participating in decisions posing a conflict of interest or the appearance of a conflict of interest.

C. Confidential Information

1. Member Information

All information relating to members or potential members of Snapping Shoals EMC that Board Members receive in the ordinary course of performing their duties should be treated as private, and not public, and should be held in strict confidence. Member information should be used solely for corporate purposes, and not for the purposes of personal gain. Within Snapping Shoals EMC, information concerning members should be communicated only to those individuals who need the information to discharge their duties. Without prior written consent, information concerning members should never be provided to anyone outside of Snapping Shoals EMC.

2. Employee Information

All information relating to employment matters (e.g., performance approvals, salary, benefits, health & mental health issues) should be treated as private, and not public, and

shall be held in strict confidence. Information concerning employment matters should be communicated only to those individuals who need the information to discharge their duties.

D. Gifts and Other Offers

1. Board Members of SSEMC should not provide, directly or indirectly, any gift of more than nominal value to any company in consideration for taking service from SSEMC through a customer choice negotiation.
2. Board Members of SSEMC should not accept any gift of more than nominal value from any individual or company, including, but not limited to consumers, suppliers or vendors. No gift should be accepted if there is a possibility that it would jeopardize SSEMC's reputation.
3. The acceptance of normal and reasonable business entertainment does not violate these policies.

E. Outside Activities

Board Members of SSEMC should not have outside interests that: (i) materially and adversely affect their ability to perform their duties effectively, (ii) compete with the business of SSEMC, (iii) involve significant use of the equipment, supplies or facilities of SSEMC (iv) imply sponsorship or support by SSEMC, or (v) adversely affect the reputation of SSEMC. Board Members are encouraged to seek the advice of SSEMC's general counsel if there is any question as to whether participation in specific outside activities is appropriate.

F. Past Directors

As a matter of law, Board Members continue to have a fiduciary duty to SSEMC once they leave the company. This duty prohibits them from using or disclosing SSEMC's trade secrets or confidential information.

G. Compliance with Laws

SSEMC will comply with the letter and the spirit of all applicable Federal, state and local laws, rules and regulations. If any Board Member is unclear as to whether they are complying with applicable law in the course of performing their duties, they should seek the advice of SSEMC's legal counsel.

H. Company Funds and other Assets

SSEMC's cash and all other assets are for company business and are not for personal benefit. These assets should be protected to the fullest extent possible. In addition, when a Board Member is in a position to spend company funds or incur any reimbursable personal expenses,

that individual must use good judgment to ensure that SSEMC receives good value for every expense.

I. Company Records

Accurate and reliable records of many kinds are necessary to meet the SSEMC's legal and financial obligations. SSEMC requires the following:

1. The company's books and records must reflect in an accurate and timely manner all business transactions.
2. SSEMC will be diligent in recording all assets, liabilities, revenues and expenses into the company's accounting system.
3. Board Members will not make any false records whether internal or external.

J. Retention of Records

The retention or proper disposal of company records shall be in accordance with established corporate policies and applicable legal and regulatory requirements. Records covered under this policy include written and electronic documentation.

K. Public Communications

All Public Communications will be prepared in a manner that is accurate, complete and understandable. SSEMC's Communications Specialist, President/Chief Executive Officer, Board Chairman or their designee will make all verbal and written communications to the public or the press. Communications will be reviewed and approved by management prior to dissemination. This includes, but is not limited to, annual reports, speeches, articles, position papers, interviews, press conferences and press releases.

L. Enforcement and Accountability

1. **Individuals who reasonably believe that they have information regarding a violation of this Ethics Policy have the responsibility to bring their concerns to the attention of the Board Chairman or SSEMC's general counsel.**
2. Any report of a violation of this Ethics Policy delivered in good faith will be investigated promptly and, if required, appropriate action for infractions will be taken after due consideration of all of the facts and circumstances. General counsel shall promptly report any such violation to the Board of Directors which will take appropriate action after due consideration of all of the facts and circumstances.
3. Confidentiality will be maintained throughout the investigatory process to the extent consistent with adequate investigation.

4. SSEMC will not permit retaliation of any kind against individuals for good faith reports of violations of this Ethics Policy.

M. Conclusion

Most of the guidelines set forth in this ethics policy are common sense requirements. The good judgment and continuing concern of Board Members for their own integrity and the trust and confidence of the community in SSEMC will always be the most important guideline when dealing with questions of ethics and appropriate conduct. Board Members should address any questions or concerns about this ethics policy to the Board Chairman or SSEMC's legal counsel.

EFFECTIVE DATE: 1-05

1575I. EMPLOYEE CODE OF ETHICS

A. General Statement

It is the policy of Snapping Shoals EMC to expect the highest level of ethical behavior of its Employees. This ethics policy is intended to provide guidance to the Employees so that they may perform their duties in a manner that instills the confidence and respect of the community. It is not intended to be all-inclusive because there will always be situations where individuals must use their own reasonable judgment and rely upon their own sense of what is right and prudent. Employees are encouraged to consult with SSEMC management or general counsel if there are any questions about the ethics policy.

B. Conflicts of Interest

The Employees of Snapping Shoals EMC must conduct themselves as to avoid conflicts of interest, or appearance of conflicts of interest. Such relations include not only dealings between an Employee and SSEMC, but also dealings between a related party and SSEMC.

A “conflict of interest” exists when an Employee has a personal interest in a matter of such a nature and magnitude that a conflict exists between the personal interest and SSEMC’s interest that could potentially cause an inability to exercise independent and objective judgment on the matter.

Employees shall not use their respective offices or inside information for private gain or for other individuals or organizations with which they are associated.

Employees shall make full disclosure to SSEMC’s Management of any facts indicating a conflict of interest. They shall disqualify themselves from participating in decisions posing a conflict of interest or the appearance of a conflict of interest.

C. Confidential Information

1. Member Information

All information relating to members or potential members of Snapping Shoals EMC that Employees receive in the ordinary course of performing their duties should be treated as private, and not public, and should be held in strict confidence. Member information should be used solely for corporate purposes, and not for the purposes of personal gain. Within Snapping Shoals EMC, information concerning members should be communicated only to those individuals who need the information to discharge their duties. Without prior written consent, information concerning members should never be provided to anyone outside of Snapping Shoals EMC.

2. Employee Information

All information relating to employment matters (e.g., performance approvals, salary, benefits, health & mental health issues) should be treated as private, and not public, and shall be held in strict confidence. Information concerning employment matters should be communicated only to those individuals who need the information to discharge their duties.

D. Gifts and Other Offers

1. Employees of SSEMC should not provide, directly or indirectly, any gift of more than nominal value to any company in consideration for taking service from SSEMC through a customer choice negotiation.
2. Employees of SSEMC should not accept any gift of more than nominal value from any individual or company, including, but not limited to consumers, suppliers or vendors. No gift should be accepted if there is a possibility that it would jeopardize SSEMC's reputation.
3. The acceptance of normal and reasonable business entertainment does not violate these policies.

E. Outside Activities

Employees of SSEMC should not have outside interests that: (i) materially and adversely affect their ability to perform their duties effectively, (ii) compete with the business of SSEMC, (iii) involve significant use of the equipment, supplies or facilities of SSEMC (iv) imply sponsorship or support by SSEMC, or (v) adversely affect the reputation of SSEMC. Employees are encouraged to seek the advice of SSEMC management if there is any question as to whether participation in specific outside activities is appropriate.

F. Post Employment

As a matter of law, Employees continue to have a fiduciary duty to SSEMC once they leave the company. This duty prohibits them from using or disclosing SSEMC's trade secrets or confidential information.

G. Compliance with Laws

SSEMC will comply with the letter and the spirit of all applicable Federal, state and local laws, rules and regulations. If any Employee is unclear as to whether they are complying with applicable law in the course of performing their duties, they should seek the advice of SSEMC's management or legal counsel.

H. Company Funds and other Assets

SSEMC's cash and all other assets are for company business and are not for personal benefit. These assets should be protected to the fullest extent possible. In addition, when an employee is

in a position to spend company funds or incur any reimbursable personal expenses, that individual must use good judgment to ensure that SSEMC receives good value for every expense.

I. Company Records

Accurate and reliable records of many kinds are necessary to meet the SSEMC's legal and financial obligations. SSEMC requires the following:

1. The company's books and records must reflect in an accurate and timely manner all business transactions.
2. SSEMC will be diligent in recording all assets, liabilities, revenues and expenses into the company's accounting system.
3. Employees will not make any false records whether internal or external.

J. Retention of Records

The retention or proper disposal of company records shall be in accordance with established corporate policies and applicable legal and regulatory requirements. Records covered under this policy include written and electronic documentation.

K. Public Communications

All Public Communications will be prepared in a manner that is accurate, complete and understandable. SSEMC's Communications Specialist, President/Chief Executive Officer or his/her designee will make all verbal and written communications to the public or the press. Communications will be reviewed and approved by management prior to dissemination. This includes, but is not limited to, annual reports, speeches, articles, position papers, interviews, press conferences and press releases.

L. Enforcement and Accountability

1. Individuals who reasonably believe that they have information regarding a violation of this Ethics Policy have a responsibility to bring their concerns to the attention of the Vice President in charge of their operational unit, the President/Chief Executive Officer or SSEMC's general counsel.
2. Any report of a violation of this Ethics Policy delivered in good faith will be investigated promptly and, if required, appropriate action for infractions will be taken by SSEMC management after due consideration of all of the facts and circumstances. In the event the alleged violation relates to the President/Chief Executive Officer, SSEMC's general counsel shall promptly report any such violation to the Board of Directors which will take appropriate action after due consideration of all of the facts and circumstances.
5. Confidentiality will be maintained throughout the investigatory process to the extent consistent with adequate investigation.

6. SSEMC will not permit retaliation of any kind against individuals for good faith reports of violations of this Ethics Policy.

M. Conclusion

Most of the guidelines set forth in this ethics policy are common sense requirements. The good judgment and continuing concern of Employees for their own integrity and the trust and confidence of the community in SSEMC will always be the most important guideline when dealing with questions of ethics and appropriate conduct. Employees should address any questions or concerns about this ethics policy to their Vice President, the President/Chief Executive Officer or SSEMC's legal counsel.

EFFECTIVE DATE: 1-05

1575J. INSURANCE

Insurance available to Directors and Counsel under the NRECA Programs shall be provided by SSEMC. The cost to each individual will be determined by the coverage elected and may change from time to time based upon premium.

1575K. SERVICE AWARDS

In recognition of a Director's length of service as a director with SSEMC, a formal award will be presented.

Directors will be recognized after five years service and in five year increments thereafter.

REVISED DATE: 11-04

1575L. RETIRED DIRECTOR AND EMERITUS DIRECTOR.

When a Director who has been elected by the members of the cooperative has reached the age of seventy (70) or has served the cooperative as a Director for twenty-one (21) years, the director may retire, and upon approval by the Board of Directors, be placed on an inactive status and given the title of "Emeritus Director".

The title of "Emeritus Director" shall be for the retired Director's life or until such time as the Board of Directors may determine that the title may be discontinued by 2/3 majority vote of the Board of Directors. Such "Emeritus Director" shall receive a per diem and/or mileage when given specific assignments by the Board of Directors and in such cases the "Emeritus Director" shall receive a per diem and mileage in an amount to be determined by the Board of Directors.

The "Emeritus Director" shall attend the meetings of the Board of Directors as requested by the Board of Directors. The "Emeritus Director" shall have no vote on any matters pending before the Board of Directors.

The creation of the title "Emeritus Director" shall be for and in recognition of long and meritorious services rendered by the "Emeritus Director" to the members of the cooperative while serving as a member of the Board of Directors of said cooperative.

The cooperative shall pay the director portion of medical insurance provided by the cooperative for any retired Director, until such time as a retired Director qualifies for Medicare coverage, whether or not a retired Director has been given the title of "Emeritus Director". After such time as the retired Director qualifies for Medicare coverage, the cooperative shall not pay any portion of medical insurance for such Director. A retired Director who has qualified for Medicare, however, may continue participation in the insurance program of the cooperative at his or her expense.

The cooperative shall not pay any portion of medical insurance for a Director who has been defeated for re-election prior to twenty-one years of services, and such Director shall only be eligible to continue any such insurance coverage by complying with the provisions for continuation of coverage under applicable State and Federal laws.

EFFECTIVE DATE: 10-5-98

REVISED: 11-2000

1580. REQUESTS TO ATTEND BOARD MEETINGS

Any member of SSEMC wishing to speak on a matter shall provide written notice to the President/CEO setting forth the name, address and telephone number of the person wishing to address the Board of Directors and the matter on which the person wishes to speak, not less than eight (8) days prior to the meeting at which the member wishes to address the Board of Directors. No debate or argument with the members of the Board of Directors will be permitted or tolerated. Board Members shall be expected to conduct themselves in an appropriate manner and involvement of personalities or the use of abusive or profane language shall not be allowed. Board Members will be ruled out of order for such infractions. A member will be heard only after due recognition by the Chairman with a time limit of ten(10) minutes and then will be excused from the meeting.

EFFECTIVE DATE: AUGUST 1997

POLICY NO. 1585 – MEMBER ACCESS TO COOPERATIVE INFORMATION

1. OBJECTIVES

- A. To establish the types of information routinely available to members without restriction or condition;
- B. To establish the types of information only made available upon proper written request of a member;
- C. To establish the types of information which must, in the best interest of the Cooperative, be maintained as confidential information and, therefore, may not be made available to members.

II. POLICY

The Board of Directors of Snapping Shoals Electric Membership Corporation (hereinafter called the "Cooperative") shall strive to keep the Cooperative's members adequately informed about the Cooperative's operations and financial condition. To this end, the Cooperative shall, through its newsletter, its website and reports at its annual meetings, routinely make available such information.

- A. In furtherance of this objective, the Cooperative shall, without charge, provide copies of the following information upon a member's oral request:
 - 1. The Cooperative's articles of incorporation, bylaws, rates, charges, and service rules and regulations;
 - 2. Any publications the Cooperative may have for general distribution relating to the efficient or safe use of electric energy, the Cooperative's energy use and conservation programs, and the like;
 - 3. Year-end operating and other financial reports, for the Cooperative's previous three (3) fiscal years,
 - 4. The minutes of any prior member meeting.
- B. Subject to the conditions and limitations set forth below, the following information will be made available to any member in good standing, upon such member's prior written request on the form attached:
 - 1. The minutes of any prior meeting of the Board of Directors;

2. Adopted budgets for current and future operations and capital improvements;
 3. Monthly or other periodic or special operating and financial reports submitted by management to the Board of Directors;
 4. Formal audit reports rendered periodically by independent auditors;
 5. The names and addresses of the Cooperative's members, and the total number of such members; and
 6. Other Cooperative information relevant to a member's interest.
- C. Access may not be provided to the information listed in paragraph II.B, above, if such request is for an unlawful purpose or:
1. The member fails or refuses to complete, sign and submit the attached Request for Information Form (in accordance with paragraph II.D, below) and to make the warranties and representations set forth therein;
 2. If the request is for a purpose that is not reasonably related to the business of the Cooperative;
 3. If the request is for a dishonest purpose, or to gratify mere curiosity, or is inimical to the lawful interest of the Cooperative, or is for a purpose not reasonably germane to the interest of the member as such;
 4. If the member refuses to execute an agreement restricting his use of such information in such lawful manner as is necessary to protect the legitimate interest of the Cooperative, its members or employees;
 5. If the information sought is of such a nature that, if disclosed, such disclosure would:
 - a. violate a person's right to privacy, violate any agreement with third parties with respect to trade secrets or confidential information, or adversely affect the Cooperative in its negotiations with third parties;
 - b. adversely affect the Cooperative unduly out of proportion to the possible competing interest of the member seeking to examine such information;
 - c. violate the privilege of confidential communication between the Cooperative and its attorneys.
 6. If the Cooperative information requested deals with trade secrets or other information that is privileged, confidential or proprietary.
- D. A request for the information listed in paragraph II.B, above, must be submitted in writing, using the attached Request for Information Form, addressed to the President and Chief Executive Officer of the Cooperative (see Exhibit "A"). The need for the information must be clearly stated in the request.

- E. The Cooperative disclaims any liability resulting from the unauthorized publication of information disclosed under the provisions of this policy.
- F. The Cooperative shall absorb the cost of making available the information set forth in Paragraph II.A, above. Otherwise, a member shall be required to reimburse the Cooperative for all employee time beyond 15 minutes required to retrieve, compile and copy the information requested by such member. Charges for employee time shall be based on the rate of pay for the lowest paid employee authorized to retrieve, compile and copy the requested information. Copying charges shall be assessed at the rate of \$.25 per page.
- G. Should the Cooperative and a member disagree as to member's right to the requested information, the Cooperative and the member shall submit the issue to arbitration. The panel to hear the arbitration shall be comprised of one arbitrator appointed by the Cooperative and one arbitrator appointed by the member or members taking the conflicting position. The two arbitrators appointed in this manner shall then select a third arbitrator to complete the panel of arbitrators. Unless otherwise agreed, the arbitration shall be conducted under the rules, policies and procedures prescribed by the American Arbitration Association under its Commercial Arbitration Rules. The parties shall be bound by the determination of the arbitration panel.

