

COLORADO DEPARTMENT OF REGULATORY AGENCIES

Public Utilities Commission

4 CODE OF COLORADO REGULATIONS (CCR) 723-3

PART 3 RULES REGULATING ELECTRIC UTILITIES

BASIS, PURPOSE, AND STATUTORY AUTHORITY.

The basis and purpose of these rules is to describe the electric service to be provided by jurisdictional utilities and master meter operators to their customers; to designate the manner of regulation over such utilities and master meter operators; and to describe the services these utilities and master meter operators shall provide. In addition, these rules identify the specific provisions applicable to public utilities or other persons over which the Commission has limited jurisdiction. These rules address a wide variety of subject areas including, but not limited to, service interruption, meter testing and accuracy, safety, customer information, customer deposits, rate schedules and tariffs, discontinuance of service, master meter operations, flexible regulation, procedures for administering the Low-Income Energy Assistance Act, electric service low-income program, cost allocation between regulated and unregulated operations, recovery of costs, the acquisition of renewable energy, small power producers and cogeneration facilities, and appeals regarding local government land use decisions. The statutory authority for these rules can be found at §§ 29-20-108, 40-1-103.5, 40-2-108, 40-2-124(2), 40-3-102, 40-3-103, 40-3-104.3, 40-3-106, 40-3-111, 40-3-114, 40-4-101, 40-4-106, 40-4-108, 40-4-109, 40-5-103, 40-7-113.5, 40-7-116.5, 40-8.7-105(5), and 40-9.5-107(5), C.R.S.

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[indicates omission of unaffected rules]

BILLING AND SERVICE

3400. Applicability.

Rules 3400 through 3412 apply to residential customers, small commercial customers and agricultural customers served pursuant to a utility's rates or tariffs. In its tariffs, a utility shall define "residential," "small commercial" and "agricultural" customers to which these rules apply. The utility may elect to apply the same or different terms and conditions of service to other customers.

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[indicates omission of unaffected rules]

[new rules]

3412. Electric Service Low-Income Program.

(a) Scope and Applicability.

(I) Electric utilities with Colorado retail customers shall file with the Commission a proposal to provide low-income energy assistance by offering rates, charges, and services that grant a reasonable preference or advantage to residential low-income customers, as permitted by § 40-3-106, C.R.S.

(II) Rule 3412 is applicable to investor-owned electric utilities subject to rate regulation by the Public Utilities Commission of Colorado.

(b) Definitions. The following definitions apply only in the context of rule 3412. In the event of a conflict between these definitions and a statutory definition, the statutory definition shall apply:

(I) "Eligible low-income customer" means a residential utility customer who:

(A) Has a household income at or below one hundred eighty-five percent of the current federal poverty level, as published ~~each year~~ in the January 20, 2011 ~~Federal Register~~, Vol. 76, No. 13, pp. 3637-3638, by the U.S. Department of Health and Human Services and set forth in the following table

<u>Persons in Family</u>	<u>Poverty Guideline</u>
<u>1</u>	<u>\$10,890</u>
<u>2</u>	<u>14,710</u>
<u>3</u>	<u>18,530</u>
<u>4</u>	<u>22,350</u>
<u>5</u>	<u>26,170</u>
<u>6</u>	<u>29,990</u>
<u>7</u>	<u>33,810</u>
<u>8</u>	<u>37,630</u>
<u>For families with more than 8 persons, add \$3,820 for each additional person.</u>	

