

POLICY NO. 7-2

SUBJECT: Customers' Security Deposits

POLICY: Customers of WCMES will be required to make a deposit with the System, as security for payment of electric bills, an amount not to exceed two (2) times the highest monthly bill.

The required deposit amount must be paid in full prior to connection of electric service.

This deposit policy is to be applied to new accounts without regard to race, color, creed, sex, age, national origin, or marital status.

Cash deposits to the Electric System will be acceptable. WCMES will pay interest at a rate determined by the WCMES Board of Directors. As of July 1, 2015 the Board has determined the interest rate to be equal to the rate of return earned by WCMES on its "Sweep Account", as of the last day of the previous fiscal year. Such earned interest shall be credited against the customer's power bill annually in July of each year, and at such time as the deposit is applied or refunded.

Upon termination of service, the deposit and any unpaid interest will be applied against unpaid bills of the customer, and if any balance remains after such application, said balance shall be refunded to customer. Alternately, the customer may request the deposit to be held for future accounts.

Deposits will not be refunded or applied as long as the account remains in service.

PROCEDURE, RESIDENTIAL ACCOUNTS:

1. A uniform deposit amount for all residential customers will be established using the usage data for all WCMES residential customers as a group. Using fiscal year 2014 data, the average monthly usage was 1,437 kWh, and the average monthly bill was \$135.88. The highest average monthly bill was \$206.29. Effective July 1, 2015, the Board of Directors has set the Residential Deposit amount at \$250.00. The Residential Deposit amount will be reviewed periodically at the discretion of the Board.

2. The Customer may request a review of the deposit amount, including earned interest, at any time. Since residential deposits amounts are fixed, no increase or decrease in the amount of the deposit will be made.

3. The deposit requirement may be waived, subject to approval of the Manager of Accounting or General Manager, if the customer meets one of the following conditions:

- A. Be an established WCMES customer for four years, with a credit rating of 3 or better on the Customer Information System. To qualify for exemption as an established customer, the customer must be a current customer or have been a qualifying customer within the past 12 months.
- B. Presents a Letter of Reference from the Customers' previous electric utility verifying an "Excellent" or "Good" pay rating. (3 or better if using the CSA's CIS system)
- C. Provides a Co-signer who meets all the following requirements:
 - 1) Be a current residential customer who has had continuous service with WCMES for at least the past 24 months.
 - 2) Owns the property where he/she is currently receiving electric service.
 - 3) Has a pay rating of 3 or better on the Customer Information System.
 - 4) Signs a form stating that they will be responsible for all unpaid bills at that location, and agree to be subject to disconnection of service at their home account should the account for which they are co-signing remain unpaid.

4. Any account which is not secured by a deposit, and has service disconnected for non-pay, may be required to establish a security deposit in addition to payment of the delinquent bill, in order to re-establish service.

PROCEDURE, NON-RESIDENTIAL ACCOUNTS:

- 1. A Non-Residential account may be established in an individual's personal name or in a business name.
- 2. WCMES will estimate the account's usage using past history at that location, similar accounts, and other available information. The deposit amount will be equal to two times the estimated average monthly bill, rounded to the nearest hundred-dollar increment. The deposit may consist of a cash deposit, a Bank Letter of Credit meeting WCMES requirements, a Surety Bond meeting WCMES requirements, or a Letter of Assurance issued by Farm Credit Mid America, PCA meeting WCMES requirements.

Customer may also elect to use TVA or TVPPA/DIC deposit insurance programs for which they qualify.

3. The required deposit amount may be reviewed at any time by the System, and may be adjusted to reflect the current usage rather than the estimated usage initially determined, but will not normally be decreased until a full year's usage has been established.

4. The Customer may request a review of the deposit amount, including earned interest, after establishing a minimum of 12 months usage, with the System then establishing the appropriate deposit amount using actual usage in lieu of the initial estimated usage.

5. Any account which is not secured by an adequate deposit, and has service disconnected for non-pay, may be required to establish a security deposit or increase its deposit amount, including earned interest, not to exceed 2 times the average monthly bill, in addition to payment of the delinquent bill in order to re-establish service.

6. Additional accounts opened by established customers of WCMES may have the deposit requirements waived, provided all the following conditions are met:

A. New account with Contract Demand < 100 kW:

The individual or business is an established WCMES customer for four years, with a credit rating of 3 or better on the Customer Information System. The new account must be established in the exact same name as the existing account.

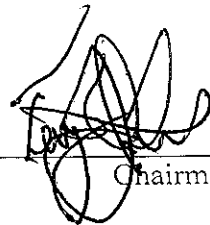
B. New account with Contract Demand \geq 100 kW:

The individual or business is an established WCMES customer for twenty-five years, with a credit rating of 2 or better on the Customer Information System. The new account must be established in the exact same name as the existing account.

Date Adopted: 09-20-80

Date Revised: 5-28-19

Attested: _____



Chairman