

**CLAVERACK RURAL ELECTRIC COOPERATIVE, INC.
WYSOX, PENNSYLVANIA 18854**

Policy Bulletin No. B-11

SUBJECT: SECURITY DEPOSITS

POLICY:

Security deposits will be assessed to persons applying for new or reconnection of electrical service from the Cooperative based on their credit worthiness.

RESPONSIBILITY: President & CEO

PROCEDURE:

The Cooperative will require social security numbers to be used to check credit ratings with a generally accepted credit scoring methodology which employs standards for using the methodology that fall within the range of general industry practice. If an applicant refuses to supply social security numbers or if a credit history cannot be established the applicants will be required to supply a credit reference from their prior utility.

If a utility reference indicates that an applicant has had two or fewer late payments in the latest 12 months, and has not been disconnected for non-payment, or left an unpaid past due final bill, no deposit will be required to receive electrical service.

If the applicant does not have a credit score, and the past utility payment history shows more than 2 late payments in the past 12 months, or a disconnection for non-payment, a deposit will be required.

If the applicant's credit history is marginal and the applicant owns the residence being connected, the cooperative may use discretion in determining a security deposit.

When a service has been disconnected for non-payment by the Cooperative a member may be assessed a security deposit prior to reconnecting service.

The maximum deposit charged will generally be up to the cost of two months average (occupied) consumption at that location (based upon cooperative records) or \$100 whichever is greater. The deposit assessed must be paid or the member will not be reconnected, or if the dwelling has service, will become subject to disconnection.

On a case by case basis, the amount of deposit may be adjusted whenever the character or degree of the consumption has materially changed or will do so in the immediate future. At management's discretion, locations that have an ongoing history of uncollectable bills and meet the above mentioned criteria may be required to provide increased deposit amounts.

Residential and seasonal account security deposits will be applied to the member's account with interest, based on half (1/2) the average interest rate of local bank rates, after the member has established a history of 12 consecutive months without any late payments. Deposits will also be returned to members no longer requiring service from the Cooperative by applying the deposit to the final bill.

SOURCE: Adopted by board resolution December 20, 1994.
Revised by board resolution 09/19/95, 11/21/95, 09/17/96, 09/22/99, 09/20/00,
09/19/01, 10/25/04, 10/22/07, 11/24/10.