and

- (B) Otherwise meets the eligibility criteria set forth in rules of the Colorado Department of Human Services adopted pursuant to § 40-8.5-105, C.R.S.
- (II) “Non-participant” means a utility customer who is not receiving low-income assistance under rule 3412.
- (III) “Participant” means an eligible low-income residential utility customer who is granted the reasonable preference or advantage through participation in an electric service low-income ~~program~~Program.
- (IV) “~~Program~~Program” means an electric service low-income program approved under rule 3412.
- (V) “Arrearage” means the past-due amount appearing, as of the date on which a participant newly enters the ~~program~~Program, on the then most recent prior bill rendered to a participant for which they received the benefit of service.
- ~~(VI) “Energy Outreach Colorado” means the organization defined in § 40-8.7-103, C.R.S.~~
- ~~(VII) “ESAP” means energy service affordability program, an income-based utility program through which participants make regular monthly payments for energy service, which may be for an amount that is less than the current bill for that energy service at standard residential rates, in exchange for continued access to the energy service.~~
- (VIII) “Fixed credit” means an annual bill credit established at the beginning of a participant’s participation in ~~ESAP a Program~~ each year delivered as a monthly credit on each participant’s bill. The fixed credit is the ~~ESAP~~ participant’s full annual bill minus the participant’s affordable percentage of income payment obligation on the full annual bill.
- ~~A fixed credit allows the ESAP participant’s payment to vary given changes in usage or price, with the monthly credit remaining constant.~~
- ~~(IXVII)~~ “Full annual bill” means the current consumption of an ~~ESAP~~ participant billed at standard residential rates. The full annual bill of an ~~ESAP~~ participant is comprised of two parts: (1) that portion of the bill that is equal to the affordable percentage of income payment; and (2) that portion of the bill that exceeds the affordable percentage of income payment.
- ~~(IXVIII)~~ “LEAP” means Low Energy Assistance Program, a county-run, federally-funded, program~~Program supervised by the Colorado Department of Human Services, Division of Low-Income Energy Assistance.~~
- (c) Program requirements.
- (I) Program components. A utility’s proposed ~~Pprogram~~Program, required by this rule, shall address the following ~~five~~four aspects of energy assistance.
- ~~(A) Reasonable preference. The utility’s application shall address in detail how eligible participants will benefit from a reasonable preference or advantage in rates, charges, and services.~~
- ~~(BA)~~ DSM participation. The utility’s ~~application~~Program shall address how ~~the program~~it integrates with existing energy efficiency or DSM programs offered by the utility or other entity.

~~The proposed program may require that the participants participate in no-cost or low-cost energy efficiency program, if applicable, as a condition for receiving utility-based energy assistance.~~

(~~CB~~) Weatherization participation. The utility's ~~application Program~~ shall address how ~~the program~~ integrates with existing weatherization programs offered by the state of Colorado or other entities.

~~The program may require that the utility program participant also participate in such weatherization programs, if applicable, as a condition for receiving utility-based energy assistance.~~

(~~DC~~) ~~Low-Income Energy Assistance Program (LEAP)~~ Participation. The utility's ~~application Program~~ shall address how ~~the program~~ integrates with LEAP or other existing low-income energy assistance programs.

~~The program may require that the utility program participant also participate in LEAP, if applicable, as a condition for receiving utility-based energy assistance.~~

(~~ED~~) Arrearage credit. The utility's ~~application program~~ shall address consideration of arrearage forgiveness for participants who enter the ~~program~~. Arrearage credits shall be sufficient to reduce the pre-existing arrearage to \$0.00 over twenty-four months.

(II) Participant eligibility phase-in.

(A) A utility's plan shall phase in the eligibility requirements over three years in accordance with the following schedule:

(i) Phase I: Eligible participants are limited to those with a household income at or below one hundred twenty-five percent of the current federal poverty level during the first ~~and second~~ years of operation of the ~~program~~.

(ii) Phase II: Eligible participants are limited to those with a household income at or below one hundred fifty percent of the current federal poverty level during the ~~third and fourth~~ second years of operation of the ~~program~~.

(iii) Phase III: Eligible participants are limited to those with a household income at or below one hundred ~~eighty-five~~ percent of the current federal poverty level during the ~~fifth-third~~ and subsequent years of operation of the ~~program~~.

(B) ~~In making eligibility determinations, the utility shall identify participants utilizing a credible third-party's determination (e.g., Colorado Department of Human Services, Low-Income Energy Assistance Program office) while complying with § 26-1-114, C.R.S., on the confidentiality of public assistance data. Utilities that have implemented a low-income electric service pilot program prior to January 1, 2011 may continue to provide benefits to pilot program participants that are enrolled in the pilot program at the time of filing under rule 3412(d)(1), regardless of the customer's level of poverty, so long as the customer's household income is at or below 185% of Federal Poverty Limits.~~

