

GLACIER ELECTRIC COOPERATIVE, INC.

POLICY NO. 501  
CUSTOMER DEPOSIT FOR GUARANTEE PAYMENT

- I. ESTABLISHMENT OF CREDIT - RESIDENTIAL. (1) An applicant for residential service may establish credit by demonstrating any one of the following factors:
  - a. Prior service with a utility of the same type with a satisfactory payment record, provided that the reference may be quickly and easily checked by the Cooperative and the necessary information is provided.
  - b. If a customer is disconnected for nonpayment of electric service, the following can be used in lieu of a deposit. Furnishing of a satisfactory guarantor to secure payment of bills for services requested in a specified amount not to exceed an estimated one year bill, such estimation to be made at the time the service is established.
- II. ESTABLISHMENT OF CREDIT - NONRESIDENTIAL. (1) An applicant for nonresidential service may be required to demonstrate that it is a satisfactory credit risk by reasonable means appropriate under the circumstances.
- III. DEPOSIT REQUIREMENTS. (1) A deposit may be required under the following circumstances:
  - a. Where the applicant has failed to establish and maintain a satisfactory credit history as outlined above.
  - a. In any event, a deposit shall be required when the consumer's service has been disconnected for failure to pay amounts owing, when due; or where there is an unpaid, overdue balance owing the cooperative.
  - b. Initiation or continuation of service to a residence where prior customer still resides and where any balance for such service to that prior customer is past due and owing.
- IV. PROHIBITED STANDARDS FOR REQUIRING CASH DEPOSIT OR OTHER GUARANTEE FOR RESIDENTIAL SERVICE.
  - a. The cooperative shall not require a cash deposit or other guarantee as a condition of new or continued service based upon commercial standards (except as provided in these rules), income, home ownership, residential location, race, color, creed, sex, age, national origin, disability, or any other criteria not authorized by these rules. This rule does not prohibit the cooperative from ensuring that agreements with customer's who may be incompetent, such as minors, are made in such a manner, and with such persons, as to be legally binding.

V. AMOUNT OF DEPOSIT.

- a. In instances where a deposit may be required by the cooperative, the deposit for residential customers with gas heat shall be \$400.00, for residential customers with electric heat shall be \$600.00; a deposit of not more than 25 percent of the estimated annual billing may be required of applicants for non-residential service.

VI. TRANSFER OF DEPOSIT.

- a. Where a customer of whom a deposit is required transfers his service to a new location within the cooperative's service area, within the State of Montana, the deposit, less any outstanding balances, shall be transferable and applicable to the new service location.

VII. INTEREST ON DEPOSITS.

- a. Deposits shall not accrue interest.

VIII. REFUND OF DEPOSITS.

- 1) Deposits plus accrued interest, if any, shall be refunded under the following circumstances and in the following form:
  - a. Satisfactory Payment: Where the customer requests the refund, and has for 12 consecutive months paid for service when due in a prompt and satisfactory manner.
  - b. Termination of Service: Upon termination of service the cooperative shall return to the customer the amount then on deposit plus accrued interest less any amounts due the cooperative by the customer for service rendered.
  - c. Refunds - How Made: Any deposit, plus any past accrued interest, shall be refunded to the customer in the form of a check issued and mailed to the customer no more than 30 days following the termination of service or customer request and completion of 12 months satisfactory payment as described above. In the alternative, the deposit may be applied to the customer's bill of service in the thirteenth and, if appropriate, subsequent months, in accordance with the preference as to form of refund indicated by the customer.

IX. RECORD OF DEPOSITS.

- 1) Each customer posting cash deposit shall receive in writing at the time of tender of the deposit a receipt as evidence thereof, which contains the following minimum information.

- a. Name of customer
- b. Address of customer
- c. Place of payment
- d. Date of payment
- e. Amount of payment
- f. Identification of the employee receiving payment
- g. Statement of the terms and conditions governing the receipt, retention and return of the deposit fund.

2) The cooperative shall provide means whereby a customer entitled to a return of his deposit is not deprived of deposit funds even though he may be unable to produce the original receipt for the deposit. In such event company records shall be controlling.

X. UNIFORM APPLICATION.

- a. The cooperative shall apply deposit standards uniformly as condition of utility service to each class of customer.

XI. GUARANTEE IN LIEU OF DEPOSIT.

- a. In lieu of a cash deposit required by these rules, the cooperative shall accept the written guarantee of a responsible party as surety for a customer service account. For the purpose of this rule, a "responsible party" shall mean:
  - b. Any individual or business entity which has maintained service with the Cooperative for the previous 24 months.

XII. GUARANTEE TERMS CONDITIONS.

- a. A guarantee accepted in accordance with these rules is subject to the following terms and conditions:
- b. It shall be in writing, and if necessary shall be renewed in a similar manner annually.
- c. It shall state the terms of the guarantee, the maximum amount guaranteed (such maximum not to exceed an estimated one year bill, such estimation to be made at the time the service is established), and that the Cooperative shall not hold the guarantor liable for sums in excess thereof unless agreed to in a separate written instrument.
- d. Credit shall be established for the customer and the guarantor shall be released upon the satisfactory payment by

the customer of all proper charges for utility service for a period of 12 consecutive months.

- e. The Cooperative may withhold the release of the guarantor pending the resolution of a disputed discontinuance.

January 27<sup>th</sup>, 2012  
Date

Miles Lewis  
Signature

President  
Title