III. RESPONSIBILITY

- A. It shall be the responsibility of the President and Chief Executive Officer to administer this policy. The President and Chief Executive Officer will report requests for the information listed in paragraph II.B, above, to the Board of Directors.
- B. It shall be the responsibility of the Executive Committee to review requests for privileged information and, as it deems necessary, either act on the request or submit the request to the full Board for consideration.
- C. Each member of the Board of Directors shall be responsible for calling to the attention of the Executive Committee, for discussion before the full Board, any violations of this policy.

REFERENCES: O.C.GA § 46-3-271

EXHIBIT "A"

REOUEST FOR INFORMATION

TO: President and Chief Executive Officer of
Snapping Shoals Electric Membership Corporation
P O Box 509
Covington, GA 30015

Gentlemen:

In accordance with the policies of Snapping Shoals Electric Membership Corporation, I hereby submit my request to examine and inspect certain books, records and information of Snapping Shoals Electric Membership Corporation and warrant, represent and certify that:

1. I am a member of the Cooperative. My full name, address, telephone number and member account number appearing on the Cooperative records is as follows:

(Name)

(Address) (City) (State) (Zip)

(Telephone Number) (Cooperative Account Number)

2. The Cooperative information which I desire to examine and inspect is:

3. The purpose for which I desire to examine and inspect this information is:

4. This examination and inspection is for a purpose reasonably related to the business of the Cooperative.

5. I understand that this request for information may be denied under the following conditions:

A. If the information sought to be examined is of such a nature that examination and inspection would:

1) violate a person's right to privacy, violate any agreement with third parties with respect to trade secrets or confidential information, or adversely affect the Cooperative in its negotiations with third parties.

2) adversely affect the Cooperative unduly out of proportion to the possible competing interest of the member seeking to examine such information.

3) violate the privilege of confidential communication between the Cooperative and its attorney.

B. If the examination and inspection is sought for a dishonest purpose, or to gratify mere curiosity, or is otherwise inimical to the lawful interest of the Cooperative, or is not reasonably germane to the interest of the member as such.

C. If the Cooperative information sought to be inspected deals with trade secrets or other information which is privileged, confidential or proprietary.

6. I do not intend to sell or offer to sell any list of members of the Cooperative and I have not, within a five year period, aided or abetted, and do not now intend to aid or abet any other person in procuring any list of members for such purpose.

7. I shall not use the Cooperative information which I examine and inspect for any other purpose other than the purpose specified above.

8. I agree to reimburse the Cooperative for the costs of copying and/or transmitting the information requested if, in the Cooperative's sole discretion, such copying or transmission will entail more than minimal costs. I further agree that any such copying and transmission of the requested information will be done on the Cooperative's premises with one or more of the Cooperative's personnel, or its attorney, retaining custody of the items and being present during the copying or transmission process.

(Signature)

(Print Name)

Submitted and certified to this __ day of _____, 2 __.

(Notary)

(SEAL)

POLICY:1586 Identity Theft Prevention Program

Snapping Shoals EMC Identity Theft Prevention Program

I. Purpose

II. Definitions

III. Duties to Detect, Prevent and Mitigate

IV. Administration and Maintenance

V. Appendixes

I. Purpose

In support of the Snapping Shoals Electric Membership Corporation's (the Corporation's) mission to always provide quality electric service at the lowest cost possible; be progressive and constantly look for new ways to improve our services; and never forget just how important our consumer-owners are, the Identity Theft Prevention Program is established in accordance with the Fair Credit Reporting Act (FCRA), as amended by Sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act). Its purpose is to establish official policies and procedures that will help identify, detect, prevent and mitigate instances of identity theft and that will enable employees to respond appropriately upon detection of identified "Red Flags."

II. Definitions

A. "Consumer Report" is defined as any written, oral or other communication of any information by a consumer reporting agency bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living which will be used at least partly to determine the consumer's eligibility to receive and pay for services. Consumer Reports are commonly known as credit reports.

B. "Consumer Reporting Agency" (CRA) is defined as any person who regularly engages in assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties. For example, Equifax is a CRA.

C. "Covered Account" means an account that the Corporation offers or maintains, primarily for personal, family, or household purposes, that involves or is designed to permit multiple payments or transactions, or any other account that the Corporation offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the financial institution or creditor from identity theft, including financial, operational, compliance, reputation, or litigation risks.

D. "Medical Information" means information or data, whether oral or recorded, in any form of medium, created by or derived from a health care provider or the consumer that relates to:

1. The past, present, or future physical, mental, or behavioral health care to an individual;
2. The provision of health care to an individual; or
3. The payment for the provision of health care to an individual.

E. “Red Flags” as used herein are patterns, practices or specific activities that taken together or alone, indicate the possible occurrence of identity theft, including the following:

1. Alerts, notifications and warnings received from consumer reporting agencies or service providers which include:
 - a. A fraud or active duty alert;
 - b. A notice of credit freeze in response to a request for a consumer report;
 - c. A notice of address discrepancy is provided by a consumer reporting agency;
 - d. An account was closed for cause or identified for abuse of account privileges by a financial institution or creditor;
 - e. The person opening an account or the member is unable to lift a credit freeze placed on his or her consumer report;
 - f. The Corporation is notified that its business identity has been fraudulently used to obtain personal information, such as in phishing schemes;
 - g. Electronic messages are returned to mail servers of the Corporation that it did not originally send, indicating that its members may have been asked to provide information to a fraudulent website that looks very similar, if not identical, to the Corporation’s website;
 - h. Reports of unusual E-Bill system behavior from members or Customer Service Representatives using third-party payment interface.
2. Presentation of suspicious documents:
 - a. Documents provided for identification appear to have been altered;
 - b. The photograph or physical description on the identification is not consistent with the appearance of the applicant or member presenting the identification;
 - c. Other information on the identification is not consistent with information provided by the person opening a new account or member presenting the identification;
 - d. Other information on the identification is not consistent with information that is already on file, such as a signature on a member card;

e. An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.

3. Presentation of suspicious personal identifying information, such as when:

a. The personal identifying information is inconsistent when compared to other information on file with the Corporation, from the customer, or from external information sources (e.g., address discrepancies, an un-issued Social Security Number (SSN), or the date of birth does not match the corresponding SSN range).

b. The customer fails to provide all required personal information on an application or in response to notification that the application is incomplete.

4. Unusual use of, or suspicious activity related to, a covered account, such as:

a. A new account is used in a manner commonly associated with known patterns of fraud. For example, the customer fails to make the first payment or makes an initial payment but no subsequent payments;

b. Mail sent to the customer is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the customer's covered account;

c. The Corporation is notified that the customer is not receiving paper account statements;

d. The Corporation is notified of unauthorized charges or transactions in connection with a customer's covered account;

e. A covered account that has been inactive for a reasonably lengthy period of time is used (taking into consideration the type of account, the expected pattern of usage and other relevant factors).

f. The customer wants to make a payment arrangement on the first bill.

5. Notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts held by the Corporation

F. "Secured Information" means a combination of name and any one or more of the following:

1. Date of Birth;

2. Social Security Number;

3. Drivers License Number;

4. U.S. Passport Number;

5. Bank account routing information;

6. Credit card number.

III. Duties to Detect, Prevent and Mitigate

A. General

1. All employees that have access to information in a Covered Account will be trained to detect and respond to Red Flags. New employees will be trained before performing their duties independent of direct supervision. Existing employees will receive ongoing training at least annually.

2. Valid means of identity verification that can be used shall include:

- a. Applicant's full name;
- b. Mailing address;
- c. Street address;
- d. Phone number;
- e. Valid U.S. or State Government-issued Photo identification;
- f. Passwords (whether assigned by the Corporation or user-defined)
- g. For an individual, date of birth;
- h. For a U.S. person, a taxpayer identification number;
- i. For a non-U.S. person, one or more of the following:
 - i. Taxpayer identification number; passport number and country of issuance;
 - ii. Alien identification card number; or
 - iii. Number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.
- j. For a name change due to marriage or divorce, a government-issued marriage certificate or court divorce decree;
- k. Personal knowledge of the individual by the employee.

B. Opening and Servicing Accounts

1. In Person:

- a. When performing functions regarding existing Covered Accounts, including but not limited to address and billing changes, for a customer in person the

identity of the customer shall be verified to the extent reasonable and practicable under the circumstances. This will include checking an approved picture ID listed above if the customer is not known personally by the employee.

b. When opening new Covered Accounts in person, the requestor's ID must be verified with Online Utility exchange using name, date of birth, Social Security Number and approved picture ID. The picture ID will be photocopied and filed with the application for service.

i. If the requestor refuses to provide an SSN, the maximum deposit will be required to open the account and the employee will arrange a password or security question to be noted on the account to provide for ID verification for future change requests. Regardless of whether the SSN is provided, valid picture ID is required to open the account in person.

2. Via Phone:

a. If performing functions regarding existing Covered Accounts via phone, caller's identity must be verified using Social Security Number or other pre-arranged password or phrase. If the caller is unable or unwilling to provide this information, he or she must come into the office for proper ID verification per paragraph III.B.1 before account processing can continue.

b. For new account requests, the caller's ID must be verified with Online Utility exchange using name, date of birth, Social Security Number and verification of last known address if available from Online Utility Exchange. If the caller declines to provide any of this information, he or she must come to the office in person for proper identity verification and complete an application before the account is opened. This verification will include an approved photo ID that will be photocopied and filed with the application.

3. Via Email:

a. If performing functions regarding existing Covered Accounts via email, requestor's identity must be verified using the last 4 digits of their Social Security Number or other pre-arranged password or phrase. If the requestor is unable or unwilling to provide this information, he or she must come into the office for proper ID verification per paragraph III.B.1. before account processing can continue.

b. Due to the sensitive nature of the information required to open a new covered account, e.g., full Social Security Number and previous address, and the inherent unsecure nature of email communications, this information will not be solicited via email and new covered accounts will not be opened solely through email communications. The requestor will be asked to either call or come in to one of the offices to open a new account.

4. The Corporation should not open a new Covered Account or make material changes to an existing Covered Account if there is a fraud or active duty alert for the applicant or customer unless the Corporation gathers additional information sufficient to form a

reasonable belief that the employee knows the identity of the applicant or customer making the request.

a. In the case of an application for new or additional service, if there is an active Fraud Alert reported by Online Utility Exchange and the customer cannot verify their identification, the application process will stop and the Corporation will:

- i. Initiate an Identity Theft Prevention Act (ITPA) task in iVue with Online Utility Exchange notes and deposit requirement.
- ii. iVue will auto-create an ITPA alert and a Verifying Identity letter will be sent to the address on file with Online Utility Exchange as well as the applicant's service address.
- iii. If the result of the Verifying Identity letter is that ID theft appears to be occurring, the new service will not be connected and an Unable to Verify Identity letter will be sent to both the OUE-verified address and service address of the applicant.
- iv. If the applicant is able to verify identity in person, the Corporation will remove the ITPA alert and the application process will continue

5. If, in the course of opening a new Covered Account or performing functions regarding existing Covered Accounts, the applicant or customer presents suspicious documents as defined above, the employee shall decline to take the requested action until the applicant or customer can present properly verified documents. The employee shall also notify their supervisor or a member of the Red Flags Committee.

6. Notice of Address Discrepancy

a. If the Corporation receives a notice of address discrepancy from a CRA, the Corporation will reasonably confirm the identity and address of the applicant if:

- i. The Corporation can form a reasonable belief the consumer report relates to the consumer about whom the user requested the report;
- ii. The consumer under review is a current customer with an active account;
- iii. The request involves a customer opening a new account;
- iv. The Corporation has an established relationship with the CRA.

b. Employees who are notified of the notice of address discrepancy shall take reasonable steps to verify the identity of the applicant by verifying the information provided by the CRA with the consumer or comparing other information maintained by the Corporation about the consumer (*e.g.*, change of address notification, account records, service application, etc.).

c. If the Corporation obtains adequate confirmation to form a reasonable belief that the applicant is the same person listed in the notice of address discrepancy (Consumer Report), then the Corporation shall document how it resolved the address discrepancy and may proceed to open the account or to take the requested action.

d. If the Corporation is unable to form such a reasonable belief regarding the identity of the applicant, then the Corporation shall respond appropriately under

the circumstances, such as not opening an account for the applicant, closing an existing account, or taking other actions as determined appropriate based on the circumstances.

7. If any Red Flags other than those specifically mentioned in this section are detected during the application process for a Covered Account or while servicing a Covered Account, or if an employee notices any other indications during those processes that could indicate identity theft may be occurring, the employee should evaluate the degree of risk posed by the particular Red Flag(s) or indications and take appropriate action.

a. In determining an appropriate response, any aggravating factors such as additional known Red Flags increasing the risk of identity theft should be considered.

b. Appropriate responses to a Red Flag may include the following:

- i. Monitoring the Covered Account for evidence of identity theft. (The Corporation will mark accounts in such a manner so as to make it known to the CSR or other employee reviewing this account of any previous Red Flag concerns.)
- ii. Contacting the customer;
- iii. Changing any passwords, security codes, or other security devices that permit access to the Covered Account;
- iv. Reopening the Covered Account with a new account number;
- v. Not opening a new Covered Account;
- vi. Closing an existing Covered Account;
- vii. Not attempting to collect on a Covered Account or not referring a Covered Account to a debt collector;
- viii. Notifying law enforcement; or
- ix. Determining that no response is warranted under the particular circumstances.

c. If the employee is uncertain as to what the appropriate response should be, he or she should contact their supervisor or a member of the Red Flags Committee for assistance.

8. In order to close an account due to a customer's death, if the requestor is someone other than the deceased's spouse, he or she must present valid identification for himself/herself and present a valid death certificate in order for the account to be closed. If the requestor is the deceased's spouse, only identification verification is required.

9. Acting on Behalf of Third Party: Whenever a Snapping Shoals employee acts in an official capacity as a representative of a third party such as a credit union or other lender and oversees any procedure that involves the verification of the customer's ID, such as executing loan documents, the Snapping Shoals employee will verify that customer's ID using, at a minimum, a valid U.S. or state government issued photo ID. The third party may add verification procedure to this requirement, but the picture ID verification must be done at a minimum.

C. Consumer Notification of Identity Theft

1. When a consumer suspects identity theft, he must notify the Corporation in writing. Use of the Federal Trade Commission Affidavit at Appendix C is recommended for this purpose. The Corporation employee will then:

a. Make a copy of the customer's photo ID;

b. Submit the copies of the police report, any other pertinent documents, and photo ID to their Supervisor;

2. The Supervisor and any other applicable personnel will review the submitted documents as well as any records used to open the suspect account and will take appropriate action based upon this review. These actions may include:

a. Closing the account;

b. Notifying the current user of the account about the discrepancy and providing a chance for them to prove their ID;

c. Notifying law enforcement;

d. Taking no action, if the circumstances warrant.

D. Breach of Security

1. If a breach of security is detected and secured information of a covered account may have been compromised, the employee discovering the breach will immediately report it to his/her supervisor.

2. If the breach is suspected to have been perpetrated by a non-employee on the premises, the on-site deputy sheriff will be made aware of the breach immediately.

3. The supervisor will forward the information to a member of the Red Flags Committee. An internal investigation will be performed to determine the extent of the breach and information compromised.

4. The Red Flags Committee will prepare a report of the investigation giving, at a minimum, the circumstances of the breach, information compromised, actions taken to limit detrimental impact of the breach both to the Corporation and the customer and steps taken to prevent such a breach in the future. Any communication with an affected customer will be handled by the Member Services Department.

5. The final report will be included in the annual report to the Board.

E. Record Management

1. The Corporation shall maintain records of the information used to verify the applicant's identity, including name, address and other identifying information as applicable.

2. If a governmental agency provides the Corporation with a list of known or suspected terrorists, the Corporation shall consult such list to determine whether the applicant appears on such list.

F. Service Providers

1. Whenever the Corporation engages a service provider to perform an activity in connection with one or more covered accounts, the Corporation will take steps to ensure that the activity of the service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft.

2. Where appropriate, service providers will be required by contract to have policies and procedures to detect relevant Red Flags that may arise in the performance of the service provider's activities, and either report the Red Flags to the Corporation, or take appropriate steps to prevent or mitigate identity theft.

G. Consumer Reports

1. Use of Consumer Reports. Consumer Reports shall be used only in connection with the extension of credit, the extension of or provision of services to a customer, to review an account to determine if the customer meets the terms of the account and for such other legitimate corporate purposes as may be approved by corporate senior management.

2. Notice of Adverse Actions. If the Corporation takes an adverse action based on a Consumer Report, then the Corporation shall provide written notice either via U.S. Mail or electronic notice (*e.g.* email) to the applicant, which shall include notice of the adverse action; the name, address and toll-free telephone number of the CRA that provided such report; a statement that the CRA did not make the decision to take adverse action and is unable to provide the consumer with specific reasons why the action was taken; and notice of the consumer's right to obtain a free copy of such report from the CRA within 60 days and to dispute the accuracy or completeness of such report, as required by applicable federal Consumer Credit Protection laws (15 U.S.C.A. §§ 1681m and 1681j).