- (III) Maximum impact on non-participant.
- (A) The utility shall quantify the anticipated impact of its ~~program~~Program on non-participants, for each phase identified in subparagraph 3412(c)(II)(A), as required by § 40-3-106(d)(III), C.R.S.
- (B) ~~If program~~Program ~~cost recovery is usage-based, then T~~the program's ~~shall include~~ maximum cost impact ~~ceiling goals~~ on non-participant's volumetric rates ~~are at the following level:~~
- (i) Phase I: No more than \$0.~~0008~~0004 per kWh; ~~on the utilities volumetric charge per non-participant account.~~
- (ii) Phase II: No more than \$0.~~0009~~00045 per kWh; ~~and~~ ~~on the utilities volumetric charge per non-participant.~~
- (iii) Phase III: No more than \$0.~~0010~~0005 per kWh; ~~on the utilities volumetric charge per non-participant.~~
- ~~(C) If Program cost recovery is based on something other than usage, the utility shall specify in its filing the maximum cost impact to non-participants.~~
- (d) Program~~Program~~ implementation.
- (I) Each utility shall file tariffs containing its proposed ~~program~~Program ~~as part of its next general rate case or by January no later than March 19, 2012, whichever comes first.~~
- (II) At a minimum, the utility's ~~tariff~~ filing shall include the following information:
- (A) A tariff containing the rules that govern the operation of ~~ESAP~~the Program, including all of the requirements of paragraph 3412(c).
- (B) A narrative description of the proposed ~~ESAP~~Program, including:
- (i) An explanation of the manner and the extent to which the ~~ESAP~~Program operates in an integrated manner with other components of utility billing, credit and collection policies and ~~program~~Programs, and usage reduction processes of the utility to accomplish the ~~program~~Program goals.
- (ii) A needs assessment identifying an estimate of the total number of low-income participants; the number of identified low-income participant accounts; and the projected ~~ESAP~~Program enrollment.
- (C) A ~~projected hard~~ budget cap for each year the plan is in operation, including ~~ESAP~~Program administrative costs.
- (D) The number of participants currently receiving low-income energy assistance from the utility; the average amount of base consumption that occurs in low-income homes; ~~and~~ the potential impact of energy efficiency/DSM upon average low-income consumption; ~~and the average reduction in consumption that would be anticipated as a result of usage/behavioral changes.~~

(E) Other information necessary to adequately support its proposal to the Commission.

(e) Cost recovery.

(I) Each utility shall address in its filing ~~whether the recovery of costs should be made through a base rate adjustment, a separate cost adjustment rider, or by the creation of a separate rate class (i.e., lifeline rate)~~how costs of the ProgramProgram will be recovered.

(II) Each utility shall provide information regarding impacts on the various participant classes and on participants within a class.

(III) The following costs are eligible for recovery by a utility as ~~program~~Program costs:

(A) Program credits or discounts applied against bills for current usage.

(B) Program credits applied against pre-existing arrearages.

(C) Program administrative costs.

(D) Other reasonable costs that the utility is able to demonstrate are attributable to its ~~program~~Program.

(IV) ~~In evaluating program cost recovery, the Commission will consider both revenue and expense impacts.~~

~~(A) The utility shall apply energy assistance grants to the dollar value of credits granted to individual program participants.~~

~~(B) The utility shall apply, as an offset to cost recovery, all programProgram expense offsets-reductions attributable to the programProgram.~~

~~(i) ProgramProgram expense offsets-reductions include decreases in utility operating costs;~~

~~(ii) Utility operating costs include, but are not limited to, decreases in the return requirement on cash working capital for carrying arrearages; decreases in the cost of credit and collection activities for dealing with low-income participants; and decreases in uncollectable account costs for these participants.~~

~~(V) A utility delivering providing a program as a percentage of income plan shall apply any~~

~~(VI) ProgramProgram costs shall be allocated to all retail rate classes based on usage.~~

(f) Energy Assistance Grants

(I) The utility shall apply energy assistance grants to the dollar value of credits granted to individual programProgram participants.

(II) A utility providing a programProgram as a percentage of income plan shall apply any energy assistance grant to that portion of the programProgram participant's full annual bill that exceeds the participant's affordable percentage of income payment.

- (A) If the dollar value of the energy assistance grant is greater than the dollar value of the difference between the ~~program~~Program participant's full annual bill and the participant's affordable percentage of income payment, the dollar amount by which the energy assistance grant exceeds the difference will be applied:
- (i) First, to any pre-existing arrearages that at the time of the energy assistance grant continues to be outstanding.
 - (ii) Second, to the account of the ~~program~~Program participant as a benefit to the participant.
- (B) No portion of an energy assistance grant provided to a ~~program~~Program participant may be applied to the account of a participant other than the participant to whom the energy assistance grant was rendered.

