

Security Deposits

A. The Customer may be required to provide reasonable credit information to the Cooperative before service is made available. The Cooperative may request positive identification (which must include photo) from Residential Customers. If positive identification is not immediately available, a Customer providing a full deposit shall have two (2) months to secure positive identification and up to two (2) additional months if payments are kept current. A commensurate period should be allowed for less than a full deposit. The Cooperative may, at the time of Application for service, require a security deposit to guarantee payment of bills for electric service rendered if:

- (1) The Cooperative establishes that the Customer has an unsatisfactory credit rating, or has an insufficient prior credit history upon which a credit rating may be based.
- (2) The Customer has outstanding, with the Cooperative, an undisputed and unpaid service account which accrued within the last five (5) years if the service agreement was signed, or three (3) years if service was provided after an oral agreement.
- (3) The Customer has, in an unauthorized manner, interfered with, or diverted or used (meter bypass), the service of any utility within the last five (5) years.

The Cooperative may at any time after application for service, upon five (5) days written notice, require a deposit to guarantee payment of bills for utility service rendered if:

- (i) The Customer has outstanding, with the Cooperative, an undisputed and unpaid service account which accrued within the last five (5) years if the service agreement was signed, or three (3) years if service was provided after an oral agreement.
- (ii) The Customer has, in an unauthorized manner, interfered with, or diverted or used (meter bypass), the service of any utility within the last five years.
- (iii) The Customer fails to pay an undisputed bill before the delinquency date for three (3) consecutive billing periods, one of which is at least 60 days in arrears.

B. No deposit shall be required by the Cooperative because of a Customer's race, sex, creed, national origin, marital status, age, number of dependents, source of income, or geographical area of residence.

C. The amount of the cash security deposit or surety bond required shall not exceed the amount of the Customer's projected average of two (2) months' bill(s) for residential and small commercial customers. For other customers, such deposit shall not exceed the amount of that customer's projected largest two (2) months' bill(s). If the Cooperative is utilizing turn-around billing for the Customer, the cash deposit or surety bond shall not exceed three (3) months' average bills for residential or small commercial customers or three (3) months' largest bills for

other customers. If the Customer has been documented to be diverting service (meter bypass), an additional deposit based on one (1) month's average use may be assessed. For purposes of establishing deposits and projecting monthly bills, the utility shall consider the length of time the customer can reasonably be expected to take service, past consumption patterns, end use of the service, and consumption patterns of other similar customers. The amount of the cash deposit or surety bond may be adjusted if the character or volume of the customer's service should change.

The Cooperative shall inform the customer of and permit payment of any required Residential or Small Commercial Customer's deposit in equal installments over a period of at least four (4) months when deposits are based on two (2) average months' usage and a period of at least six (6) months when deposits are based on three (3) average months' usage. An additional two (2) months shall be given to Customers who have been assessed an additional deposit due to documented diversion (meter bypass). For purposes of this section, a small commercial customer is one which uses no more than 3,240 kWh of electricity in an average month.

- D. The Cooperative shall maintain a record of all security deposits received from Customers showing the name of each Customer, the address of the premises for which the security deposit is maintained, the date and the amount of deposit, and the date and amount of interest paid.
- E. When the Cooperative accepts a security deposit, a non-assignable receipt shall be issued to the Customer containing the following minimum information:
 - (1) Name of Customer
 - (2) Place of deposit
 - (3) Date of deposit
 - (4) Amount of deposit
 - (5) Cooperative name and address, signature and title of the Cooperative employee receiving the deposit.
 - (6) Current annual interest rate earned on the deposit
 - (7) Statement of the terms and conditions governing the use, retention and return of deposits, to include a statement that deposits taken from Residential Customers shall be either credited with simple interest to their utility bills, or if requested, refunded, after customer has paid nine (9) of the last twelve (12) bills on time and no undisputed bill as unpaid after 30 days beyond due date. Deposits under \$300 taken from nonresidential customers shall be returned after 36 months of on-time payment. The payments need not be consecutive. Nonresidential deposits of \$300 or more may be retained until termination of service.

However, in lieu of a receipt, the Cooperative may indicate on the Customer

billing the amount of any security deposit retained by the Cooperative, provided that the information required by subsections (6) and (7) above is otherwise individually given in writing to the Customer. In all cases, a receipt shall be given upon Customer request.

- F. Upon termination of service, if the security deposit is not to be transferred, the Cooperative will refund the deposit to the customer less any unpaid utility bills due the utility. Deposits taken from residential customers shall be either credited with interest to their utility bills or, if requested, refunded, after 12 months if the customer has paid nine (9) out of the last twelve (12) bills on time and no undisputed bill was unpaid after 30 days beyond due date. The month(s) of a disputed bill(s) shall be ignored in this calculation. Non-residential deposits of \$300 or more may be retained until termination of service. A deposit need not be returned until all undisputed amounts are paid. When refunded or credited, the deposit shall include accrued simple interest at a rate not less than that provided by K.S.A. 1978. Supp. 12-822 and amendments.
- G. Interest payments on residential or non-residential deposits shall be credited to the Customer's bill or refunded at least once a year.
- H. Service deposits shall be nontransferable from one customer to another customer; however, upon termination of the Customer's service at the service address, the utility may transfer the deposit to the Customer's new active account.
- I. In lieu of the security deposit, the Cooperative shall accept the written guarantee of any of its Residential Customers with no deposit on file or may accept the written guarantee of a responsible party as surety for a Residential Customer's Service account. The Cooperative may require the Guarantor to sign an agreement allowing the Cooperative to transfer the Customer's debt to the Guarantor's account. In the event the Customer's debt is transferred to the Guarantor's account, the Guarantor will have the same time to pay the deposit as a new Customer and can be disconnected for nonpayment under conditions set out in Section IV or the Cold Weather Rule. The Cooperative shall not hold any Guarantor liable for sums in excess of the maximum amount of the required cash deposit or for attorney or collection fees.

The Guarantor of a Residential Customer shall be released upon non-delinquent payment by a residential customer of all undisputed proper charges for electric service as outlined in 5F, or upon termination of service and payment of service bills.