3. Furnishing Information

a. When furnishing information to a CRA, the Corporation shall: report accurate information; correct and update incomplete or inaccurate information; report accounts closed voluntarily by the consumer; and report delinquent accounts that have been placed for collection, charged to profit or loss or subject to a similar action.

b. The Corporation shall not furnish information to a CRA if the furnisher has reasonable cause to believe such information is inaccurate.

H. Social Security Numbers

1. The Corporation shall not require customers to transmit a Social Security Number via the Internet unless the transmission is secure or encrypted.

2. The Corporation shall not require customers to use a Social Security Number to access its website unless coupled with a Personal Identification Number or other method of identification.

3. The Corporation may require a Social Security Number to establish or terminate an account, to contract for services, or to confirm the accuracy of a Social Security Number on file.

4. The Corporation may use Social Security Numbers for internal administrative or verification purposes.

I. Medical Information

1. The Corporation will treat all medical information pertaining to the customer as confidential.

2. Medical information will not be used in the determination of a consumer's eligibility for services.

3. The Corporation will not release medical information to third parties.

4. Rescue Squads or government entities that require the location of citizens on ventilators for planning purposes will be provided the information upon the written permission of the customer.

IV. Administration and Maintenance

A. Walk-through Inspections: At least quarterly, a member of the Red Flags Committee will perform a walk-through inspection of the Corporation to assess compliance with the Program. The inspection, any discrepancies and their remediation will be documented and maintained with the records of the Red Flags Committee.

B. Periodic Updates: At least annually, the Red Flags Committee will review and audit this Program and prepare any recommended updates for presentation to the Board or designated senior manager. The attached Program Review Checklist at Appendix A may be used as a guide for this review. The review and audit will be based upon the following:

1. Changes in methods provided to open or access accounts;
2. Changes in methods to detect, prevent, and mitigate identity theft;
3. The Corporation's previous experiences with identity theft;
4. Changes in methods of identity theft;
5. Changes in the types of accounts that the Corporation offers or maintains; and
6. Changes in the Corporation's business arrangements which would impact the Identity Theft Prevention Program, such as service provider arrangements.

C. Annual Report: At least annually, a member of the Red Flags Committee will report to the Board of Directors, the CEO or the designated senior manager responsible for program implementation on the Corporation's compliance with applicable law.

1. The report will address material matters related to the Program and evaluate issues such as:

a. The effectiveness of the policies and procedures of the financial institution or creditor in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts;

b. Service provider arrangements;

c. Significant incidents involving identity theft and management's response; and

d. Recommendations for material changes to the Program.

D. Responsibility

1. A Senior Manager shall be appointed by the CEO and/or executive staff to be responsible for implementation, administration, and review of the Identity Theft Prevention Program.
2. The Red Flags Committee will report to the Senior Manager and will be responsible for ongoing program review and suggesting changes to the program and its guidelines as necessary to address changing identity theft risks. The Red Flags Committee will meet at least bi-annually. Committee membership will be reviewed at least annually and may be changed as needed by the Senior Manager.
3. The Senior Manager may assign specific responsibility of implementation to members of the staff of the Corporation.
4. The Senior Manager shall oversee applicable service provider arrangements and staff training as necessary to facilitate effective implementation and oversight of service providers.

REVISED 2-10-2015

Appendix A
Identity Theft Prevention Program
Annual Review Checklist

Risk Factors

- Types of covered accounts offered:

- Have the types of accounts offered changed since the last review? _____
- Does this change necessitate additions/deletions to this program, and if so, what kind?

- Methods provided for opening covered accounts:

- Have these methods changed since the last review? _____
- Does this change necessitate additions/deletions to this program, and if so, what kind?

- Methods for accessing covered accounts:

- Have these methods changed since the last review? _____
- Does this change necessitate additions/deletions to this program, and if so, what kind?

- Previous experiences with identity theft:

- Recommended additions/deletions to this program due to these experiences:

- Changes in Business Arrangements and associated ID Theft Prevention Program Impact:

Sources of Red Flags

- Examples of identity theft experienced:

- Methods of identity theft reflecting changes in ID theft risk:

Appendix B
NOTICE OF IDENTITY THEFT FORM

Party Submitting the Information (Consumer)

Name: _____

Address: _____

Date and Time or Receipt: _____

Verification of Consumer Identity (Documents/procedures used):

Details of alleged ID theft: _____

Signature: _____

I acknowledge receipt of this notice. The information that has been reported as resulting from identity theft:

_____ **Has been blocked**

_____ **Has not been blocked for the following reason(s):**

Appendix C
FTC ID Theft Affidavit

For a current version of the FTC ID Theft Affidavit, see
<http://www.ftc.gov/bcp/edu/resources/forms/affidavit.pdf>, or call 1-877-ID-THEFT (1-877-438-4338);
TTY: 1-866-653-4261

Appendix D
ID Theft Incident Report Log

Date	Scope	Employee	Employee Trained	Describe Incident or "Significant Event"	Management Res

APPROVED: OCTOBER 2010

1587. PRIVACY AND CONFIDENTIALITY

I. Objective

To establish fair information principles for Snapping Shoals Electric Membership Corporation in carrying out its responsibility to respect the privacy and confidentiality of member-consumer information.

II. Policy

A. Notice

1. Snapping Shoals Electric Membership Corporation discloses to its member-consumers its policies and practices for the collection, maintenance, use, and disclosure of identifiable information about its member-consumers.
2. Snapping Shoals Electric Membership Corporation collects and maintains appropriate information about its member-consumers as a routine part of its operations.
3. When providing electricity and related services, Snapping Shoals Electric Membership Corporation collects information from member-consumers, including name, address, telephone number, Social Security number, credit information, and payment and usage history. Usage history may include information on a member-consumer's property and appliances, health information for lifeline service, service history, and information maintained for meter reading purposes (e.g., warning about a dog in the yard).
4. Membership and governance activities may result in the maintenance of capital and patronage account information for members and former members, and contact information for former members.
5. Occasionally, Snapping Shoals Electric Membership Corporation may survey a sample of its member-consumers to collect information to identify needs or improve service.
6. Other activities by Snapping Shoals Electric Membership Corporation or its affiliates, including security and home improvement services, will result in the collection of additional information about a member-consumer's property, appliances, and activities. This information will be collected and maintained only when and to the extent appropriate to provide the services.
7. This notice describes generally Snapping Shoals Electric Membership Corporation's privacy and confidentiality policies. The policy is not a formal limitation on the ability of Snapping Shoals Electric Membership Corporation to use, manage, and

disclose its records as Snapping Shoals Electric Membership Corporation determines to be necessary, appropriate, or as required by law. It is subject to change without notice.

B. Trust

1. **General Practices:** Snapping Shoals Electric Membership Corporation maintains information about member-consumers for purposes that are suitable to its operations and management. Information is collected only through lawful and fair means and for appropriate purposes. Snapping Shoals Electric Membership Corporation is committed to maintaining accurate, complete, timely, relevant, and appropriate information about member-consumers as necessary for the purpose for which the information is to be used.
2. **Access and Correction:** Snapping Shoals Electric Membership Corporation generally permits its member-consumers to access and seek correction of records about themselves that are used by Snapping Shoals Electric Membership Corporation to provide service, for billing, and to manage capital accounts.

C. Security

1. Snapping Shoals Electric Membership Corporation maintains member-consumer information with technical, administrative, and physical safeguards to protect against loss, unauthorized access, destruction, misuse, modification, and improper disclosure. No record or computer system can ever be fully protected against every possible hazard. Snapping Shoals Electric Membership Corporation provides reasonable and appropriate security to protect against foreseeable hazards.
2. Snapping Shoals Electric Membership Corporation requires its employees and, when practicable, its affiliates and contractors who have access to identifiable member-consumer information to sign a statement acknowledging that they have read this privacy and confidentiality policy and agree to comply with it. Any employee or contractor who fails to comply with these rules may be subject to disciplinary action up to and including dismissal.

D. Use and Disclosure

1. Snapping Shoals Electric Membership Corporation uses and discloses identifiable information about member-consumers in defined and responsible ways in order to carry out its operations. This section describes how identifiable information about member-consumers may be used and disclosed.
2. Records may be disclosed to affiliates or contractors hired by Snapping Shoals Electric Membership Corporation to assist in carrying out operations, such as service, billing, and management functions including legal, audit, and collection services.
3. Member-consumer information may be disclosed to and shared with commercial and consumer credit reporting agencies for credit-related activities (e.g., the reporting of bad debts).

4. Records may be disclosed to government regulators and other government agencies when authorized or required by law.
5. Records may also be compiled in aggregate form for Snapping Shoals Electric Membership Corporation management activities.
6. Records may be disclosed when required by law, such as in response to a search warrant, subpoena, or court order. Snapping Shoals Electric Membership Corporation may use and disclose records for investigations into employee misconduct or for law enforcement investigations related to our business. Disclosures may also be made when appropriate to protect Snapping Shoals Electric Membership Corporation's legal rights or during emergencies if physical safety is believed to be at risk. These events are unlikely, but they are possible. Snapping Shoals Electric Membership Corporation will take reasonable steps to limit the scope and consequences of any of these disclosures.
7. Records may be shared with other utilities under shared service agreements or to meet operational requirements.
8. For home security customers, information may be shared with law enforcement authorities as authorized in service agreements.
9. Records about a member-consumer may be disclosed at the request of or with the permission of the member-consumer.
10. In addition, member-consumer information may be shared with affiliates and partners of Snapping Shoals Electric Membership Corporation that offer products and services to member-consumers.
11. Membership lists of the Membership Corporation may be disclosed to a member of the Membership Corporation for a proper purpose, such as in connection with Membership Corporation election activities. In some instances, lists may be made available for appropriate uses without disclosing the list to a third party. For example, the Membership Corporation may undertake a mailing on behalf of and at the expense of a third party.
12. Snapping Shoals Electric Membership Corporation does not sell, rent, loan, exchange, or otherwise release mailing lists or telephone lists of member-consumers for marketing purposes. Snapping Shoals Electric Membership Corporation does not disclose any information about a member-consumer to nonaffiliated third parties without the prior, written consent of the member-consumer.
13. The members of the Membership Corporation have the right to vote to authorize other uses and disclosures of information.
14. Member-consumers may request that their information not be shared with affiliates for the offering of new products and services.

E. Questions and Disputes

1. This policy is maintained and supervised by the Vice President of Energy Services of Snapping Shoals Electric Membership Corporation. Questions about the policy may be directed to that office. Any disputes over access, correction, or other matters may also be directed to that office. Snapping Shoals Electric Membership Corporation will do its best to resolve any questions or problems that arise regarding the use of member-consumer information.

III. Responsibility

- A. The board shall ensure that this policy reflects current practices for personal information about member-consumers.
- B. The President/CEO shall ensure that this policy is adhered to.

EFFECTIVE DATE: 1-05

1588. POLICY--RISK MANAGEMENT

- I. OBJECTIVE: To establish a formal framework to govern how risk is identified and managed at Snapping Shoals Electric Membership Corporation (Snapping Shoals) consistent with its business strategy and risk tolerance, as set forth by the Board of Directors. To define the type of risk management activities that the Snapping Shoals management is permitted to engage in and the authorized levels of risk to be taken. For assistance in meeting this objective a glossary of commonly used terms related to risk management is attached as Appendix A.
- II. STRATEGY: The Snapping Shoals Board of Directors will establish, no less than annually, a power supply cost goal and risk limit for a period of no less than one year into the future. Snapping Shoals' overall risk management goal is to manage the cost of delivered power and reduce the variability of energy costs. In support of meeting its risk management objectives, Snapping Shoals may obtain or contract outside resources where appropriate.

Snapping Shoals' strategic intent in managing business risk is to proactively take risk management actions to ensure reliable, competitively priced energy and related services to its members. To implement this strategy, Snapping Shoals will adhere to the following principles:

1. Snapping Shoals will develop and implement processes to identify, assess and manage risk on a timely basis.
2. Snapping Shoals will use hedging techniques and tools, **not speculative trading**, to manage the risk associated with the cost of operations.
3. Snapping Shoals will continually monitor the markets, and manage hedged positions, and other risk management activities.

- III. POLICY: To achieve the objectives and strategy outlined above, the Board of Directors has established the following provisions and designates a Risk Management Team (RMT) as having oversight responsibility for risk management activities. The RMT is to be comprised of the President/CEO and the Vice Presidents of the Corporation.

A. The responsibilities of the RMT in compliance with this Risk Management Policy include, but are not limited to:

1. Developing Snapping Shoals' risk management philosophy and policy consistent with its approved power supply cost goals and risk tolerance limits.
2. Understanding Snapping Shoals' risk management strategy and the major physical and financial risks inherent in serving Snapping Shoals' Members reliably and cost effectively.

- B. The RMT is responsible for the effective implementation of the risk management policy approved by the Board of Directors.

Specific responsibilities of the RMT include, but are not limited to:

- a. Ensuring that risk models and model inputs used to measure Snapping Shoals' risk exposures are independently verified for accuracy.
- b. Authorizing risk management transactions,
- c. Executing risk management transactions,
- d. Verifying risk management transactions,

- e. Reconciling accounts,
 - f. Cash settlement with counterparties, and
 - g. Reporting.
- C. Permitted instruments and commodities: In order to mitigate the risks associated with Snapping Shoals' core business strategy, the RMT may execute financially settled or physical hedge transactions utilizing the following instruments:

Futures contracts	Options
Swaps	Forwards Contracts
Ancillary Services	

The President/CEO may not enter into commodity or instrument agreements without RMT approval unless all of the prerequisites below are met.

- a. Time is of the essence, and immediate action is required.
 - b. The transaction has the consent of the Chairman of the Board.
 - c. The transaction is documented and Snapping Shoals' experiences are shared with the Board at the next scheduled Board meeting, at which time the Board will either approve or disapprove the continued execution activity in the specific risk management product.
 - d. The aggregate total amount of funds in open transactions of this type is less than three million dollars (\$3,000,000).
- D. Energy Portfolio Risk Measurement: Snapping Shoals will use a portfolio model that measures the variability of its average variable cost. In measuring Snapping Shoals risk exposure as a company, Snapping Shoals will benchmark and manage the total delivered cost of power to its members within an acceptable range of potential prices, given anticipated market conditions. Within the range of expected prices, the Board will establish the upper limit of the range of expected price variability. At a minimum, the portfolio model shall be used to perform monthly updates given the most current market data available. The RMT should review the portfolio model's assumptions and calculation methodology at least twice a year in order to assure that the system accurately reflects current market rules and assumptions.
- E. Credit Risk: In order to protect against Credit Risk, as well as respond in a timely fashion to various credit requirements of suppliers, Snapping Shoals shall maintain a policy for monitoring and managing the Credit Risk of its activities. This policy will limit its exposure to unwanted Credit Risk and mitigate the impact of counterparty default.
1. Counter party Evaluation and Limit Setting – The creditworthiness of each counterparty must be determined through an analysis of the counterparty's financial and operational condition. The credit analysis incorporates two basic components, a business profile (qualitative analysis) and a financial profile (quantitative analysis). A credit limit and a term limit are established as a result of this due diligence process. This process should be repeated for each counterparty at least annually
 2. Credit Exposure Quantification – The Risk Management Team can determine what a counter party owes, and just as important, what you owe your counter party. Counter party evaluation and credit exposure quantification come together when you compare your exposures to your credit limit to determine limit utilization. The Risk Management Team can effectively calculate your credit reserve.

3. Credit Exposure Management – The Risk Management Team can negotiate and use contract arrangements to offset exposures with a counter party and apply collateral to reduce exposures with a counter party.
 4. Credit Enhancement – The Risk Management Team can evaluate counter party credit limits and increase a counter party’s credit limit by looking to a higher-rated third party who can honor the obligations of the counter party should that counter party stumble. Forms of enhancements can include parent guaranties, letters of credit, sleeving, credit insurance and prepayment.
 5. Implementation – The Risk Management Team can put the other four components together across the enterprise to effectuate timely credit decision-making.
 - a. Financial Statements – Specifically Annual Report Financials
 - b. Standard and Poor’s Credit Rating
 - c. Moody’s Credit Rating
 - d. Credit Scoring Software
- F. Compliance, Monitoring, & Reporting: The President/CEO or RMT shall provide the Board with:
1. Periodic reports indicating the current level of risk exposure faced by Snapping Shoals in serving its member-cooperatives.
 2. A forward look of market conditions and factors affecting Snapping Shoals risk profile.

DATE ADOPTED: 11-05

**1590. USE OF SSEMC FUNDS TO OPPOSE SALE, DISSOLUTION,
CONSOLIDATION, OR MERGER**

The Board of Directors may authorize the expenditure of SSEMC funds to oppose a sale, dissolution, consolidation, or merger of SSEMC when the Board of Directors deems such sale, dissolution, consolidation, or merger not to be in the best interest of SSEMC.

