

MURFREESBORO ELECTRIC DEPARTMENT POLICY ON RESIDENTIAL DEPOSIT

Our Residential Deposit Policy

Murfreesboro Electric Department's (hereinafter "MED") deposit policy is designed to protect the assets of our utility. All residential customers may be subject to a deposit before receiving new or continued service.

In order to treat customers who act responsibly and pay their bills on time well, we are participating in the ONLINE Utility Exchange. This program allows us to reduce the standard deposit for customers without a history of credit problems as they pose a reduced credit risk to MED. ONLINE Utility Exchange is designed to screen service applicants to determine their credit risk based upon three criteria: 1) Social Security Number (SSN) verification; 2) Deposit decisions based upon credit risk; and 3) Payment experience with other utility providers. Each of these criteria reflects upon the credit risk associated with MED providing service to the applicant.

All service applicants shall be given the choice of whether to participate in the ONLINE credit scoring service. No applicant shall be denied service simply because they do not choose to participate in the program.

Deposit Criteria

MED shall consider the status of any applicant choosing to participate in the ONLINE credit scoring process and act according to the following criteria:

Residential Service Applicants

1. The standard deposit amount for residential customers shall be \$300, or an amount equal to two times the average month's usage for the service address during the preceding twelve months, whichever is greater, unless the applicant chooses to participate in the ONLINE credit scoring process. The deposit may be reduced based on credit score of the applicant as determined by the ONLINE Utility Exchange.
2. New-service applicants who pose no credit risk (Green Light returned on ONLINE Utility Exchange) will be charged no deposit.
3. New-service applicants who pose minimal risk (Yellow Light or "No record" returned on ONLINE Utility Exchange) will be charged a deposit of \$150.
4. New-service applicants who pose substantial credit risk (Red Light returned on ONLINE Utility Exchange) will be charged the standard deposit equal to two times the average month's usage for the service address during the preceding 12 months or \$300, whichever is greater. If the service address is new and has not had service before, \$300 shall be charged.
5. Any existing customer who has no deposit, or who has less than a standard deposit, and who has had two or more delinquencies or returned checks or a combination thereof in any consecutive 12-month period, shall be deemed to have an unsatisfactory payment record and must pay the standard deposit, an amount equal to two times the average month's usage for the service address during the preceding 12 months or \$300, whichever is greater, to continue service.
6. A customer who has an unpaid utility bill at another utility according to the ONLINE Utility Exchange shall pay the standard deposit equal to two times the average month's usage for the service address during the preceding 12 months or \$300, whichever is greater.
7. A service applicant who provides a social security number that is returned as deceased, nonissued, belonging to a person under the age of 18, or belonging to a person other than the applicant, or is fraudulent, shall be required to provide a valid social security number as well as additional proof of identity i.e. valid drivers license, Social Security card, etc. before service will

be activated using the ONLINE Utility Exchange. If the applicant is unable or unwilling to do so, the standard deposit shall be charged.

Deposit Duration

MED may return a deposit to a customer by applying it to that customer's account after one year of continuous service at the same location provided customer has paid the bills within the net payment period and has no return check record.

General

1. Deposits are required to be paid prior to the time a connect order is issued.
2. Upon termination of service, the deposit will be applied against any unpaid bills of the customer.
3. Any remaining balance will be returned to the customer.

Adopted by Board on February 24, 2010.