~~(fg)~~ Annual report.

- (I) No later than May 31 each year, each utility shall file an annual report, based on the previous 12-month period ending March 31, containing the following information:
- (A) Monthly information on the ~~program~~Program ~~for the prior calendar year~~ including number of participants, amount of benefit disbursement, type of benefit disbursement, and revenue collection;
 - (B) The number of ~~participants applying applicants~~ for the ~~program~~Program;
 - (C) The number of ~~participants applicants~~ qualified for the programProgram;
 - ~~(D)~~ The number of participants; and participating;
 - ~~(DE)~~ The average assistance provided both mean and, the median ~~assistance provided~~;
 - ~~(EF)~~ The maximum ~~individual~~ assistance provided to an individual participant;
 - ~~(FG)~~ The minimum assistance provided to an individual participant;
 - ~~(GH)~~ Total cost of the ~~program~~Program and the average rate impact on non-participants by rate class, including impact based on typical monthly consumption of both its residential and small business customers;
 - ~~(HI)~~ The number of participants ~~in the reporting period~~ that had service discontinued as a result of late payment or non-payment, and the amount of uncollectable revenue from ~~residential participants and average number of days sales outstanding for the residential participant class~~;
 - ~~(I)~~ An estimate of utility savings as a result of the implementation of the ~~program~~Program (i.e., e.g., reduction in trips related to discontinuance of service, reduction in uncollectable revenue, ~~reduction in number of days sales outstanding,~~ etc.); and

~~(JL)~~ A quantitative assessment the impact of the program has on participants and non-participants (i.e., number of participants; average level of assistance; overlap with other services such as LEAP, DSM and weatherization, etc.); and

(MK) Recommended ~~program~~Program modifications based on report findings.

(gh) ~~Energy service affordability~~Safe Harbor program~~Program~~ option.

Subparagraph (gh) describes an ~~example of the general requirement of this rule 3412~~option that each utility ~~may propose~~ as a low-income energy assistance ~~program~~Program. The ~~ESAP program~~Program detailed in this section may be adopted by a utility in satisfaction of the requirements of this rule 3412 and, as such, constitutes a "~~S~~safe ~~H~~harbor" for compliance.

~~(I)~~ ~~The Energy Service Affordability Program(ESAP)~~Safe Harbor is an alternative program~~option that the that a utility may propose in its application.~~

(II) ~~Customer E~~eligibility for the ~~ESAP~~Safe Harbor program~~Program~~ shall be phased in as provided in subparagraph 3412(c)(II)(A).

(III) ~~ESAP~~Safe Harbor design requirements. The following design requirements shall be included in the ~~ESAP~~Safe Harbor tariff or ~~application filing~~ of a utility, ~~or as determined by the Commission:~~

(A) ~~ESAP~~Safe Harbor enrollment shall be limited to ~~the utility's LEAP~~ participants ~~within the service territory of a utility~~ based on the ~~three-year phase-in schedule contained in 3412 (c)(II)(A)~~following schedule:

~~(i)~~ ~~During phase I, the number of participants enrolled in ESAP shall be no more than 50 percent of the utility's LEAP participants from the prior LEAP program year as certified by the Colorado LEAP program administrator.~~

~~(ii)~~ ~~During phase II, the number of participants enrolled in ESAP shall be no more than 100 percent of the utility's LEAP participants from the prior LEAP program year as certified by the Colorado LEAP program administrator.~~

~~(iii)~~ ~~During phase III, and thereafter, ESAP shall be available to all participants within the service territory of a utility.~~

(B) Payment plan proposal. Participant payments for electric bills rendered to ~~ESAP~~Safe Harbor participants shall not exceed a percentage of the ~~ESAP~~Safe Harbor participant's annual income.

(i) Percentage of income plan. The total payment for all electric home energy under a percentage of income plan is determined based upon a percentage of the participant's annual gross household income. The participant's annual gross household income and household size place the participant at a particular poverty level based on federal poverty ~~income~~ guidelines as ~~set forth in 3412(b)(I)(A)~~.