EFFECTIVE DATE: 10-5-98

REVISED DATE 3-10-03

1591. TAKEOVERS AND SELL-OUT OFFERS

In order for the Board of directors to consider a takeover and /or sell-out proposal, the person, group of persons, firm, partnership, corporation investor-owned utility or other entity seeking such takeover and/or sell-out shall first submit a written, detailed proposal to the Board of Directors. Such proposal shall specify, at a minimum, exactly how much, in terms of dollars and cents, the acquiring entity proposes to pay; when such amount will be paid; and that the purchase price will be paid, in cash, directly to the Cooperative (and not directly to the members themselves); how the outstanding capital credits will be retired and through what means (cash payment, bill credit or other). In addition, the acquiring entity shall specify, without any ambiguity, that it will “assume in all respects” the Cooperative’s existing power contracts. In addition, the acquiring entity shall guarantee continued employment of all existing employees of the Cooperative, including the President/CEO, at positions and levels of compensation which are equal to, better than, or at least comparable to their existing conditions of employment. As part of an initial proposal, the acquiring entity should specify a plan to retire all outstanding capital credits in cash, within a period of twelve (12) months. The entire amount necessary to retire the outstanding capital credits shall be deposited in cash, in an escrow account, prior to the members voting on the takeover and/or sell-out proposal. The Board shall obtain two (2) or three (3) independent appraisals of the fair market value of the Cooperative, including the value of the Cooperative (non-profit) way of doing business. In addition, the acquiring entity shall agree that, if successful, it will charge the members exactly the same rates they are giving to their existing customers.

EFFECTIVE DATE: OCTOBER 1994

1592. PROPOSALS TO ACQUIRE SSEMC ASSETS AND PROPERTY

Upon receipt of a proposal to acquire SSEMC's assets, the Board of Directors should determine, in the exercise of its best business judgment, whether the proposal is in the best interest of the SSEMC's members. The Board of Directors should consider not only economic matters, such as its rates and the value of its assets, but also the value of SSEMC institution and way of doing business.

EFFECTIVE DATE: 10-5-98

1595. INSURANCE

1595A. SSEMC

SSEMC shall maintain insurance coverage for the protection of SSEMC, its properties, its liability risks, employees and Directors, in accordance with state and federal laws and good business practices.

REVISED DATE: 10-5-98

REVISED DATE: 11-04

1595B. CONTRACT WORK

SSEMC shall require independent contractors and consultants performing work pursuant to written or verbal contracts with SSEMC to maintain insurance as required by state or federal law, including without limitation, workers' compensation insurance. Independent contractors and consultants shall also furnish liability insurance or other insurance necessary to protect SSEMC from any liability resulting from such contractors or consultants actions. Such insurance coverage shall be determined on a per-contract basis.

REVISED DATE: 11-04

1600. PRESIDENT/CEO

1600A. DUTIES OF

The President/CEO is charged with full responsibility of executing the policies and achieving the objectives established by the Board of Directors. The President/CEO has the responsibility of initiating plans for development, installation and execution of the comprehensive and effective program of overall management.

The President/CEO shall direct the day-to-day operation of SSEMC and may delegate such authority as he/she deems appropriate regarding the proper operation of SSEMC to the staff.

The President/CEO shall operate in compliance with applicable federal, state and municipal laws.

The President/CEO shall work under the control and direction of the entire Board of Directors and not under the control and direction of any individual Board Member.

REVISED DATE: 10-5-98

1600B. PRESIDENT/CEO AND BOARD OF DIRECTORS RELATIONSHIP

The Board of Directors recognizes, and agrees to follow and support the following guidelines in their relationship with the President/CEO:

1. It is recognized that good management is the most important factor in the success of SSEMC. In exercising such management responsibilities, the Board of Directors reserves its authority to establish policy, approve plans and programs and delegate authority to its President/CEO to carry out such plans, programs and policies and to manage the day to day activities of SSEMC.

2. The President/CEO shall, among other things, have complete authority to hire capable personnel within the approved wage and salary plan and policy, train, supervise and replace them, if necessary. It shall be the responsibility of the Board to make clear to the employees that this is the policy of the Board of Directors and they intend to see that it is carried out. However, the President/CEO's selection of personnel to fill Senior Management positions shall be subject to approval by the Board.

3. All policies of the Board of Directors shall be promulgated at regular and special meetings, acting collectively as a Board of Directors. The President/CEO is delegated the responsibility of carrying out such policies.

4. The Board of Directors recognizes that should any director undertake in private conversation with others to make commitments for the Board of Directors, that Director becomes involved in a serious breach of policy which might disrupt the entire organization. The Board Member may be subject to reprimand from his or her fellow Board Members should he or she attempt to make commitments unofficially for the Board of Directors.

5. It shall be the policy of the Board of Directors to refrain, as individuals, from discussing management problems with the personnel of SSEMC. At the request of the President/CEO, the Board of Directors may confer with personnel at regular or special meetings of the Board of Directors.

6. It shall be distinctly understood that the "flow" of authority for the management of SSEMC shall pass through the President/CEO, and the President/CEO shall be the connecting link between the Board of Directors and personnel. The Board of Directors shall require full and complete information from the President/CEO concerning all matters in connection with the management of SSEMC as set forth in Board Policies.

7. Primarily, the purpose of this Board Policy is to define the relationship that shall exist between the Board of Directors, who are the elected representatives of SSEMC members, and the President/CEO, who is employed by the Board of Directors. The Board of Directors recognizes that efficient management of SSEMC can exist only through mutual understanding and complete cooperation and trust between the Board of Directors and the President/CEO. The President/CEO is expected to produce results and give account to the Board of Directors for his or her stewardship. The President/CEO's performance cannot be of the best unless given latitude to exercise independent judgment in executing policies of the Board of Directors. The Board of Directors acknowledges that obligation and gives the President/CEO that latitude of judgment and discretion and expects faithful performance in carrying out all of the policies of the Board of Directors.

8. The Board of Directors recognizes its responsibility for the employment of a President/CEO, and further the additional responsibility for a systematic appraisal of the President/CEO's performance in order that growth, development and effective improvements are encouraged. The Board of Directors may, at its discretion, enter into a contract for the services of the President/CEO.

9. The Chairman and each Board Member shall be responsible for inviting the attention of Board Members to non-adherence to this policy.

REVISED DATE: 10-5-98

REVISED: NOVEMBER 2007

1600C. SELECTION OF PRESIDENT/CEO

The Board of Directors shall appoint a President/CEO. Internal applicants may be considered. The Board may also invite and consider applications from sources external to the Cooperative. The Board of Directors shall establish criteria for evaluating candidates for the position of President/CEO, and the compensation for such position.

No Director, while retaining the directorship, shall be considered for the position. No applicant who is closely related or under financial obligation to any Board Member, or to whom any Board Member is obligated in any way, or who would not devote his or her full time to the business of SSEMC shall be considered as a candidate for President/CEO.

No Board Member may qualify for the position of President/CEO for at least two years after having served on the Board of Directors.

REVISED DATE: 10-5-98

REVISED DATE: 1-13-09

1600D. PRESIDENT/CEO COMPENSATION

I. OBJECTIVES

- A. To establish general guidelines for the Board of Directors of the Cooperative to follow in determining the compensation of the President/CEO of the Cooperative.
- B. To provide for compensation arrangements with the President/CEO to be approved in advance by an authorized body composed entirely of individuals who do not have a conflict of interest with respect to the arrangement, with the body obtaining and relying on appropriate comparability data prior to making its determination, and the body adequately documenting its basis for its determination concurrently with such determination.

II. CONTENT

- A. Determinations regarding the compensation of executives shall be made by the Board of Directors, provided only those Directors who do not have a conflict of interest with respect to the compensation arrangement may be present during discussions, participate in discussions and vote. See, Conflict of Interest Policy.
- B. In determining the compensation (base, bonus and incentive, as applicable) for the President/CEO of the Cooperative, the Board of Directors shall consider, as it deems appropriate, any of the following factors: compensation for like services paid by utilities, cooperatives and similar organizations; job duties and responsibilities; aggregate benefits provided to the individual (excluding de minimis fringe benefits); any deferred compensation; the size, revenues and organizational structure of the Cooperative; and any other factor the Board of Directors may reasonably deem relevant. The Board of Directors may, as it deems appropriate, utilize independent surveys of comparability data.
 - 1. In considering like services, factors may include: type of work; level of involvement; number of employees managed; budget or assets managed; management of multiple functions, departments, facilities or entities; full-time or part-time; and multiple capacities in the same or related organizations.
 - 2. In considering like enterprises, factors may include: size by budget, revenues, employees and customers; same business type (whether non-profit, cooperative or for-profit); and entities that may be competing for the same pool of talent.
- C. Compensation for the President/CEO shall be reasonable and set in advance.
- D. No individual with a financial interest in the determination may be present or participate in the discussion or voting on compensation of the President/CEO.

- E. The Board of Directors shall contemporaneously document its deliberations and decisions regarding compensation of the President/CEO in the Board minutes.

III. RESPONSIBILITY

- A. It is the responsibility of the Board of Directors to administer and enforce this Policy. The Board shall maintain appropriate oversight of executive compensation. The Board shall be responsible for periodic review of this Policy and any modifications to it.

IV. ADOPTED: DECEMBER 2008

EFFECTIVE: DECEMBER 2008

REVISED:

REFERENCES: 2008 IRS Form 990, Part VI (15) and Schedule J; Treas. Reg. 53.4958-6 (persuasive, though not directly applicable).

1610. KEY EMPLOYEE COMPENSATION

I. OBJECTIVES

- A. To establish general guidelines for determining the compensation of key employees, excluding the President/CEO of the Cooperative.
- B. To provide for compensation arrangements with key employees to be approved in advance by the President/CEO, to provide a means to avoid a conflict of interest with respect to the arrangement, and to recommend the use of appropriate comparability data and to assure the adequate documentation of the basis for each determination concurrently with such determination.

II. CONTENT

- A. The President/CEO shall perform an evaluation and review of the compensation of key employees of the Cooperative, provided he or she does not have a conflict of interest with respect to the compensation arrangement. See, Conflict of Interest Policy.
- B. In determining the compensation (base, bonus and incentive, as applicable) for key employees of the Cooperative, the President/CEO shall consider, as he or she deems appropriate, any of the following factors: compensation for like services paid by utilities, cooperatives and similar organizations; job duties and responsibilities; aggregate benefits provided to the individual (excluding de minimis fringe benefits); any deferred compensation; the size, revenues and organizational structure of the Cooperative; and any other factors he or she may reasonably deem relevant. The President/CEO may, as he or she deems appropriate, utilize independent surveys of comparability data.
 - 1. In considering like services, factors may include: type of work; level of involvement; number of employees managed; budget or assets managed; management of multiple functions, departments, facilities or entities; full-time or part-time; and multiple capacities in the same or related organizations.
 - 2. In considering like enterprises, factors may include: size by budget, revenues, employees and customers; same business type (whether non-profit, cooperative or for-profit); and entities that may be competing for the same pool of talent.
- C. The President/CEO shall report the compensation of key employees as required by IRS Form 990 in accordance with the Policy on Board Review of the Form 990.
- D. Compensation for key employees shall be reasonable and set in advance.

- E. No individual with a financial interest in the determination may be responsible for establishing the compensation of the key employees.
- F. The President/CEO shall contemporaneously document his or her deliberations and decisions regarding compensation of key employees.

III. RESPONSIBILITY

- A. It is the responsibility of the President/CEO to evaluate and establish the compensation of key employees and to report to Board of Directors pursuant to this Policy. The Board shall maintain appropriate oversight of executive compensation and shall be responsible for periodic review of this Policy and any modifications to it.

IV. ADOPTED: DECEMBER 2008 EFFECTIVE: DECEMBER 2008

REVISED:

REFERENCES: 2008 IRS Form 990, Part VI (15); Treas. Reg. 53.4958-6 (persuasive, though not directly applicable).

1625. PLANNING

The President/CEO shall cause a professional engineer, from time to time, to develop a comprehensive long-range engineering plan. Such plan shall be based on the latest data available from SSEMC. The plan shall cover a minimum of ten years.

From the long-range plan, a Two Year Work Plan shall be developed. This plan shall show in detail all of the system improvements needed for the period covered. After the Board of Directors' approval, the President/CEO shall immediately begin the orderly building of the necessary system improvements.

REVISED DATE: 10-5-98

1630. POLICIES

The Board of Directors will have power to make and adopt policies consistent with law, the Articles of Incorporation of SSEMC, or the Bylaws of SSEMC, as it may deem advisable for the management, administration and regulation of the business and affairs of SSEMC.

(Exception to the above is that the President/CEO is authorized to make nonsubstantive changes in SSEMC policies and procedures without taking same to the Board of Directors for approval.)

The Board of Directors, in cooperation with and upon recommendation of the President/CEO, will adopt policies consistent with the sound economic operation of SSEMC which will assure equitable benefits to the members.

These policies will apply to every employee, member and the public. They will be kept on file in the SSEMC offices and will be open to inspection by the members.

These policies and procedures will be reviewed at least once a year to keep them current and applicable to all situations. They may be repealed, amended or otherwise changed in accordance with the actions of the Board of Directors.

The President/CEO will, through the various department Managers and employees of SSEMC, execute and apply these policies in the operations of SSEMC.

1631. SERVICE RULES AND REGULATIONS

The Board of Directors will have power to make and adopt Service Rules and Regulations consistent with law, the Articles of Incorporation of SSEMC, or the Bylaws of SSEMC, as it may deem advisable for the management, administration and regulation of the business and affairs of SSEMC.

These rules and regulations will apply to every member and potential member receiving service from SSEMC. A copy of the most current Service Rules and Regulations will be provided to new members and additional copies will be provided upon request.

These Service Rules and Regulations will be reviewed at least once a year to keep them current and applicable to all situations. They may be repealed, amended or otherwise changed in accordance with the actions of the Board of Directors. Existing members may access the most current Service Rules and Regulations at the Cooperative's web site at www.ssemc.com.

The President/CEO will, through the various department Managers and employees of SSEMC, execute and apply these Service Rules and Regulations in the operations of SSEMC.

APPROVED: September 2009

1635. POLITICAL CAMPAIGN ACTIVITIES

I. OBJECTIVES

- A. To establish guidelines and procedures for the Cooperative regarding political activities, such as lobbying and political campaign contributions.
- B. To provide procedures for the reporting and monitoring of political activities by Board members, officers and key employees on behalf of the Cooperative.

II. CONTENT

- A. The Cooperative shall not participate in political campaign activities or make, directly or indirectly, any contribution to a political campaign. Political campaign activities are all activities that directly or indirectly support or oppose candidates for elective federal, state or local public office. Contributions to political campaigns include any expenditure, payment, distribution, loan, advance, deposit, monetary gift, in-kind donation, use of facilities or equipment or anything of value. No Board member, officer or employee shall make such a contribution on behalf of the Cooperative. This prohibition shall not, however, prevent a Board member, officer or key employee from making political campaign contributions solely in his or her individual capacity, with the use of personal funds and during off-duty, personal time.
- B. No Board member, officer or employee shall make public statements in support of, or opposition to, political candidates on behalf of the Cooperative. This prohibition shall not, however, prevent a Board member, officer or key employee from making such statements solely in his or her individual capacity, so long as the statement is not made in such a way as to impute the statements to the Cooperative.
- C. The Cooperative may participate in lobbying activities directly related to the Cooperative's exempt purpose so long as such activities do not constitute a substantial part of the organization's activities. Lobbying activities are those intended to influence national, state, local or foreign legislation. Such activities include direct lobbying (e.g., influencing legislators) and grassroots lobbying (e.g., influencing the general public). The Cooperative shall record all lobbying expenditures paid or incurred for the purpose of attempting to influence legislation. "Attempting to influence legislation" includes, among other things, communication with any member or employee of a legislative or similar body, with any governmental official or employee who may participate in the formulation of the legislation, and efforts designed, or reasonably likely to, affect the opinions of the general public on matters relating to pending or potential legislation. Lobbying is subject to numerous registration and disclosure requirements so it is recommended that the Cooperative utilize Georgia EMC or engage another registered lobbyist to perform all lobbying services.

III. RESPONSIBILITY

- A. It is the responsibility of the Board, officers and all employees of the Cooperative to ensure that no political contributions or statements in support of or opposition to candidates are made by or on behalf of the Cooperative.
- B. It shall be the responsibility of the President/CEO to administer and enforce this Policy, to develop appropriate controls for its overall enforcement and to report to the Board. The Board shall be responsible for periodic review of this Policy and any modifications to it.
- C. The Accounting Department is responsible for maintaining records of any lobbying expenditures made by the Cooperative.

IV. ADOPTED: DECEMBER 2008 EFFECTIVE: DECEMBER 2008

REVISED:

REFERENCES: O.C.G.A. §§ 21-5-30(f) and 21-5-70 – 21-5-73; 2008 IRS Form 990 Part IV(3).

1640. PURCHASING

The purchasing section will provide centralized control of commitments for purchased materials, vehicles, equipment, et cetera. Quotes will be taken from a minimum of two suppliers when any purchase is anticipated to be in excess of \$25,000.00 per year per commodity. All orders and price commitments will be made through the Purchasing Director.

Any exception to this policy must have the approval of the President/CEO.

REVISED DATE: 10-5-98

REVISED DATE 3-10-03

REVISED DATE: 11-04

1645. RATES

The Board of Directors will establish and approve rate schedules.

