MEMBER POLICY #10

SUBJECT: APPLICANT DEPOSIT

1. Establishment of Credit for Permanent Residential Applicants

    a. Bowie-Cass Electric Cooperative, Inc., may require a residential applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the member from complying with these rules for prompt payment of bills. Satisfactory credit for a current member or one that has had service within the past 12 months is defined as having no more than two (2) late payments in the past 12 months. Three (3) late payments will be grounds for a deposit. Credit history shall be applied equally for a reasonable period of time to a spouse or former spouse who shared the service. Credit history maintained by one will be applied equally to the other without modification and without additional qualification not required of the other. Credit history is only applicable if an applicant has had service within the previous 12 months. An applicant is a person who applies for service for the first time, reapplies for service or re-applied at a new or existing location after discontinuance of service. Member is defined as someone who is currently receiving service.
    b. We encourage all joint accounts to list both spouses; i.e. Bill or Jane Jones as primary account holders. In the event that one spouse may pass away, we can easily convert the account to the surviving spouse.
    c. An online credit check will be run on all non-members applying for service via our Online Utility Exchange program. This check serves 2 purposes: 1) credit risk & 2) verification of identity via Social Security Card information.
    d. If this credit check results in a green flag, no deposit will be required.
    e. If this credit check results in a red flag, the applicant will be quoted a deposit based on normal procedure; i.e. one-sixth of annual billing or for new service $1 per amp or $100 minimum. An adverse credit letter will be provided to the applicant to allow them to contact the credit reporting agency directly.

f. If it is discovered on the credit report that the applicant has unpaid balances with other electric utilities, he/she will be required to pay a deposit. Letter of Guarantee (LOG) is not an option for those seeking to avoid paying a required deposit, rather we provide Pre-pay in lieu of conventional billing.

g. If the information supplied by the applicant does not come back as a match from the online credit check or if the applicant refuses to provide the requested information, the applicant will be required to come to our office in person to complete their application. A government issued photo ID along with a valid Social Security card will be required to verify their identity.

h. Deceased: No one shall be allowed to continue service under a deceased member's account with the exception of a surviving spouse listed jointly on the account. All other persons shall be required to set up service in their own name in a reasonable time frame. They may establish credit worthiness by virtue of verifying payments they have made over the course of the past 12 months or via the online credit check. Again, the applicant must have no more than two (2) late payments in the previous 12 months. Such credit worthy applicants will not be charged the $15 connect fees. **Failure to transfer service may result in termination of service.**

2. Reestablishment of Credit

Every applicant who previously has been a member of the Cooperative and whose service has been discontinued for non-payment of bills or meter tampering or bypassing of meter shall be required, before service is rendered, to pay all amounts due the Cooperative or execute a deferred payment agreement and reestablish credit as provided in Section 1.

3. Commercial and Industrial Service

In the case of commercial or industrial service, if the credit of an applicant for the service has not been established satisfactorily to the Cooperative, the applicant may be required to make deposit.

4. Amount of deposit and interest for permanent Residential, Commercial and Industrial Service.

   a. The required deposit shall not exceed an amount equivalent to one-sixth (1/6) of the estimated annual billings (2 months' average) with the exception of members that have had their service disconnected for non-payment and has allowed their accounts to close out such that a new member sep must be created. In place of a 1/6 average billing deposit, these members will be required to pay a deposit equivalent to the two consecutive, highest months billing. Such deposit will be required along with past due amount and any fees prior to reconnecting service. This amount may not be billed to any account.
   b. Anyone having their service disconnected for non-pay for the second time within a twelve-month period that has an insufficient deposit on their account (<1/6 estimated annual billing**) shall be required** to pay an additional deposit sufficient to bring the total deposit on the account equal to 1/6 of the estimated annual billing. Such deposit will be required along with past due amount and any fees prior to reconnecting service. This amount may not be billed to the account.
   c. If actual use of a commercial or industrial member is at least twice the amount of the estimated billings and a suspension notice has been issued on a bill within the previous 12-month period, a new deposit requirement may be calculated and an additional deposit may be required to be made within fifteen days.
   d. If actual billings of a residential member are at least twice the amount of the estimated billings, after two billing periods a new deposit may be required to be made within fifteen days after issuance of written notice of termination. If such additional deposit is not made the Cooperative may disconnect service under the standard disconnection procedure.
   e. When requiring deposits to be made by its members the Cooperative shall pay interest on such deposits. The annual rate will be fixed by the Public Utility Commission of Texas for each calendar year. If a deposit is refunded within thirty (30) days of receipt , no interest payment is required. If the Cooperative retains the deposit more than thirty (30) days, payment of interest shall be made retroactive to the date of deposit.

I. Payment of the interest to the member shall be annually or at the time the deposit is returned or credited to the member's account.

II. The deposit shall cease to draw interest on the date it is returned or credited to the member's account.

5. Deposits for Temporary or Seasonal Service and for Weekend Residences.

The Cooperative may require a deposit sufficient to reasonably protect it against the assumed risk, provided such policy is applied in a uniform and nondiscriminatory manner.

6. Records of Deposits

a. The Cooperative shall keep records to show:
   1. The name and address of each depositor and
   2. The amount and date of the deposit; and
   3. Each transaction concerning the deposit.

b. A record of each unclaimed deposit must be maintained for at least four years, during which time the Cooperative shall make a reasonable effort to return the deposit.

7. Refund of Deposit

a. If service is not connected, or after disconnection of service, the Cooperative shall promptly and automatically refund the member's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. All such refunds shall be processed through normal, weekly A/P. A transfer of service from one premise to another within the service area of the Cooperative shall be deemed as a disconnect and any deposit will be applied to the final bill. A new deposit may be required at the secondary location.

b. When the member has paid bills for service for twelve (12) consecutive residential bills or for twenty-four (24) consecutive commercial or industrial billings without any late

payments, the Cooperative shall promptly and automatically refund the deposit plus accrued interest to the member in the form of credit to a member's bill.

8. Upon Sale or Transfer of the Cooperative

Upon the sale or transfer of the Cooperative or operating units thereof, the seller shall file with the Texas Public Utility Commission under oath, in addition to other information, a list showing the names and addresses of all members served by such utility or unit who have a credit or deposit, the date such deposit was made, the amount thereof and the unpaid interest thereon.

9. Complaint by Applicant or Member

The Cooperative has directed its personnel engaged in initial contact with an applicant or member for service, seeking to establish or re-establish credit under the provisions of these rules, to inform the member, if dissatisfaction is expressed with the Cooperative's decision, of the member's right to file a complaint with the Texas Public Utility Commission thereon.

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