(1) For electric accounts for which electricity is the primary heating fuel, maximum participant payments shall be set at the following percentage of income burdens:

- (a) Household income at or below 75 percent of Federal Poverty Level: four percent of income.
 - (b) Household income exceeding 75 percent but at or below 125 percent of Federal Poverty Level: five percent of income.
 - (c) Household income exceeding 125 percent but at or below 185 percent of Federal Poverty Level: six percent of income.
- (2) For electric accounts for which electricity is not the primary heating fuel, maximum customer payments shall be set at the following percentage of income burdens:
- (a) Household income at or below 75 percent of the Federal Poverty Level: two percent of income;
 - (b) Household income exceeding 75 percent but at or below 125 percent of the Federal Poverty Level: two and one-half percent of income; and
 - (c) Household income exceeding 125 percent but at or below 185% of the Federal Poverty Level: three percent of income.
- (ii) In the event that a ~~of the~~ primary heating fuel for any particular ~~ESAP Safe Harbor~~ participant has been identified by LEAP, that determination shall be final.
- (C) Full annual bill calculation. The utility shall be responsible for estimating a ~~an~~ ~~ESAP Safe Harbor~~ participant's full annual bill for the purpose of determining the ~~ESAP~~ participant's fixed credit.
- (D) Fixed credit benefit delivery.
- (i) A utility shall, unless infeasible, deliver ~~ESAP Safe Harbor~~ benefits as a percentage of income-based fixed credit on a ~~an~~ ~~ESAP~~ participant's bill.
 - (ii) Fixed credits shall be adjusted during a ~~program~~ ~~Program~~ year in the event that standard residential rates, including commodity or fuel charges, change to the extent that the full annual bill at the new rates would differ from the full annual bill upon which the fixed credits are currently based by 25 percent or more.
 - (iii) If a utility demonstrates that it is infeasible to deliver ~~ESAP Safe Harbor~~ benefits as a percentage of income-based fixed credits on a ~~an~~ ~~ESAP~~ participant's bill, a participant's annual payment each year shall be calculated as a percentage of household income and converted to a percentage of the participant's full annual bill. A participant will pay that percentage of the total bill irrespective of the level of the full annual bill.

- (E) Levelized budget billing participation. A utility shall, unless infeasible, enroll ~~ESAP-Safe Harbor~~ participants in its levelized budget billing ~~program~~Program as a condition of participation in ~~ESAP-Safe Harbor~~. Should an ~~ESAP-Safe Harbor~~ participant fail to meet monthly bill obligations and be placed by a utility in its regular delinquent collection cycle, the utility may remove the participant from levelized budget billing in accordance with the utility's levelized budget billing tariff.
- (F) Arrearage credits.
- (i) Arrearage credits shall be applied to pre-existing arrearages.
- (ii) Arrearage credits shall be sufficient to reduce, when combined with participant copayments, if any, the pre-existing arrearages to \$0.00 over ~~no more than a two-year period.~~twenty-four months.
- (iii) ~~With the approval of the Commission, a~~ application of an arrearage credit to an ~~ESAP-Safe Harbor~~ account may be conditioned by the utility on one or more of the following:
- (1) The receipt of regular participant payments toward ~~ESAP-Safe Harbor~~ bills for current usage; or
- (2) The payment of a participant copayment toward the arrearages so long as the participant copayment does not exceed one percent of gross household income.
- (iv) Pre-existing arrears under this subparagraph shall not serve as the basis for the termination of service for nonpayment or as the basis for any other utility collection activity while the customer is participating in the Safe Harbor Program.
- (v) A participant may receive arrearage credits under this section even if that participant does not receive a credit toward current bills, if the participant enters into and maintains a levelized budget billing plan.
- (G) Cost Recovery.
- (i) Each utility shall include as part of its Safe Harbor the cost recovery requirements listed in rule 3412(e).
- (ii) Safe Harbor ~~program~~Program costs shall be allocated to all retail rate classes based on usage. Cost recovery shall also be based on usage.
- (iii) Each utility shall include as part of its Safe Harbor a hard budget cap for each year the ~~program~~Program is in operation, including ~~program~~Program administrative costs, that complies with 3412(c)(III).
- (H) Energy Assistance Grants. The utility shall apply energy assistance grants to the dollar value of credits granted to the individual ~~program~~Program participants as set forth in rule 3412(f).
- (G) Cost control features.

