

**OKEFENOKE RURAL ELECTRIC MEMBERSHIP CORPORATION**

**POLICY NO. 402**

**SERVICE SECURITY DEPOSITS**

I. OBJECTIVE:

To establish policy to provide a uniform program for collection of security deposits.

II. CONTENT:

- A. A service security deposit shall be collected in advance of connecting any service with respect to which the Cooperative determines that such deposit is needed to assure payment of the bill and protection of the Cooperative's property on the member's premises.

In determining the need for service security deposits, and in fixing the amounts of such deposits, the Cooperative will give careful regard to the following credit factors:

1. Type of service involved;
2. Risk involved in a new business enterprise;
3. The reputation of the involved premises;
4. The credit rating of the member;
5. History of connects, disconnects, and reconnects at the involved premises or for the involved member;
6. Where no billing history is available, the Cooperative will estimate usage and bill amounts;
7. The member's payment history with the Cooperative;
8. Information received in a letter of credit from a previous utility;
9. Ability to provide satisfactory identification. (Satisfactory identification of person(s) proposing to transact business with the Cooperative is required. Employees may request identification from any applicant or current member. Failure to provide proper identification shall be grounds for withholding the service or not completing the business transaction.);
10. Any other factor having a realistic bearing on the member's financial dependability.

B. Security Deposit Requirement

1. Residential and Temporary Service for Residential Construction

The Cooperative shall charge a deposit not to exceed two and one-half times the highest estimated or actual monthly bill. The security deposit, or a portion thereof, may be waived based upon credit factors determined by management.

2. Small Commercial

The Cooperative will collect a security deposit not to exceed two and one-half times the highest estimated or actual monthly bill.

3. Political Subdivisions

The Cooperative will not require security deposits from political subdivisions of the Federal, State or local governments, unless credit factors indicate a deposit should be required.

4. Large Power

Deposits for Large Power accounts will be determined by management on a case by case basis.

5. Exceptions

The preferred method of deposit is payment in cash to the Cooperative prior to service connections. When deposits exceed \$1,500.00, one of the following methods may also be used at management's discretion:

- a. A surety bond;
- b. The full amount of the security deposit may be deposited in a bank, mutually agreed upon between the Cooperative and the Member, with the bank as Escrow Agent.

C. Additional Deposits

The Cooperative reserves the right to require a deposit, or increase the existing deposit, at any time, if in the judgment of the Cooperative, such deposit or increase in deposit is necessary for its full protection.

D. Security Deposit Refunds

Refund of security deposits will be made without interest under the following conditions:

1. As provided for in the written contract for service.
2. Upon termination of service – The security deposit shall be refunded by check; less any amounts the member may owe the Cooperative.
3. Prior to service termination – Upon such other conditions as may be established by the Cooperative with respect to service risks of similar characteristics.

Because the Cooperative’s members are owners of the Cooperative, no interest will be payable on security deposits, except as may be required by State or Federal laws.

Security deposits must be refunded in the same name as the member’s electric service account and are not generally transferable. However, the transference of a security deposit may be permitted in order to facilitate transferring an account from the name of a deceased member to a succeeding family member.

III. APPLICABILITY:

This policy applies to all members and services.

IV. RESPONSIBILITY:

The General Manager will be responsible for carrying out the provisions of this policy.

Date Adopted: March 23, 2010

Supersedes: July 25, 2006

Effective Date: April 1, 2010

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