The Board of Directors will authorize management to negotiate the customer choice loads with the understanding that the Board of Directors will be informed at the first opportunity and given a review of the negotiated rates on an annual basis.

There will be a continued analysis made to determine that the rate of return is adequate to meet the financial requirements of SSEMC.

Every effort will be made to see that all rate schedules are appropriately applied and administered.

Copies of all applicable rate schedules will be available to any member requesting same. There will also be a copy on file with the Georgia Public Service Commission.

REVISED DATE: 10-5-98

REVISED DATE: 2-05

POLICY 1647.

**Snapping Shoals EMC
Distributed Generation Basic Interconnection Requirements and
Conditions
Effective January 12, 2016**

GENERAL:

This document provides standards, rules, specifications, testing procedures, and requirements for interconnecting a Distributed Resources ('DR') to Snapping Shoals EMC's Electric Power System ('EPS').

This document includes an Interconnecting Agreement which is to be provided to any Member-Consumer ('Member') of Snapping Shoals EMC interested in interconnecting a DR Facility to the EPS.

CONTENTS:

- 1.0 Introduction
 - 1.1 Scope
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Exhibit A: Sample copy of the Agreement for Interconnection and Parallel Operation of Distributed Generation

Exhibit B: Interconnection Application and Feasibility Study Agreement

Exhibit C: Generating Facility Technical Detail

1.0 Introduction

1.1 Scope

This document provides standards, rules, specifications, testing procedures, and requirements for interconnecting the DR to the EPS. This document is intended to meet all Federal, State, and Local laws. Furthermore, this document is intended to fulfill all safety and engineering requirements for the proper and safe operation of DR's on the EPS as stated within Federal, State, Local laws and rules common to the electric power industry and those of Snapping Shoals EMC. Any alterations, changes, additions, and deletions of laws, rules, standards, departments, personnel, and affiliations may alter this document and its meaning from time-to-time and should be expected. Members should contact Snapping Shoals EMC personnel for clarification and adjustments prior to implementing any interconnection with the EPS. Snapping Shoals EMC reserves the right to alter the standards, rules, specifications, testing procedures, and requirements for interconnecting the DR to the EPS as deemed necessary by Snapping Shoals EMC.

1.2 Purpose

This document provides a uniform standard for interconnecting DR's to the EPS. It provides requirements relative to the performance, operation, testing, safety considerations, and maintenance of the interconnection.

The requirements shall be met at the demarcation point or point of common coupling ('DP' or 'PCC') although the devices used to meet these requirements may be located elsewhere. This policy applies to interconnection based on the aggregate rating of all DR units within the local EPS connection point or DP whichever is the limiting factor. All hardware, software, and interconnecting units must meet this policy's requirements if they affect the EPS in the same area regardless of the location of any individual component.

The stated standards, rules, specifications, testing procedures, and requirements apply for interconnecting any DR, including, for example, synchronous machines, induction machines, or power inverters/converters used to convert various voltages or current forms of power to match that of the EPS including, for example, solar cells, wind generated power, and biomass, and these standards, rules, specifications, testing procedures, and requirements should suffice for most installations.

1.3 Limitations

The criteria and requirements in this policy are applicable to all DR technologies, without limitation. Furthermore the criteria and policy is designed to ensure proper compatibility between DR and SSEMC's distribution system. Capacity limitations may be applicable and will vary by location. The distribution system generally utilizes 14.4/24.9kV grounded wye voltages to secondary service voltages of 277/480 volt grounded wye, 120/208 volt grounded wye, or 120/240 volt single phase. Voltage selection will depend on the aggregate load and location, and shall be considered as part of the overall design of the DR system. Members wishing to connect to the EPS should consult SSEMC's engineering department for approval of the voltage interconnect prior to connection. Secondary voltages listed above will require an approved transformer as part of the overall design.

The intent of this policy is to cover the installation of the DR on medium voltage radial primary and secondary voltage on an electric distribution system. Installation of DR on primary and secondary network distribution systems may be considered on a case-by-case basis with strong emphasis given to safety and control issues. The interconnected DR, upon meeting requirements herein and with approval, must be capable of operating in parallel and becoming synchronized with the voltage and frequency maintained by Snapping Shoals EMC during normal operating conditions.

This policy is written for 60 Hz sinusoidal sources that are compatible with SSEMC's three-phase electric distribution system. Voltage and current harmonics will be considered for all applications and may become a limiting factor.

For purposes of this policy, the stated standards, rules, specifications, testing procedures, and requirements do not:

- A. prescribe operating requirements for DR.
- B. define a particular protection scheme for DR.
- C. prescribe a particular metering scheme for DR.
- D. does not address planning, design, operation, or maintenance for a DR unit or group of DR units.
- E. does not apply to automatic transfer schemes except where noted.

Furthermore, this policy for accommodating distributed generation interconnection shall, in no way, be construed to impede upon or alter the intent or meaning of other policies defined under the 2005 Energy Policy Act ('the Act') including, for example Net Metering as adopted by the Cooperative.

1.4 References

The following standards are to be used in conjunction with this policy. Many of the stated standards, rules, specifications, testing procedures, and requirements are derived from the following standards. When a stated version of the following standards is superseded by an approved revision, then the revision shall apply both to this policy and the standard referred to herein. The applicability of any portion, section, or the use of the whole standard is not referenced herein but shall be determined on a case-by-case basis as to applicability.

- ANSI C84.1-1995, Electric Power Systems and Equipment—Voltage Ratings (60 Hz).¹
- IEEE Std C37.90.1TM-2002, IEEE Standard Surge Withstand Capability (SWC) Tests for Relays and Relay Systems Associated with Electric Power Apparatus.^{2, 3}
- IEEE Std C37.90.2TM-1995, IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers.
- IEEE Std C62.41.2TM-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000 V and less) AC Power Circuits.

¹ ANSI publications are available from the Sales Department, American National Standards Institute, 25 West 43rd Street, 4th Floor, New York, NY 10036, USA (<http://www.ansi.org/>).

² The IEEE standards or products referred to in Clause 2 are trademarks owned by the Institute of Electrical and Electronics Engineers, Incorporated.

³ IEEE publications are available from the Institute of Electrical and Electronics Engineers, 445 Hoes Lane, P.O. Box 1331, Piscataway, NJ 08855-1331, USA (<http://standards.ieee.org/>).

- IEEE Std C62.45TM-2002, IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits.
- IEEE Std 1547-2003, IEEE Standard for Interconnecting Distributed Resources with Electric Power Systems.
- NEMA MG 1-1998, Motors and Generators, Revision 2.5⁴

1.5 Applicability

This document is provided to Snapping Shoals EMC ('The Cooperative') Members who wish to purchase and install equipment capable of generating electricity for the purpose of providing electricity to the Cooperative through an interconnection between the Member's Distributed Generating Facility and the Cooperative's Electric Power System ('Interconnecting Applicant'). This document along with all exhibits should be examined, in their entirety, by the Interconnecting Applicant, to gain complete knowledge of the requirements of distributed generation operation in conjunction with the Cooperative.

The Cooperative reserves the right to modify the standards, rules, specifications, testing procedures, and requirements along with any exhibits and other information presented herein as deemed necessary by the Cooperative to protect the assets and integrity of its distribution system.

This rule does not cover general distribution service nor generation installations solely for use as a standby resource without the provisions to operate in parallel with the Cooperative's Electric Power System.

1.6 Definitions

For clarification, the term *Interconnecting Applicant* refers to the entity or individual who applies for and signs the "Interconnection Application and Feasibility Study Agreement." Should the application be approved by the Cooperative, the entity or individual who signs the "Agreement for Interconnection and Parallel Operation of Distributed Generation" is then referred to as the *DG Owner/Operator*.

The following words, terms and acronyms shall have the following meanings when used in this document.

- AC: alternating current.
- Agent: In reference to *agents of the Cooperative* or *Cooperative agent*; Refers to anyone acting on behalf of the Cooperative including but not limited to full-time Cooperative employees, contractors, consultants or any representative retained to perform services for the Cooperative. Contractors, consultants, and representatives other than full-time employees must have a valid written contract to be considered an Agent of the Cooperative. Furthermore, employees, contractors, consultants, and representatives must be acting within the scope of the job or contract to be considered an Agent of the Cooperative. The Interconnecting Applicant is encouraged to verify employment or representation of such agents. Part-time employees should not be considered as an Agent when acting in the scope of DG discussions.
- Agreement for Interconnection and Parallel Operation of Distributed Generation: See "Interconnection Agreement."

⁴ NEMA publications are available from Global Engineering Documents, 15 Inverness Way East, Englewood, Colorado 80112, USA (<http://global.ihs.com/>).

- Cease to energize: Cessation of energy outflow capability.
- Cooperative: Snapping Shoals Electric Membership Corporation or Snapping Shoals Energy Management Corporation acting under contract and on-behalf of the Snapping Shoals Electric Membership Corporation.
- DC: direct current.
- Demarcation Point ('DP'): The Demarcation Point, Point of Interconnection ('PI') or Point of Common Coupling ('PCC') reference the exact point of change of ownership of facilities between the DG Owner/Operator and the Cooperative. This point is usually the metering point, disconnect switch, or service transformer low voltage connection point. The Demarcation Point of Interconnection shall be identified in the Interconnection Agreement and/or exhibits thereto.
- Design test: Test of one or more devices made to a certain design to show that the design meets certain specifications.
- Distributed Generation ('DG'): To produce, generate or otherwise create electricity to be supplied in parallel operation with the Cooperative's EPS, not classified as a transmission facility through a DP or PCC. Distributed Generation may be referred to as distributed resources ('DR').
- DG Facility: An all-inclusive term used to describe a distributed generation site including the generator, generator power source, all associated switch gear, relays, protection equipment plus all other ancillary equipment.
- DG Owner/Operator: The entity or its authorized representative executing the Agreement for Interconnection and Parallel Operation of Distributed Generation.
- Electric Power System ('EPS'): The electrical distribution system used and owned by the Cooperative to serve its members. Sometimes referred to as the Cooperative's EPS. The term "Area EPS" indicates the section of the EPS directly impacted by the operation of the DG Facility.
- Electric power system operator ('EPS Operator'): the entity responsible for designing, building, operating, and maintaining the EPS. Typically the Cooperative is the EPS Operator for the electric distribution system. In some cases the Cooperative may be located in an area assigned to another entity such as the Georgia Power Company ('GPC') or a municipal owned utility system. In cases involving high-voltage power transmission systems, the Cooperative is not the EPS Operator.
- Energy Management Company: A subsidiary or joint-venture wherein resources typically belonging to the Cooperative are in-fact employed or owned by the Energy Management Company and utilized on behalf of the Cooperative under a valid contract.
- Feasibility Study: An initial study performed by the Cooperative to determine the EPS impacts, viability, and economic impacts of a proposed operation of a DG Facility in a specific location on the Cooperative EPS.
- Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result of the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather practices, methods, or acts generally accepted and consistently adhered to in the region.
- IEEE 1547: The Institute of Electrical and Electronics Engineers' Standard for Interconnecting Distributed Resources with Electric Power Systems.

- Interconnection: The result of the process of adding a DR unit to the EPS.
- Interconnection Agreement: The signed agreement between the DG Owner/Operator and the Cooperative outlining contractual conditions of DG Facility operation. The agreement also includes any amendments, supplements and exhibits thereto entered into by the DG Owner/Operator and the Cooperative.
- Interconnection Applicant: The individual(s) or entity applying for authorization to connect a DG Facility to the Cooperative's EPS. May also be referred to as the *Applicant*.
- Interconnecting equipment: Devices, individual or multiple, used to interconnect the DG to the EPS. Interconnecting equipment may include, but not exclusively, switches, breakers, wire, regulators, meters, and transformers.
- Interconnection system: The collection of interconnecting equipment designed and operated to interconnect a DG to the EPS. The interconnection system may include Auto-Transfer Systems ('ATS') designed to act based on certain expected events for transferring between an islanding system and parallel system.
- Inverter: A machine, device, or system that changes DC to AC power.
- Island: An island is a system of DG operating to supply power to the member/consumer but not operating in synchronized parallel to the EPS. The Island system shall be isolated with a gap capable of withstanding a reasonable maximum expected voltage including voltages induced on the EPS from outside sources.
- Island, Intentional: A planned island event.
- Island, unintentional: An unplanned island event.
- Isolation Switch: The disconnecting means used to separate the DG Facility from the Cooperative's EPS. This switch may be used by agents of the Cooperative.
- Local Electric Power System (Local EPS): The Member/Consumer owned power distribution system. The local EPS may be radially fed, loop fed, or contain any number of auto-transfer systems in a network.
- Non-EPS Load: Consumer's load which may be served by the DG Facility after the DG Facility has been disconnected from the Cooperative's EPS.
- Non-Islanding: Intent to prevent the continued existence of an island condition.
- Parallel Operation: To physically link a distributed generator to the Cooperative's EPS and allow both entities to operate concurrently in a synchronous fashion.
- Simulated utility: An assembly of devices used to simulate the voltage, frequency, current, or switching mechanisms found on an EPS.
- System Impacts: Adverse conditions which exist on the EPS caused by the DG and requiring corrective action in the form of system modifications.
- System Study: An engineering study performed by the Cooperative to determine EPS modifications required in order to accommodate a DG Facility without negative impacts to the EPS.
- Total Demand Distortion ('TDD'): The total root-sum-square harmonic current distortion, displayed in a percent, of the maximum demand load current. Typically a 15-minute, 30-minute, or 1-hour demand measure.
- Total rated-current distortion ('TRD'): The total root-sum-square of the current harmonics created by the DR unit operating into a linear balanced load divided by the greater of the test load current demand (' I_L ') or the rated current capacity of the DR unit (' I_{rated} ').
- UPS: uninterruptible power supply

1.7 Concept

An Interconnection Applicant intends to install a DG Facility on the local EPS or DG side of the Member/Consumer's DP that will be connected electrically to the Cooperative's EPS and operate in parallel, synchronized with the voltage and frequency maintained by the Cooperative during all operating conditions.

2.0 Process

When the Interconnection Application is made, the interconnection of the proposed DG Facility with the Cooperative's EPS must be reviewed for potential impact to the EPS under the process described in this Sections 2.0 through 2.2, and must meet the technical requirements and operate as outlined in Section 3.0 and in IEEE 1547. In order to meet these requirements, modifications to the Cooperative's EPS may be necessary as determined by the study. After applying for interconnection, the Interconnection Applicant should consult the Cooperative regarding the designing, purchasing and installing of any generation equipment, in order to verify the nominal utilization voltages, frequency, and phase characteristics of the service to be supplied, the capacity available, and the suitability of the proposed equipment for operation at the intended location. The Cooperative assumes no liability, at no time, for any of the design, purchase, or installation of the generation equipment. Engineering consulting from an independent source may be desired and is recommended. Furthermore, attempting to operate a generator at other than its nameplate characteristics may result in unsatisfactory performance or, in certain instances, injury to personnel and/or damage to equipment. The Interconnection Applicant will be responsible for ascertaining from the Cooperative the service characteristics of the Cooperative's EPS at the proposed DP. The Cooperative will in no way be responsible for damages sustained as a result of the Interconnection Applicant's failure to ascertain the service characteristics at the proposed DP.

Subject to the requirements contained in these rules, the Cooperative or its agent shall modify the EPS accordingly. Unless otherwise specified, the Cooperative will build and own, as part of the Cooperative's EPS, all facilities necessary to interconnect the Cooperative's EPS with the DG Facility up to and including terminations at the DP. The Interconnection Applicant shall pay all system modification costs as set forth in Section 2.2.

If the Interconnection Application is accepted, the Interconnection Applicant (at execution, then "DG Owner/Operator") and the Cooperative shall enter into an Interconnection Agreement to provide for parallel operation of the DG Facility with the Cooperative's EPS. A form of this agreement is attached as Exhibit A to this document.

Authorization to interconnect will be provided once the DG Owner/Operator has met all terms and conditions of the interconnection process as outlined within this document, including operating the DG Facility in such a manner that does not compromise or conflict with the safety or reliability of the Cooperative's EPS and meets all the rules and regulations set forth by Federal, State, and local government entities and the requirements of at least IEEE 1547.

This Rule does not cover general distribution service needed to serve the DG Owner/Operator. Please refer to the Cooperative's Service Rules and Regulations for distribution service.

2.1 Overview

The following is an outline of the general process an Interconnection Applicant must undergo in order to receive authorization to connect a DG Facility to the Cooperative's EPS. This outline is only a basic guide for the Interconnection Applicant and it should be understood that this process may deviate depending on unforeseen or unanticipated factors.