- (i) A utility shall refer ESAP-Safe Harbor participants who historically use 150 percent or more of the median use of its residential class participants to public or private usage reduction programs, including the utility's own demand-side management programs and the usage reduction programs of local weatherization agencies that provide free energy efficiency upgrades to income-qualified consumers based on availability of funding.
- (ii) Households approved to receive an ESAP-Safe Harbor benefit must agree to have their dwelling weatherized if contacted by a state-authorized weatherization agency. Failure to permit or complete weatherization may result in the denial of ESAP-Safe Harbor benefits for the following year, subject to the following exceptions:
 - (1) Households containing a member(s) whose mental or physical health could be jeopardized because of weatherization shall be exempt from this requirement. Such participants must provide a certificate of medical hardship which shall be in writing sent to the utility from the office of a licensed physician, and show clearly the name of the participant or individual whose health is at issue; the Colorado medical identification number, phone number, name, and signature of the physician or health care practitioner acting under a physician's authority certifying the medical hardship.
 - (2) A household whose landlord refuses to allow weatherization shall not have benefits denied.
 - (3) A household shall not have Safe Harbor benefits denied for failure to provide matching funds for weatherization.
- ~~(HJ)~~ Targeted outreach. Within its residential participant-customer base, a utility shall make special efforts to target ESAP-Safe Harbor outreach to payment-troubled participantscustomers.
- ~~(HK)~~ Portability of benefits. An ESAP-Safe Harbor participant may continue to participate in ESAP-Safe Harbor, without reapplication, should the participant change service addresses, but remain within the service territory of the utility providing the ESAP benefit, provided that the utility may make necessary adjustments in the levelized budget billing amount to reflect the changed circumstances. An ESAP-Safe Harbor participant who changes service addresses and does not remain within the service territory of the utility providing the ESAP benefit must reapply for ESAP to become a participant at the participant's new service address.
- ~~(J)~~ Appeals process. Existing utility and Commission dispute and appeals procedures shall be available to resolve any dispute regarding ESAP participation.
- ~~(KL)~~ Maximum cost impact on non-participants. The utility shall implement a maximum cost impact to non-participants shall be no more than the limits established in according to subparagraph 3412(c)(III)(B).

- (LM) Program requirements conflict. In the event there is a conflict between participant benefits in subparagraphs 3412(gh)(III)(B) and (F) and non-participant impacts in subparagraph 3412(gh)(III)(KL), ~~the Commission authorized budget cap shall supersede the conflict~~ the non-participant impact limits shall not be exceeded.
- (MN) Administrative ~~program~~Program components. The ~~ESAP-Safe Harbor program~~Program administration shall include:
- (i) A written explanation of ~~ESAP-Safe Harbor~~ provided to participants.
 - (ii) Consumer education programs that shall include information on the benefits of energy conservation, and that may include referrals to other appropriate weatherization and income supplement programs.
 - (iii) An annual process that verifies an ~~ESAP~~ participant's continuing income eligibility for ~~ESAP~~ benefits, provided that:
 - (1) A process through which an ~~ESAP~~ participant may reapply ~~for ESAP~~ on a less frequent basis may be implemented for categories of participants that are not likely to experience annual fluctuations in income; and
 - (2) A process through which an ~~ESAP~~ participant must verify income on a more frequent basis may be implemented for participants for whom the calculation of ~~ESAP~~ benefits is based on a \$0 income.
 - (3) A utility shall notify the ~~ESAP~~ participant for ~~which-whom~~ the ~~ESAP~~ benefit is based on a \$0 income of the frequency with which income must be verified.
 - (4) A utility must provide an income verification process for an ~~ESAP~~ participant for ~~which-whom~~ the ~~ESAP~~ benefit is based on a \$0 income.
 - (5) An ~~ESAP~~ participant whose benefit is based on a \$0 income who fails to timely verify income shall be removed from ~~ESAP~~Safe Harbor.
- (NO) Payment default provisions. Failure of an ~~ESAP~~ participant to make his or her monthly bill payments will result in a utility placing the participant in its regular collection cycle. Nonpayment shall not result in the automatic removal of a participant from ~~ESAP~~Safe Harbor.

3413. – 3499. [Reserved].

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[indicates omission of unaffected rules]