

PLATEAU ELECTRIC COOPERATIVE
POLICY NO. B9

SUBJECT: SECURITY DEPOSITS

POLICY:

I. INTEREST ON DEPOSITS

PEC will accrue interest on customer deposits at a reasonable rate of interest on residential and non-refundable commercial deposits held more than one year. The interest rate earned shall be specified by PEC and based upon passbook savings account rates at our primary bank within the service area. This rate will be adjusted annually effective January 1st each year. Any interest earned on the customers deposit will be credited to their account during the January/February billing cycle of each year. The customer's deposit and any earned interest is subject to review by PEC and the customer.

II. RESIDENTIAL

The Cooperative requires a \$200.00 security deposit for all residential members. (Proof of home ownership or a rental agreement or receipt of rental payment will be required). The security deposit amount will not exceed two times the highest monthly bills of the class average for residential customers.

In addition, any residential member who shall have had electric service discontinued for non-payment more than once in the past 24 months will be required to pay a minimum security deposit of \$200.00.

Residential applicants that move onto the Cooperative's system may receive a waiver of the security deposit provided the applicant's previous electrical provider will prepare a letter of credit that confirms the applicant has not been shut off, delinquent, had no delinquent notices mailed, or had any checks returned by their bank in the preceding 12 months. If the letter of reference cannot be provided at the time of application, the applicant will be required to pay the deposit and, if within 10 days of application, the documentation is received and approved, then PEC will provide a billing credit in the amount of the deposit placed.

Residential deposits may be refunded following seven years of continuous service provided that the consumer has a pay rating of 5 or better (2, 3, 4 or 5) on a scale of 2 through 8, as determined by the Cooperative's automated billing system.

III. GENERAL POWER

The cooperative requires that all new General Power consumers (commercial, industrial, and all other nonresidential loads) furnish security equivalent to 60 days estimated billing by any combination of the following:

- A. a cash deposit,
- B. an irrevocable letter of credit,

C. a bond of indemnity for nonpayment of debts, in the form of the example attached to this policy.

BOND OF INDEMNITY FOR NONPAYMENT OF DEBTS

Bond No. _____

Know all men by these presents: That

_____ of _____
the Principal(s), and

_____ of _____

as Surety, are each held and firmly bound unto the Plateau Electric Cooperative, a cooperative, in the full and just sum of _____, lawful money of the United States of America, to be paid unto the Plateau Electric Cooperative, their successors and assigns, for which payment well and truly to be made, the Principal(s) and the Surety do hereby jointly and severally bind themselves and their respective successors and/or assigns, firmly by these presents.

The condition of this obligation is as follows:

Whereas, the Principal(s) has (have) applied to the Plateau Electric Cooperative of Oneida, Tennessee, to furnish and provide electric service and energy and other services for its (their) use and consumption in the service area of said board.

Whereas, under the Rules and Regulations of the Plateau Electric Cooperative Board it is required and necessary for the Principal(s) to furnish and provide proper security for the prompt payment of all bills and accounts for all electric energy, service and related matters and things furnished or supplied by the Plateau Electric Cooperative to the Principal(s).

Whereas, the Principal(s) desire(s) to make, post and deliver this bond in place of a cash deposit as security for the prompt payment of all said bills and accounts for electric energy, etc.

Now, therefore, the condition of this obligation is such that if the said Principal(s) and the Surety on this bond, and/or their heirs, executors, administrators, successors and/or assigns, shall at all times indemnify and save harmless the Plateau Electric against any and all loss or damage to either of them arising from or because of the failure or refusal of the Principal(s) to promptly pay all of said bills and accounts for electric energy, service and related matters and things furnished or supplied by the Plateau Electric Cooperative to the Principal(s), then this obligation shall be null and void except as is hereinafter further provided, but otherwise same shall remain in full force and effect for the term of this bond.

It is further understood and agreed by and between the parties hereto as follows:

1. That the Surety shall have the right to terminate its further obligations under this bond giving days advance written notice thereof to the Plateau Electric Cooperative of Oneida, Tennessee, and, upon the effective date of such advance written cancellation notice, the Surety shall be discharged and relieved from any further liability under this bond which occurs after said effective date. However, the Surety shall be and remain liable for any loss and/or liability accruing on this bond up to the effective date of said cancellation notice, not to exceed the principal amount of this bond plus any other obligations hereinafter provided.

2. This bond shall be in effect, beginning the day of 20__ and shall remain in full force and effect until canceled as above provided, or until released in writing by the Plateau Electric Cooperative.

3. In the event of the cancellation of this bond, the Plateau Electric Cooperative shall have the right, at its sole election and without notice, to immediately terminate and end the furnishing of all electric service and energy to the Principal(s), as of the date of the cancellation of this bond by the Surety, unless the Principal(s) has (have) promptly and seasonably executed and delivered to the Plateau Electric Cooperative a proper, good and solvent surety bond or cash escrow bond, in such form and amount as is required and approved by said cooperative, in place of this bond.

4. In the event the Principal(s) and/or the Surety shall fail or refuse to promptly and properly pay or comply with any of the monetary payments or other obligations provided for in this bond, the Principal(s) and the Surety shall, in addition to the principal amount of this bond, pay to the Plateau Electric Cooperative all costs, expenses, charges and attorney fees which are incurred by said cooperative by reason of or related to the premises.

In witness whereof, the said Principal(s) and Surety have duly signed and executed this instrument, or caused same to be executed, in triplicate, this the day of 20_____.

Signed and delivered
in the presence of:

Principal

As to Principal(s)

Principal

As to Surety

Surety