

TRI-COUNTY RURAL ELECTRIC COOPERATIVE, INC.

POLICY BULLETIN NO 3-13

SUBJECT: SECURITY DEPOSIT

I. POLICY:

This policy is based upon the use of the ONLINE Utility Exchange to assess credit risk at the point of application and charge deposit only to those potential members who pose credit risk or cannot produce a favorable reference from their former electric utility (or acceptable alternative).

II. PROCEDURE:

- A.
1. New-service applicants who pose no credit risk will be charged no deposit.
 2. New-service applicants who pose minimal risk will be charged a deposit equal to one times the average month's usage for the service address during the preceding 12 months.
 3. New-service applicants who pose substantial credit risk will be charged a deposit equal to two times the average month's usage for the service address during the preceding 12 months.
 4. If the service address is new and has not had service before, had service terminated or had an unpaid bill, an ONLINE Utility Exchange Report will be run. A no-credit risk shall not require any deposit. A minimal credit risk shall require a deposit of an average monthly bill for the same customer class based on the last month's average bill for that customer class. A substantial credit risk shall require a deposit of two average monthly bills (a minimum of \$50 per month for seasonal accounts and a minimum of \$125 per month for residential accounts) for the same customer class based on the two last month's average bill for that customer class.
 5. A service applicant who provides a social security number that is returned as deceased, non-issued, belonging to a person under the age of 18, or belonging to a person other than the applicant, or is fraudulent, shall be required to provide a valid social security number as well as additional proof of identity i.e. valid drivers license, Social Security Card, etc. before service will be activated.
 6. Tri-County cannot demand that an applicant provide their social security number as a requirement for service. However, it is our policy that applicants who do not provide their social security number, thereby abating our ability to run a credit check, will be deemed to be posed a substantial credit risk. Unless a favorable credit reference from their former electric utility is provided, a maximum security deposit will be charged (Refer back to A-4).

- B. The deposit will be held for twelve consecutive months of prompt payments.
- C. When requirements are satisfied, the deposit plus a 2 percent per annum interest will be applied as a credit to the member's account.
- D.
 - 1. Deposits are required to be paid prior to the time a connect order is issued.
 - 2. Upon termination of service, the deposit will be applied against any unpaid bills of the member.
 - 3. Any remaining balance will be returned to the member.
 - 4. Members who terminate service and have an unpaid balance that is delinquent by more than 30 days from their final bill date shall forfeit their membership and shall not be entitled to interest or capital credit or any other membership privileges.
- E. Members who are disconnected for non-payment and have a security deposit that is less than two times the average bill will be charged an additional deposit equal to the difference, payable before reconnection. In addition, members transferring to a different location and have a high credit risk will be accessed an additional security deposit equal to two times the average bill at the new location
- F. Members who are disconnected for non-payment more than once in a twelve (12) month period and have a security deposit that is two times the average bill will be charged an additional deposit. The additional deposit will be \$100 per each disconnection for non-payment, with the maximum additional deposit of three times the average bill or the total amount past due at the time of disconnect, whichever is greater.

III. **RESPONSIBILITY:**

President & CEO or Designee

Approved: 01/18/77.

Revised: 02/16/82, 05/09/83, 04/21/87, 04/19/88, 12/13/88, 11/17/98, 11/21/00, 11/20/01, 10/23/07, 02/19/08, 11/20/08, 12/20/11, 10/27/15, 11/26/19