

**APPENDIX A
TO
SERVICE RULES AND REGULATIONS**

DEPOSIT POLICY

INITIAL MINIMUM DEPOSITS

A service security deposit will be required by residential and nonresidential applicants for service if the Cooperative determines that such deposit is needed to assure payment of the power bill. Such deposits shall not ordinarily be more than twice the average monthly bill, except when service is being furnished on the basis of a written contract.

CONDITIONS FOR WAIVER OF RESIDENTIAL DEPOSITS

For Residential applicants/consumers, the initial deposit required may be waived if any one or more of the following requirements is met:

1. The applicant is a member in good standing with respect to other electric service accounts and has not appeared on the disconnect for non-payment list, or have been disconnected for other reasons, with respect to such account(s) in the last twelve (12) months.
2. No "returned checks" have been received from the applicant with respect to other electric service accounts during the past twelve (12) months.
3. The applicant can provide a letter of credit from his most recent electric service supplier showing not more than one (1) late payment in the last twelve months of service and no unpaid balance.
4. The applicant is a former member of the Cooperative who, when membership was terminated, was a member in good standing and left no unpaid balance, and no "returned checks" were received during the last 12 months of service.
5. Credit score evaluation.

If at the time of application, the applicant is unable to provide a satisfactory letter of credit from his most recent power supplier for waiver of deposit, a standard initial deposit will be required which will be applied to the account upon receipt of such letter or report.

ALTERNATIVE SECURITY AGREEMENTS FOR NON-RESIDENTIAL APPLICANTS

Deposit requirements for non-residential applicants may be satisfied through any of the following options

1. A cash deposit of the amount required.
2. A surety bond for the required amount in such form and substance as specified by, or acceptable to, the Cooperative.
3. An irrevocable letter of credit from a Bank or other financial institution, acceptable to the Cooperative, wherein payment is guaranteed up to two (2) consecutive months electric service, until or unless such letter of credit is cancelled and the Cooperative is so notified not less than thirty (30) days prior to cancellation.
4. A certificate of Deposit for the required amount, issued in the name of the applicant "or" Cooperative, and held by the Cooperative, and which may be cashed "on demand" by the Cooperative, upon default in payment by consumer, after consumer's account has become past due.
5. Enhanced Security Deposit Program application and approval; available for Class 50 and larger.

ADDITIONAL DEPOSITS

After a consumer's account has appeared on the disconnect for non-payment list the second time in a twelve (12) month period, the Cooperative may require an initial or additional deposit, or other security satisfactory to the Cooperative, up to two months estimated average power bill.

When electric service is disconnected for non-payment, the Cooperative may require consumer to pay or increase his deposit up to 2 months average power bills, before service is restored, but may agree to bill consumer for all or a portion of such increased deposit amount.

Additional deposit amounts may be billed to the consumer and electric service may be disconnected if such deposit amount, in addition to the electric service charges, is not paid within 25 days of the "bill date" stated on the bill rendered.

REFUNDING OF DEPOSITS

Residential

Unless provided otherwise in a written agreement, residential deposits may be refunded after twelve (12) months if consumer's payment record does not reflect any past due amounts, cut off notices, appearance on cut off list, actual cut off or returned payments within the most recent 12 months.

Non-Residential

Deposits received from non-residential applicants/consumers will be refunded upon termination of service.

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