- a. Upon request, the Interconnection Applicant receives and reviews this document including all exhibits to ensure the Applicant understands all fees and requirements associated with operating a DG Facility in conjunction with the Cooperative's EPS.
- b. The Interconnection Applicant returns the Interconnection and Parallel Operation of Distributed Generation Agreement, Facilities Schedule, Interconnection Application and Feasibility Study Agreement form and the Generating Facility Technical Detail form along with the appropriate fee (see section 2.2 for fees.) The Energy Sales Agreement must be returned prior to start up and testing.
- c. The Cooperative evaluates the Application for completeness and notifies the Interconnection Applicant within 30 business days of receipt that the Application has been received and advises if any information is lacking or missing.
- d. The Cooperative conducts a Feasibility Study of the proposed DG Facility that may include meetings and discussions with the Interconnecting Applicant. The Cooperative may utilize consulting agents to assist with the Feasibility Study. At this juncture, the Applicant should make inquiries of information from the Cooperative to help with decisions on DG equipment purchases such as the available fault current at the proposed location, configuration of the EPS, voltage requirements, etc. The Cooperative will make every effort to expedite this part of the Interconnection Application process but the time frame will depend largely on the quality of information received from the Applicant.
- e. If the Feasibility Study reveals issues which make the proposal of a DG Facility at a particular site non-viable, the application process is terminated. Should the Interconnection Applicant wish only to reasonably change the DG Facility site location with *all* other DG parameters remaining the same, the application process may continue without additional application fees upon successful completion of additional work on the Feasibility Study. Should the Interconnection Applicant wish to change DG parameters or substantially change the DG Facility site, the Interconnection Applicant must begin the application process over including submitting an additional application fee. ***The Feasibility Study will only study the impact on the Cooperative's EPS by the DG. The Cooperative accepts no responsibility to ensure equipment and operation is suitable for the Cooperative's EPS or that it meets all IEEE, UL, Federal, State, and local requirements.***
- f. Should the Feasibility Study reveal no foreseeable negative impacts to the Cooperative's EPS, a System Study will be performed by the Cooperative in order to determine EPS modification requirements, if any, and associated costs for such modifications. There will be no initial cost to the Interconnection Applicant for this System Study. Should the DG Facility ultimately win approval, the actual cost for this System Study will be included in the Monthly Facilities Charges as set by contract in the Agreement for Interconnection and Parallel Operation of Distributed Generation.
- g. A cost estimate of EPS modifications to accommodate the proposed DG Facility will be prepared by the Cooperative and submitted to the Interconnection Applicant. The cost estimate shall be based on the most current, known, cost for similar construction requirements. Once the Interconnection Applicant submits payment in the amount of the cost estimate and the Agreement for Interconnection and Parallel Operation of

Distributed Generation is executed by the Parties, work by the Cooperative or its Agents shall begin on the Cooperative's EPS in preparation for DG operation. Final cost for EPS modifications shall be set at actual cost, with both parties agreeing to modify the final cost and payment or refund thereof, prior to energizing the DG facility.

- h. A sample of the Agreement for Interconnection and Parallel Operation of Distributed Generation is included with this document as Exhibit A for the benefit of familiarization. However, an Applicant-specific agreement will be prepared on behalf of the Interconnection Applicant for execution by the Parties.
- i. A statement of compliance with IEEE 1547 will be submitted to the Cooperative by the entity responsible for the construction, installation and testing of the DG equipment prior to initial connection to the Cooperative's EPS.
- j. Once DG Facilities are complete and Cooperative's EPS modifications have been made, tests of DG operation may be made. Upon satisfactory completion of DG operation tests, the DG Facility will be approved for operation.

Both parties
initial here to
acknowledge

All work performed by the Cooperative shall be completed in a just and timely manner with no warranty, implied or express, including no warranty as to workmanship, no warranty implied for merchantability, and no warranty implied of fitness for a particular use.

Furthermore, in working in conjunction with an Interconnection Applicant, some work and information retrieval will be beyond the control of the Cooperative. Therefore, a time limit has not been placed on aspects of the Interconnection Application process, but every effort will be made to help the Interconnection Applicant achieve DG operation without undo delay.

2.2 Fees

An application fee of \$100.00 will accompany the completed Interconnection Application Form. This fee will cover services associated with determining the scope and fee for a Feasibility Study.

The application and Feasibility Study fees are non-refundable.

The Cooperative assumes no responsibility for any of fees or other assessments associated with DG operation as related to federal, state and local permits, certifications and qualifications.

3.0 Design & Operational Requirements

3.1 Fundamental System Requirements

All electricity flow across the DP shall be in the form of single phase or three phase alternating current occurring at a nominal frequency of 60 Hz and at a standard nominal voltage class mutually agreed upon between the Cooperative and the Interconnection Applicant. The Cooperative requires adherence to interconnection standards adopted in the state law. In addition, the Cooperative requires adherence to all federal and local requirements. Furthermore, the Cooperative strictly enforces adherence to the National Electric Code, the National Electric Safety Code, the IEEE standards, ANSI standards, and Underwriters Laboratories recommendations and requirements. Any clarifications concerning these standards will be handled on a case-by-case basis, upon request of the Interconnecting Applicant.

3.2 IEEE 1547 Compliance

The Cooperative has adopted IEEE Standard 1547 (IEEE 1547) entitled IEEE Standard for Interconnecting Distributed Resources with Electric Power Systems as its basis for interconnecting with DG Facilities. Subsequent revisions to IEEE 1547 shall be considered a revision to the Cooperative's regulations on DG requirements. All aspects of IEEE 1547 apply to the Interconnection Applicant and subsequent DG Owner/Operator unless contractual exceptions are made. Most terminology detailed within the standard is generally and purposely used throughout this Document for continuity. Failure of either party to insist, on any occasion, upon strict performance as outlined in IEEE 1547 shall not constitute a waiver to the obligations, rights, responsibilities or duties imposed therein.

A statement of compliance with IEEE 1547 will be submitted to the Cooperative by the entity responsible for the construction, installation and testing of the DG equipment prior to initial connection to the Cooperative's EPS.

3.3 System Protection

The specifications and requirements listed herein are intended to mitigate possible adverse impacts caused by the DG Facility on the Cooperative's EPS equipment, personnel and on other consumers of the Cooperative and are intended to guide the Interconnection Applicant in the design phase of the DG Facility. Because EPS protection devices are not designed to protect beyond the DP, the Cooperative shall not be responsible for the protection of the DG Facility itself or its internal loads. The Interconnection Applicant shall be responsible to design and install the protection of its system to guard against possible damage resulting from parallel operation with the Cooperative's EPS, including the Interconnection Applicant hiring its own experts and consultants to verify proper equipment use and installation. The Applicant may request EPS protection information from the Cooperative exclusively for use in evaluating DG Facility protection during parallel operation. Subsequently, the DG Owner/Operator is responsible for the protection of its system during operation of the DG Facility against possible damage resulting from the parallel operation with the Cooperative's EPS. Conversely, the Cooperative reserves the right to request pertinent information from the Interconnection Applicant in order to determine the most appropriate protection device(s) or settings to protect the EPS.

Parallel operation of the DG Facility with the Cooperative's EPS shall be prevented when the EPS is de-energized or out of phase with the DG Facility. However, the DG Facility may operate to serve non-EPS load once Cooperative line personnel have accomplished the necessary switching, locking and tagging of the Cooperative's Area EPS to separate the DG Facility from the Cooperative's Area EPS and to ensure safe working conditions for Cooperative personnel or third parties. This regulation does not address DG Facility operation once disconnected from the Cooperative's area EPS.

The Cooperative follows standards for power restoration which will include proper grounding of EPS facilities when necessary. The Cooperative assumes no responsibility to contact the DG operator during ordinary or extraordinary maintenance periods. The Cooperative reserves the right to disconnect any DG Facility in any case including, for example, maintenance, payment of fees or usage on the system, or during storm restoration hours.

The Cooperative shall not be held responsible for damage to DG Facilities or lost revenue due to transient voltage fluctuations. Transient voltage fluctuations on the EPS may be due to, but not

limited to, lightning, EPS protection equipment operations or switching operations. Such fluctuations may cause malfunction or protective device operation of DG Facility management equipment.

3.3.1 Equipment

3.3.1.1 Interconnection Interrupting Device

An interconnection interrupting device such as a circuit breaker shall be installed to isolate the DG Facility from the Cooperative's EPS during any abnormal event outlined in IEEE 1547. The interconnection interrupting device must be capable of interrupting the current produced when the DG Facility is connected out of phase with the Cooperative's EPS consistent with IEEE 1547. The interconnection interrupting device shall not have automatic reclosing capability or such capability shall be bypassed and shall not have the ability to be closed and connected to the Cooperative's EPS when the EPS is de-energized. The interconnection interrupting device shall be properly rated to match both the DG Facility and the conditions existing on the EPS.

3.3.1.2 Protective Relay Supply

Where protective relays are required, their control circuits shall be DC powered from a battery/charger system or a UPS. Solid-state relays shall be self-powered or DC powered from a battery/charger system or a UPS. If AC powered relaying is provided, the relay and its method of application must be fail safe, requiring that if the relay fails or if the voltage and/or frequency of its AC power source deviate from the relay's design requirements for power, the relay or a separate fail safe power monitoring relay will immediately trip the generator.

3.3.2 Personnel Protection

An external disconnect switch shall be required at or near the PI (location mutually agreed upon by both parties), which will be accessible to Cooperative personnel and its Agents at all times, to be used as an isolation switch for the purpose of personnel safety when working on or near the Cooperative's EPS connected to the DG Facility. The switch shall be gang-operated, have a visible break when open, be rated to interrupt the maximum generator output and be capable of being locked open, tagged and grounded on the Cooperative side by Cooperative personnel or its Agents. The Cooperative and its Agents shall have the right to lock external disconnect with an approved locking device. The Cooperative maintains the right to operate the switch during any of the following conditions:

- maintenance, construction or repair of the EPS
- EPS outages whether planned or unplanned
- if a hazard exists which would endanger persons or property
- any other condition requiring the isolation of the DG Facility from the EPS to maintain integrity of the EPS

The Cooperative shall endeavor to provide advanced notice if reasonably possible to the DG Owner/Operator of conditions which will affect the operation of the DG Facility.

The Cooperative reserves the right to permanently label the disconnect switch used by Cooperative personnel or its Agents in an aid to identification. The Cooperative also reserves the right to make drawings and/or take photographs of the disconnect switch and associated generator equipment for the purpose of training of Cooperative personnel and Agents of the Cooperative.

Periodically, Cooperative Agents may visit the DG Facility in relation to training and familiarization of equipment.

3.4 Fault Currents

Prior to interconnection, appropriate information as required by the Cooperative will be supplied to the Cooperative or its designated third party consultant in order to determine the fault current contribution of the DG Facility to the EPS. The proposed DG Facility shall have no significant negative impact on the Cooperative's protective devices or the EPS, such impact being determined through information supplied to the Cooperative. The DG Facility, in aggregate with other generation on the area EPS, shall not contribute more than 10% to the distribution circuit's maximum available fault current at the primary voltage level nearest the PI. The DG Facility, in aggregate with other generation on the area EPS, shall not cause any EPS protective device to exceed 90% of its rated short circuit interrupting capability. Should the introduction of a proposed DG Facility cause calculated fault currents to exceed 90% of an EPS protective device's interrupting capability or expect to cause any protective device to not operate as intended, in order for the DG Facility to be interconnected, upgrades to the EPS's protective device scheme shall be made at the Interconnection Applicant's expense before interconnection can occur. If it is determined that a protective device cannot be further upgraded to meet the above requirements or if other EPS protection difficulties arise, which cannot be resolved by prudent engineering practice, as a direct consequence of the proposed DG Facility, the DG Facility shall not be allowed to operate in parallel with the Cooperative's EPS.

3.5 Testing and Monitoring

Testing of DG equipment will be performed in accordance with IEEE 1547. The DG Owner/Operator is required to notify the Cooperative when any testing, as defined in IEEE 1547, is performed. The Cooperative reserves the right to have a representative present during such testing. The Cooperative reserves the right to request and receive written documentation and results of such testing.

Should the DG Facility have the ability to record events related to its operation, such as but not limited to circuit breaker operations, resets, relay targets, voltage and current reports, the Cooperative retains the right to request such reports or printouts in conjunction with investigations of poor power quality or occurrences on the EPS that, in the opinion of the Cooperative, may be related to the operation of the DG Facility.

The Cooperative may install special test equipment at a location mutually agreed upon by the Parties as may be required to monitor the operation of the DG Facility and its controls for evaluating the quality of power produced by the DG Facility.

The DG Operator agrees to submit, upon request from the Cooperative, any records regarding operation and maintenance of the DG Facility.

3.6 Maintenance

The DG Owner/Operator has the full responsibility for the proper periodic maintenance of its generating equipment and its associated control, protective equipment and interrupting devices to the extent of providing, within reason, the best assurance of proper operation of DG equipment in providing protection to the EPS.

The Cooperative will be responsible for the proper maintenance of its equipment in an effort to provide the most reliable interconnection between the DG Facility and the Cooperative's EPS.

3.7 System Changes

The DG Owner/Operator must provide the Cooperative with reasonable advance notice of any proposed changes to be made to the protective relay system, relay settings, operating procedures or equipment that affect the power quality or any aspect of interconnection operation. The Cooperative will determine if such proposed changes require re-acceptance of the interconnection per the requirements of this regulation. Furthermore, should the Cooperative implement changes to its EPS to which the DG Facility is connected, the DG Owner/Operator shall be responsible, at its own expense, for identifying and incorporating any and all necessary changes to its protection equipment.

4.0 Responsibility of Costs

4.1 Study Costs

The Interconnection Applicant shall be responsible for the incurred costs of the Feasibility Study by the Cooperative as set forth in section 2.2 solely to determine the requirements of interconnecting a DG Facility with the Cooperative's EPS.

4.2 Interconnection Costs

The Interconnection Applicant shall be responsible for all costs associated with the installation and construction of the DG Facility and associated interconnection equipment on the Interconnection Applicant's side of the PI.

The Interconnection Applicant shall be responsible for all costs associated with equipment and labor required by the Cooperative to install for the sole purpose of creating an interconnection between the DG Facility and the Cooperative's EPS. Facilities installed by the Cooperative for the explicit use of DG operation by the DG Owner/Operator may be applied as a Monthly Facility Charge as defined in the Agreement for Interconnection and Parallel Operation of Distributed Generation or in the Interconnection rate or tariff as approved by the SSEMC Board of Directors. The Monthly Facility Charges include but may not be limited to the transformer and metering associated with the DG Facility. These costs are variable depending on the location and size of the DG Facility.

4.3 System Modification Costs

A System Study will be performed after the process of the Feasibility Study. The System Study will determine what system modifications are required to the Cooperative's EPS in order to facilitate the operation of a DG Facility without negative impacts to the EPS or other power quality issues imposed on consumers being served from the Cooperative's Area EPS. The cost of these required modifications to the Cooperative's Area EPS shall be the responsibility of the Interconnection Applicant. No estimate of system costs can be made until a full System Study is performed. Labor and materials paid for by the Interconnection Applicant for the purpose of system modifications to accommodate the Interconnection Applicant's proposed DG Facility

shall remain the property of the Cooperative unless other specific written contractual arrangements are made.

4.4 Separation of Costs

Should the Cooperative combine the installation of system modifications with additions to the Cooperative's EPS to serve other consumers, the Cooperative shall not include the costs of such separate or incremental facilities in the amounts billed to the Interconnection Applicant for system modifications required pursuant to the Interconnection Agreement. The Interconnection Applicant shall only pay for that portion of the interconnection costs resulting solely from the system modifications required to allow for safe, reliable parallel operation of the DG Facility with the Cooperative's EPS.

4.5 Payment Procedure

Feasibility Study fees and system modification costs must be paid in full prior to the execution of the Interconnection Agreement.

Costs solely associated with the interconnection of the DG Facility to the Cooperative's EPS will be charged up front or by an approved contract on a monthly basis per the Monthly Facility Charges as set by contract in the Interconnection Agreement and exhibits thereto.

Feasibility Study fees and system modification costs paid by the Interconnection Applicant pursuant to this document and all exhibits are non-refundable.

5.0 Metering

The Cooperative shall furnish, read and maintain all revenue metering equipment.

It shall be the responsibility of the Interconnection Applicant to provide for a suitable location for the meter installation with an effort to minimize or negate the effects of metering losses between the metering point and the PI.

The DG Operator is responsible for cost above and beyond the standard cost to meter a similar single phase or three phase load of the same size. Cost passed to the DG Operator shall include any cost for metering, as allowed by and applied in the Cooperatives rate policy and any other associated metering policies.

6.0 Permitting

The Interconnection Applicant is solely responsible for all federal, state and local permits, certifications and qualifications associated with the operation of a DG Facility. It is also the responsibility of the Interconnection Applicant to determine if the DG Facilities require an Air Quality Permit or other environmental qualifications from the appropriate governing agency.

7.0 Amendments and Revisions

The Cooperative reserves the right to add to, change or further define any aspect of this document due to the number, size or technological advancement of DG Facility equipment. The

Cooperative also reserves the right to modify any portion of this regulation in order to mitigate any unforeseen negative impacts to other Cooperative consumers which arise from DG Facility operation. Proposed DG Facilities of significant size may require additional consideration to controls, settings or specifications as determined by the Cooperative, its Agent(s) and/or Good Utility Practice.

Subsequent revisions to IEEE 1547 shall be considered a revision to the Cooperative's regulations on DG requirements.

Exhibit A

AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION (DG)

This Interconnection Agreement ("Agreement") is made and entered into this ____ day of _____, 20__, by The Snapping Shoals Electric Membership Corporation, ("Cooperative"), a corporation organized under the laws of the state of Georgia, and _____ ("DG Owner/Operator"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties". In consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. **Scope of Agreement** – This Agreement is applicable to conditions under which the Cooperative and the DG Owner/Operator agree that one generating facility (described in EXHIBIT A) owned by the DG Owner/Operator of _____ kW or less, to be interconnected at a nominal 480 Volts ("Facilities"), may be interconnected to the Cooperative's electric power distribution system ("System").
2. **Establishment of Point of Interconnection** – The point where the electric energy first leaves the wires or facilities owned by the Cooperative and enters the wires or facilities provided by the DG Owner/Operator is the "Point of Interconnection." Cooperative and DG Owner/Operator agree to interconnect the Facilities at the Point of Interconnection in accordance with the Cooperative's rules, regulations, by-laws, rates, and tariffs, as well as applicable code requirements, and IEEE standards, (in entirety, the "Rules") which are incorporated herein by reference. The interconnection equipment installed by the DG Owner/Operator ("Interconnection Facilities") shall be in accordance with the "Rules" as well.
3. **Responsibilities of Cooperative and DG Owner/Operator for Installation, Operation and Maintenance of Facilities** – DG Owner/Operator will, at its own cost and expense, install, operate, maintain, repair, and inspect, and shall be fully responsible for, its Facilities and Interconnection Facilities, unless otherwise specified in EXHIBIT A.2. DG Owner/Operator shall conduct operations of its Facilities and Interconnection Facilities in compliance with all aspects of the "Rules" and in accordance with industry standards and prudent

engineering practice, and indemnify and hold harmless the Cooperative for any non-compliance of the same in accordance with Section 6 of the Agreement. The Cooperative shall conduct operations of its electric distribution facilities in compliance with the "Rules", or as further described and mutually agreed to in the applicable Facilities Schedule attached hereto as EXHIBIT A.2. Unless otherwise specified, the cost of facilities installed by the Cooperative in order to fulfill the purposes of this Agreement, shall be recovered from the DG Owner/Operator on a monthly carrying cost basis, further defined as the actual investment by the Cooperative on behalf of the DG Owner/Operator times a carrying cost factor. The applicable investment and carrying cost factors shall be specified on Exhibit A. Maintenance of Facilities and Interconnection Facilities shall be performed in accordance with the applicable manufacturers' recommended maintenance schedule. The DG Owner/Operator agrees to cause its Facilities and Interconnection Facilities to be constructed in accordance with the "Rules" and specifications equal to or better than those provided by the National Electrical Safety Code and the National Electrical Code, both codes approved by the American National Standards Institute and the Institute of Electrical and Electronic Engineers, Inc., in effect at the time of construction, and shall indemnify and hold harmless the Cooperative for any non-compliance of the same in accordance with Section 6 of the Agreement.

The DG Owner/Operator covenants and agrees to design, install, maintain, and operate its Facilities and Interconnection Facilities so as to reasonably minimize the likelihood of a malfunction or other disturbance, damaging or otherwise affecting or impairing the System. DG Owner/Operator shall comply with all applicable laws, regulations, zoning codes, building codes, safety rules and environmental restrictions applicable to the design, installation, operation and maintenance of its Facilities and Interconnection Facilities.

Cooperative will notify DG Owner/Operator if there is evidence that the Facilities' or Interconnection Facilities' operation causes disruption or deterioration of service, power quality issues or other interference to other customers served from the System, or if the Facilities' or Interconnection Facilities' operation causes damage or deterioration to the System. DG Owner/Operator will notify the Cooperative of any emergency or hazardous condition or occurrence with the DG Owner/Operator's Facilities or Interconnection Facilities, which could affect safe operation of the System. The DG Owner/Operator shall indemnify the Cooperative and its members as outlined in Section 6. for improper or faulty Facility operation.

4. **Operator in Charge** – The DG Owner/Operator shall identify an individual (by name or title) who will serve as "Operator in Charge" of the Facilities and the DG Owner/Operator portion of the

Interconnection Facilities. This individual must be familiar with this Agreement as well as provisions of the "Rules" and any other agreements or regulations that may apply.

5. **Energy Sales to Cooperative** – The DG Owner/Operator may sell excess energy under this Agreement to the Cooperative. All sales to the Cooperative will be in accordance with the Energy Sales Agreement, attached as EXHIBIT A.3.

The Parties anticipate a renewal of the Energy Sales Agreement for additional twelve (12) month terms beyond the initial twelve (12) month term upon such provisions as may be mutually agreed upon by the Parties in writing as follows: within sixty (60) days of the end of the initial twelve (12) month term and at the end of any successive twelve (12) month term, the terms and conditions of the Energy Sales Agreement may be revised for the succeeding twelve (12) month term by the Cooperative. Should the DG Owner/Operator reject the proposed terms and conditions of the revised Energy Sales Agreement, the Parties shall work in good faith to negotiate terms and conditions mutually acceptable to the Parties. In the event the Parties should be unable to reach a revised Energy Sales Agreement within thirty (30) days after the end of the respective twelve (12) month term, or upon such extended period as mutually agreed upon in writing by the Parties, the Parties may agree to terminate the Agreement as provided for in Section 11 hereof.

6. **Limitation of Liability and Indemnification** - Notwithstanding any other provision in this Agreement, with respect to the Cooperative's provision of electric service to DG Owner/Operator and the services provided by the Cooperative pursuant to this Agreement, the Cooperative's liability to DG Owner/Operator shall be limited as set forth in the "Rules", which are incorporated herein by reference.

For the purposes of this Agreement, a Force Majeure event is any event: (a) that is beyond the reasonable control of the affected Party; and (b) that the affected Party is unable to prevent or provide protection against by exercising reasonable diligence, including the following events or circumstances, but only to the extent that they satisfy the preceding requirements: acts of war, public disorder, legal cease and desist orders, rebellion or insurrection; floods, hurricanes, earthquakes, lightning, storms or other natural calamities; explosions or fires; strikes, work stoppages or labor disputes; embargoes; and sabotage. If a Force Majeure event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing and will keep the other Party informed on a continuing basis as to the scope and duration of the Force Majeure event. The affected Party will specify the circumstances of the Force

Majeure event, its expected duration and the steps that the affected Party is taking to mitigate the effect of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement but will use reasonable efforts to resume its performance as soon as possible.

The DG Owner/Operator shall assume all liability for and shall indemnify the Cooperative and its members, trustees, directors, officers, managers, employees, agents, representatives, affiliates, successors and assigns for and shall hold them harmless from and against any claims, losses, costs, and expenses of any kind or character to the extent that they result from DG Owner/Operator's design, construction, installation, operation or maintenance of the Facilities or Interconnection Facilities. Such indemnity shall include, but is not limited to, financial responsibility for (a) monetary losses; (b) reasonable costs and expenses of defending an action or claim; (c) damages related to death or injury; (d) damages to property; and (e) damages for the disruption of business.

The Cooperative and DG Owner/Operator shall each be responsible for the safe installation, maintenance, repair and condition of their respective lines, wires, switches, or other equipment or property on their respective sides of the Point of Interconnection. The Cooperative does not assume any duty of inspecting the DG Owner/Operator's lines, wires, switches, or other equipment or property. DG Owner/Operator assumes all responsibility for the electric service supplied hereunder and the facilities used in connection therewith, at or beyond the Point of Interconnection.

7. **Testing and Testing Records** – The DG Owner/Operator shall provide to the Cooperative all records of testing. Testing of protection systems for intermediate and large units shall be limited to records of compliance with standard acceptance procedures and by industry standards and practices. These records shall include testing at the start of commercial operation and periodic testing thereafter. Factory testing of pre-packaged Interconnection Facilities and the protective systems of small units shall be acceptable. In the case of a factory test, the DG Owner/Operator shall provide a written description and certification by the factory of the test, the test results, and the qualification of any independent testing laboratory. In addition, the settings of the equipment being installed are to be approved by the Cooperative prior to DG operation.
8. **Right of Access, Equipment Installation, Removal & Inspection** – The Cooperative may send employees, agents or contractors to the premises of the DG Owner/Operator at any time whether before, during or after the time the Facilities first produce energy to inspect the Facilities and Interconnection Facilities, and observe the Facility's

installation, commissioning (including any testing), startup, operation, and maintenance.

Cooperative shall have access to DG Owner/Operator's premises at any time and for any reasonable purpose in connection with the execution of this Agreement, the "Rules", or to provide service to its customers.

9. **Metering** – The Cooperative shall purchase, own, install, maintain and read such metering equipment as may be necessary to record the electrical output of the Facilities in accordance with Section 5. All costs beyond the standard and current metering expense for a similar customer taking service but not operating as a DG and associated therewith shall be borne by the DG Owner/Operator. Meter and current transformers used by the Cooperative to measure energy sales by the DG Owner/Operator to the Cooperative shall be separate and independent of any metering used for energy sales by the Cooperative to the DG Owner/Operator for backup and standby power.
10. **Insurance** – DG Owner/Operator agrees to take out and maintain throughout the period of this Agreement insurance of the following minimum types and amounts:
 - a. Worker's Compensation and employer's liability insurance, as required by law, covering all employees who perform any obligations of the DG Owner/Operator.
 - b. Public Liability insurance covering all operations under the Agreement that has limits for bodily injury or death of not less than \$1 million per each occurrence, limits for property damage of not less than \$1 million per each occurrence, and \$1 million aggregate for accidents during the policy period. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Cooperative shall be named as an Additional Insured on all policies of insurance required in Section 10.a and Section 10.b.

A current certification of the policy with the Cooperative being named must be on file with the Cooperative at all times. The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Cooperative. The DG Owner/Operator shall furnish the Cooperative a certificate evidencing compliance with the foregoing requirements within the first 30 days of each twelve (12) month term, and shall provide not less than 30 days prior written notice to the Cooperative of any cancellation or material change in the insurance.

11. **Effective Term and Termination Rights** – This Agreement becomes effective when executed by both Parties and shall continue

in effect until terminated. This Agreement may be terminated as follows: (a) DG Owner/Operator may terminate this Agreement at any time by giving the Cooperative at least sixty (60) days' written notice; (b) Cooperative may terminate upon failure by the DG Owner/Operator to generate energy from the Facilities and deliver such energy to the Cooperative within twelve (12) months after completion of the interconnection; (c) either Party may terminate by giving the other Party at least thirty (30) days prior written notice that the other Party is in default of any of the terms and conditions of the Agreement or the "Rules" or any rate schedule, tariff, regulation, contract, or policy of the Cooperative, so long as the notice specifies the basis for termination and there is opportunity to cure the default and said default is not cured within the specified thirty (30) days; (d) Cooperative may terminate by giving DG Owner/Operator at least sixty (60) days' notice in the event that there is a material change in an applicable law, or any requirement of the Cooperative's wholesale electric suppliers or of any transmission utility, independent system operator or regional transmission organization having responsibility for the operation of any part of the System.

Termination of the Agreement by the DG Owner/Operator or by the Cooperative, if the Cooperative is terminating due to breach of performance by the DG Owner/Operator, will require full payment of the facilities charge by the DG Owner/Operator due on the termination date.

12. **Disconnection of Facilities** – DG Owner/Operator shall disconnect Facilities from the System upon the effective date of any termination resulting from and required by actions under Section 11.

Cooperative shall have the right to disconnect or cause the DG Owner/Operator to disconnect the Facilities from the System and suspend service in cases where continuance of service to DG Owner/Operator will endanger persons or property. During a forced outage of the System serving DG Owner/Operator, Cooperative shall have the right to suspend service, and disconnect or cause the DG Owner/Operator to disconnect the Facilities from the System to effect repairs on the System. When possible, the Cooperative shall take reasonable efforts to provide the DG Owner/Operator with prior notice of a forced outage.

13. **Compliance with Laws, Rules and Tariffs** – Both the Cooperative and the DG Owner/Operator shall be responsible for complying with all applicable Federal, State and Local laws, environmental regulations and the "Rules". The interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the "Rules". The Cooperative shall have the right to publish changes in any of the "Rules" at any time and the DG

Owner/Operator shall retain the right to accept the changes or terminate the Agreement based on non-acceptance of the changes. The Cooperative may change the "Rules" without notification if the said changes do not impact the Agreement in force.

14. **Applicable Tax and Carbon Credits** – The Parties agree that any and all tax and carbon credits that may apply under applicable Federal, State, and local laws for operation and ownership of generation facilities of the type anticipated under this agreement shall be retained by the DG Owner/Operator unless the credits are specifically applicable to utilities and/or utility operations only.
15. **Applicable Transmission and Generation Credits** – The Parties agree that any and all transmission, capacity, energy, and green power credits or rebates, if green power or renewable power mandates by Federal and State Authorities are in place, shall be retained by Snapping Shoals EMC.
16. **Severability** – If any portion or provision of this Agreement is held or adjudged for any reason to be invalid or illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed separate and independent and the remainder of this Agreement shall remain in full force and effect.
17. **Amendment** – This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.
18. **Entirety of Agreement and Prior Agreements Superseded** – This Agreement, including the "Rules" and all attached Exhibits, which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Points of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein or in the DG Owner/Operator application, or other written information provided by the DG Owner/Operator in compliance with the "Rules". It is expressly acknowledged that the Parties may have other agreements between the Parties covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.
19. **Assignment** – At any time during the term of this Agreement, the DG Owner/Operator may assign this Agreement to a corporation, an entity with limited liability or an individual (the "Assignee") to whom

the DG Owner/Operator transfers ownership of the Facilities; provided that the DG Owner/Operator obtains the written consent of the Cooperative in advance of the assignment. The Cooperative's consent will be based on a determination that the Assignee is financially and technically capable to assume ownership and/or operation of the Facilities. The company or individual to which this Agreement is assigned will be responsible for the proper operation and maintenance of the Facilities, and must agree in writing to be subject to all provisions of this Agreement.

20. **Notices** – Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

If to Cooperative:

VP of Engineering or Designee
P. O. Box 509
Covington, Georgia 30015

Fax: 770- 385-2814

If to DG Owner/Operator:

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other Party.

21. **Invoicing and Payment** – Invoicing and payment terms for services associated with this Agreement shall be consistent with applicable "Rules".
22. **Limitations (No Third-Party Beneficiaries, Waiver, etc.)** – This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, except as set out in Section 6. This Agreement may not be assigned by the DG Owner/Operator without the prior written

consent of the Cooperative as specified in Section 18. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties.

- 23. **Headings** – The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.
- 24. **Multiple Counterparts** – This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

The Snapping Shoals Electric
Membership Corporation

BY: _____	BY: _____
TITLE: _____	TITLE: _____
ATTEST: _____	ATTEST: _____
DATE: _____	DATE: _____
NOTARY: _____	NOTARY: _____

FACILITIES SCHEDULE

Name: _____	Facilities location: Cooperative map location number _____
Address:	
Delivery voltage:	480 V. (nominal line to line voltage)
Meter type:	form 9S, class 20, range 120-480 V., recording capable
Meter location:	The meter shall be located as close to the Cooperative's owned transformer as practical allowing for the shortest possible voltage and current sensing conductors thereby eliminating meter loss adjustments due to metering location.
Point of Interconnection:	The Point of Interconnection shall be the 480 V. terminals of the Cooperative's owned transformer. This point shall also be the delineation of facility ownership between the Cooperative and the DG Owner/Operator.
Normal Operation of Interconnection:	Refer to Cooperative Interconnection Packet and IEEE Standard 1547. No exceptions noted.
One line diagram attached (check one):/ _____ Yes / _____X_____ No	
Facilities to be furnished by Cooperative:	<ul style="list-style-type: none"> a) System disconnect and overcurrent protection devices b) System voltage rated conductors capable of supporting anticipated facility loads and energy sales c) System to DG voltage rated transformer capable of supporting anticipated facility loads and energy sales d) Transformer and System over-voltage protection equipment e) Meter, current transformers and ancillary equipment able to provide an accurate measurement of energy to be sold by the DG Owner/Operator to the Cooperative f) Meter, current transformers and ancillary equipment able to provide an accurate measurement of energy to be sold by the Cooperative to the DG Owner/Operator g) Redundant facility items, including transformer, in the event an existing facility material item failed or became damaged

Monthly Facilities
 Charges billed to DG Owner/Operator: \$ _____ estimated per Month

Est. Total Investment **Monthly Carrying Cost Factor**
 _____ 1.5% EXHIBIT A.2 Continued

Control area interchange point (check one): / _____ Yes / No

Supplemental terms and conditions attached (check one): / _____ Yes / No

Cooperative Rules for DG interconnection attached (check one): / Yes / _____ No

The Snapping Shoals Electric Membership Corporation	
BY:	BY:
TITLE:	TITLE:
ATTEST:	ATTEST:
DATE:	DATE:
NOTARY:	NOTARY:

ENERGY SALES AGREEMENT

Transaction Number: _____	Date: _____, 20__. This Sales Agreement is subject to Interconnection Agreement between _____ and Snapping Shoals Electric Membership Corporation (SSEMC) dated _____, 20__.
SELLER:	BUYER: The Snapping Shoals Electric Membership Corporation ('SSEMC')
Supply Source:	_____ will have the right to deliver Energy from its generator located at SSEMC Property No. _____ to the Delivery/Receipt Point (defined below).
Period of Delivery and Receipt:	January 1, 20__ at 00:00 EPT through December 31, 20__ at 23:59 EPT.
Commodity and Contract Quantity:	Electrical output as metered in accordance with Paragraph 9 of the Interconnection Agreement. The Contract Quantity is <u>0.</u> _____ MW.
Contract Price:	Jan 20 __-Dec 20__ \$ _____ / MWh
Excess Sales:	For quantities of Energy delivered in each and every hour in excess of the Contract Quantity, SSEMC will pay to the seller the lesser of 1.) the Average System Monthly Energy Price (as defined below) times the quantities of Energy in Excess of the Contract Quantity or 2.) the Contract Price.
Average System Monthly Energy Price:	"Average System Monthly Energy Price" shall mean the total variable cost of all energy purchases by SSEMC during the month of use from all suppliers excluding the seller, divided by the total MWH purchased in the month of use from all suppliers excluding the seller.
Delivery/Receipt Point:	At the Point of Interconnection.

Seller Authorization:	Buyer Authorization:
BY: TITLE: ATTEST: DATE:	BY: TITLE: ATTEST: DATE:
NOTARY:	NOTARY:

Exhibit B

Interconnection Application and Feasibility Study Agreement

This Agreement is entered into by and between the Interconnection Applicant listed below and The Snapping Shoals Electric Membership Corporation (Cooperative), for the purpose of setting forth the terms, conditions and costs for conducting a Feasibility Study in the determination of the viability of an interconnection for the purpose of distributed generation.

The Interconnection Applicant agrees to provide, in a timely and complete manner, all information and technical data necessary, as outlined in the Cooperative Interconnection Packet, for the Cooperative to conduct a Feasibility Study.

If the Feasibility Study reveals issues which make the proposal of a DG Facility at a particular site non-viable, the application process is terminated. Should the Interconnection Applicant wish only to change the DG Facility site location with *all* other DG parameters remaining the same, the application process may continue without additional application fees. Should the Interconnection Applicant wish to change DG Facility site location and/or DG parameters, the Interconnection Applicant must begin the application process over including submitting an additional application fee.

Should the Feasibility Study reveal no foreseeable negative impacts to the Cooperative's EPS, a System Study will be performed by the Cooperative in order to determine EPS modification requirements, if any, and associated costs for such modifications. There will be no initial cost to the Interconnection Applicant for this System Study. Should the DG Facility be ultimately approved, the cost for this System Study will be included in the Monthly Facilities Charges as set by contract in the Agreement for Interconnection and Parallel Operation of Distributed Generation. The Interconnection Applicant should be aware that once the Cooperative begins the System Study, depending on circumstances, conditions or the introduction of new technology, additional information may be required beyond the scope of information previously obtained on Exhibit C of this Interconnection Packet.

It shall be mutually agreed upon by both Parties that information gathered by either Party for the purpose of the execution of this Agreement will be held in confidence, used exclusively for the purpose intended by this Agreement and shall not be shared with any third party entity not directly involved in the execution of Agreement

A non-refundable Feasibility Study Fee of \$_____ is due upon receipt of this signed Agreement prior to the execution of the Feasibility Study.

Nothing in this Agreement shall be interpreted to give the Interconnection Applicant immediate rights to wheel over or interconnect with the Cooperative's EPS.

The Interconnection Applicant and the Cooperative shall each indemnify, defend and hold the other, its directors, officers, employees and agents (including, but not limited to, affiliates and contractors and their employees), harmless from and against all liabilities, damages, losses, penalties, claims, demands, suits and proceedings of any nature whatsoever for personal injury (including death) or property damages to unaffiliated third parties that arise out of, or are in any manner connected with, the performance of this Agreement by that party, except to the extent that

such injury or damages to unaffiliated third parties may be attributable to the negligence or willful misconduct of the party seeking indemnification.

Notwithstanding the foregoing, the Interconnection Applicant hereby waives recourse against the Cooperative and its affiliates for, and releases the Cooperative and its affiliates from, any and all liabilities arising from or attributable to incomplete, inaccurate, or otherwise faulty information supplied to the Cooperative by the Interconnection Applicant.

If either party materially breaches any of its covenants hereunder, the other party may terminate this Agreement by serving notice of same on the other party of this Agreement.

All amendments to this Agreement shall be in written form executed by both parties.

Because of continuous changes to the Cooperative's EPS, this signed Agreement may be held valid for a period not to exceed one (1) year.

This Agreement may be terminated under the following conditions:

- 1) The Parties agree in writing to terminate the Agreement.
- 2) The Interconnection Applicant may terminate this Agreement at any time by providing written notice to Cooperative.
- 3) The Cooperative may terminate this Agreement if the Interconnection Applicant either:
 - a) has not paid the fee.
 - b) has not responded to requests for further information in accordance with the Interconnection Packet.

Please provide the following contact information (please print or type contact information):

Interconnection Applicant: _____
(company or individual name)

Contact Person: _____
(if different from Applicant name)

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (day): _____ (night): _____

Cell/Mobile Number: _____ Fax Number: _____

Email Address: _____

Please indicate your acceptance of this Agreement by signing below.

Interconnection Applicant or Authorized Agent

Generating Facility Information

Please print or type all information.

Interconnection Applicant: _____
(company or individual name)

Contact Person: _____
(if different from Applicant name)

Proposed Generation
Facility location (be specific): _____

Do you have an existing account with Snapping Shoals E.M.C.? If so, provide account number.

Type of Generating Unit: Synchronous _____ Induction _____ Inverter _____

Other (specify) _____

Manufacturer: _____ Model: _____

Manufacturer or Manufacturer Agents Telephone Number: _____

Nameplate Rating: _____ (kW); _____ (kVAr); _____ (volts)

Single Phase: _____ or Three Phase: _____

Generator Unit Power Factor Rating: _____

Number of Generating Units in Facility: _____

Prime Mover: Fuel Cell _____
Reciprocating Engine _____
Gas Turbine _____ Steam Turbine _____
Micro Turbine _____ Photovoltaic _____
Other (specify) _____

Energy Source: Solar _____ Wind _____
Hydro _____ Diesel _____
Natural Gas _____ Fuel Oil _____
Other (specify) _____

Maximum Fault Current Contribution: for Three Phase Fault: _____
for Line to Ground Fault: _____

Will the interconnecting circuit breaker and protective relays be supplied by the same company or Manufacturer that supplies the generating unit? _____

If not, please supply the name of the Manufacturer or Manufacturer Agent and a telephone number. _____

Estimated Installed Date: _____

Estimated In-Service Date: _____

1650. RECORDS MANAGEMENT

I. Purpose

The purpose of this policy is to ensure the reasonable and good faith retention of all records created by or under the control of Snapping Shoals EMC (SSEM). This policy applies to all organization employees, officers, directors and agents.

Purpose/Objectives of Records Management

- Create, approve and enforce records policies.
- Develop and maintain a records storage plan, which includes the short and long-term housing of physical records and digital information.
- Identify existing and newly created records, classify them, and store them according to the Retention Schedule.
- Coordinate the access and circulation of records within and even outside of the organization.
- Execute and maintain the Retention Schedule to archive and destroy records according to operational needs, operating procedures, statutes and regulations.

II. Definitions

Records Management

The field of management responsible for the efficient and systematic control of the creation, receipt, maintenance, use and disposition of records, including the processes for capturing and maintaining evidence of and information about business activities and transactions in the form of records.

Record

A record is defined as information created, received and maintained as evidence and information by an organization or person in pursuance of legal obligations or in the transaction of business. Records can take many forms, such as paper, electronic documents, emails and voice mails.

Retention Schedule

A records retention schedule is a control document that sets out the periods for which an organization's business records should be retained to meet its business and operational needs and to comply with legal and other requirements.

Legal Hold

A legal hold is a process which an organization uses to preserve all forms of relevant information when litigation is reasonably anticipated.

III. Property of SSEMC

All records created, received or maintained by employees, officers, directors or agents on behalf of the organization, belong to SSEMC and are to be retained and disposed of according to the Retention Schedule.

IV. Retention of Records

Records shall be maintained for as long as the period stated in the Retention Schedule. Paper and electronic records and other information shall be maintained in the formats and/or media and at the locations provided in the Retention Schedule. The specified media shall ensure a life expectancy that, at a minimum preserves the records for as long as specified in the schedule.

Administration

The Records Supervisor is in charge of the administration of this Policy and the implementation of processes and procedures to ensure the Retention Schedule is followed. Questions about this policy should be directed to the Records Supervisor.

The Records Supervisor is also authorized to: make modifications to the Record Schedule from time to time to ensure that it is in compliance with local, state and federal laws and regulations and includes the appropriate document and record categories for SSEMC; monitor local, state and federal laws affecting record retention; annually review the record retention and disposal program; and monitor compliance with this Policy.

Training

Appropriate training in records management, data protection and protection of confidential information for all relevant staff will be provided.

Records transferred to offsite storage

Inactive records will be transferred to an offsite storage facility. Here the records are secured and protected in the event of a disaster. Offsite records are recorded in a database. Relevant employees have secured access to the database and the ability to have the records returned as needed.

Electronic Records Management

SSEMC employees are encouraged, when possible and appropriate, to use all available electronic technologies that increase efficiency, reduce expenses or improve the methods to process, handle, retrieve, transmit and retain records and information. Electronic records must be retained and disposed of in accordance with the Retention Schedule.

– E-Mail

Email should immediately be categorized. Junk email should be deleted. General email correspondence and “working” emails (used to complete day to day business) and emails that are to be considered vital records (covered in the Retention Schedule and required to keep for a period of time) should be stored, retained and destroyed pursuant to the Retention Schedule.

– Back up tapes

SSEMC’s back-up tapes are moved to the satellite office and stored in a fire-proof safe. They are saved, rotated and destroyed pursuant to the record retention schedule. Backup tapes are for disaster recovery only and are not readily accessible. In the event of a Legal Hold, back-up tapes only contain records or other information redundant to that which is being maintained as active or archived data and will be recycled or destroyed in accordance with SSEMC’s regular back-up tape policy/practice.

Archive

The Records Management Program is also committed to establishing a corporate archive and preserving records that are adjudged to possess enduring value.

V. Destruction

All documents of a confidential nature are destroyed by a bonded and insured record destruction company. Records are destroyed onsite monthly and shredded to meet the highest security level recognized.

- **Destruction of working information**

Working documents that are not classified as vital records should be disposed of in the locked receptacles provided by the destruction vendor. This information should be discarded as soon as practicable after it has served its purpose unless subject to a legal hold.

- **Destruction of inactive records after retention period**

Offsite records that have reached their required retention will be evaluated by the Records Supervisor, approved by the relevant department and only then, destroyed by the offsite storage vendor pursuant to the same qualifications of level 6 security. Unless a legal hold is in effect, destruction of records shall occur within two weeks after the time period stated in the schedule has been met.

Legal Hold - Suspension of Record Disposal in events of litigations or claims

In the event SSEMC is served with any subpoena or request for documents or any employee becomes aware of a governmental investigation or audit concerning SSEMC or the commencement of any litigation against or concerning SSEMC, such employee should inform the Records Supervisor and any further disposal of documents shall be suspended until such time as counsel advises otherwise.

If a need to preserve records is found to exist, the Records Supervisor will issue a legal hold notification to all employees, officers, directors and agents requiring preservation of all records and other information detailed in the legal hold notice.

VI. Reporting of Suspected Noncompliance

Should any employee, director or agent of SSEMC become aware of information indicating that a person responsible for the retention or destruction of records is not in compliance with this policy, such information shall be promptly reported to the Records Supervisor.

REVISED: DECEMBER 2008

1650A. CONTINUING PROPERTY

Continuing Property Records shall be established and maintained on a current basis. Generally balances at the end of the preceding year are considered current.

The records shall reflect the balance in the General and Distribution Plant Accounts and shall be posted from retirement and construction work orders, special equipment purchases and installation costs of special equipment items for distribution plant.

General Plant Items shall be posted from cash disbursed records and substantiating invoice or bill.

1660. SAFETY POLICY

1. OBJECTIVES.

A. The purpose of this policy is to assist in the protection of human life from injury and death and in the conservation of property belonging to the cooperative and others by preventing accidental damage and destruction.

B. It is hereby established that the Board of Directors will receive a safety report from the President/CEO monthly and that the minutes of the Board of Directors meeting will reflect a safety report made by the President/CEO. This report shall include, but not be limited to, accidents occurring during the period following the last report, the loss prevention activities engaged in by SSEMC and the activities of the Employee Safety Committee.

C. The President/CEO shall initiate and administer a safety program with the following minimum requirements:

1. Content.

- a. Safety Equipment - All personnel will be issued personal protective equipment (PPE) appropriate for the position held and such equipment must be used at all times to provide maximum protection.
- b. Safety Regulations - An approved Safety Manual shall be the guide for safety operations with special emphasis on responsibility for safety, exercising care, physical examinations, personal conduct and protecting the public. These shall be provided for all employees.
- c. Safety Training - Planned on-the-job training and regular scheduled safety meetings will be carried out as part of a continuing safety program.
- d. Cooperation with Other Agencies – SSEMC will cooperate with all agencies interested in the promotion and exchange of mutually beneficial information.
- e. SSEMC shall make every effort to remain accredited under the NRECA Safety Accreditation Program.

2. Responsibility.

- a. It shall be the responsibility of the immediate supervisor to provide his or her employees with written safety regulations and other recommended safety guidelines and to assure proper safety equipment is used and that procedures are adhered to at all times.
- b. It shall be the responsibility of the President/CEO to see that safety operating procedures are implemented in accordance with this policy. The President/CEO shall also appoint a Loss Control Director to carry out the provisions of this policy.

REVIEWED 10-01-01
REVISED: 11-04
REVISED:NOVEMBER 2007

1670. WHISTLEBLOWER POLICY

I. OBJECTIVE

To provide an avenue for employees and others (“Whistleblowers”) to raise concerns about possible improper or illegal activities at Snapping Shoals Electric Membership Corporation (hereinafter called the “Cooperative”) such as, but not limited to, incorrect financial reporting and breaches of board policies including the Conflict of Interest Policy and/or the Code of Conduct, and to provide reassurance that Whistleblowers will be protected from reprisals or victimization for filing reports in good faith.

II. PROCEDURE

The Cooperative supports a Whistleblower’s right to file reports confidentially. Any person who desires to report possible improper or illegal conduct relating to the Cooperative should file a report with their immediate supervisor. Should the supervisor be the subject of the report, the report should be filed with the Department V.P., the Director of Human Resources, or the President/CEO. All reports will be processed in a manner designed to ensure Whistleblower confidentiality, except with the consent of the Whistleblower. Whistleblowers are encouraged to file additional reports as deemed appropriate, but especially as follows:

- A. Serious concerns relating to financial reporting, unethical or illegal conduct should also be reported directly to the President/CEO. Should the President/CEO be the subject of the complaint, it should be reported to the Board Chairman or the Cooperative’s general council.
- B. Employment-related concerns should also be reported through normal channels such as supervisor, division vice president or the director of human resources.

III. CONTENT

The Board of Directors resolves the following to be its policy with respect to Whistleblowers:

- A. Harassment or victimization of Whistleblowers will not be tolerated.
- B. The Cooperative shall protect the Whistleblower’s identity whenever possible.
- C. Employees are encouraged to put their names to allegations where appropriate follow-up questions and investigation may not be possible unless the source of the information is identified.

- D. Concerns expressed anonymously will be investigated, but consideration will be given to the seriousness of the issue raised; the credibility of the concern; and the likelihood of confirming the allegation from identified sources.
- E. Employees who knowingly make false and malicious allegations may, if discovered, be subject to disciplinary action, including dismissal.
- F. Although Whistleblowers are not expected to prove the truth of an allegation, they should demonstrate to the person contacted that there are sufficient grounds for concern.
- G. The Board will receive a report on each complaint and a follow-up report on actions taken.
- H. Initial inquiries will be made to determine whether an investigation is appropriate, and the form it should take. Some concerns may be resolved by agreed upon action, without the need for investigation.
- I. The Whistleblower will be given the opportunity to receive a follow-up report within two to three weeks. Such follow-up report shall:
 - i. Acknowledge that the concern was received by the Cooperative;
 - ii. Indicate how the matter will be dealt with;
 - iii. Give an estimate of the time that it will take for a final response; and
 - iv. Provide a synopsis of any inquiries, investigations or other actions taken by the Cooperative.

IV. RESPONSIBILITY

- A. The President/CEO shall be responsible for calling to the attention of the Board Chairman any non-adherence hereto, for discussion of the full Board.
- B. The Board of Directors is responsible for reviewing and changing this policy as may be recommended or required by changing situations and circumstances.

V. ADOPTED: DECEMBER 2008

EFFECTIVE: DECEMBER 2008

REVISED:

REFERENCES: 2008 IRS Form 990, Part VI(13).

**UNLESS OTHERWISE NOTED, ALL POLICIES WERE IN EFFECT BEFORE
JULY, 1990.**