

VALLEY ELECTRIC ASSOCIATION, INC.

Corporate Policy #120

BILLING

Dated: December 2, 2011

Supersedes Date: October 2, 2009

Formerly Rules & Regulations Policy 5

I. OBJECTIVE

To set forth a standard billing policy applicable to all consumer accounts.

II. POLICY

The Association shall bill its members according to the following policy:

- A. **Minimum Bill.** When service is available to the consumer the minimum bill shall be due from the beginning of the first regular billing period, as established by the Association, whether or not the service is connected. Service shall be deemed to be available when the primary or secondary line extension is complete.
- B. **Monthly Billing Periods.** Monthly billing periods shall consist of an approximately thirty day period during which service was rendered or available.
- C. **Meter Reading, Billing and Payment.** The Association will read all meters of the Association each month on the schedule established by the Association. Bills shall be due on or before the 15th day following the date on which the bill is mailed to the Consumer, or "Payment Date." If the Payment Date falls on a Saturday, Sunday, or a holiday, the Payment Date shall be the next business day.
- D. **Late Payment.** If a consumer fails to make payment on or before the Payment Date, any subsequent payment of that bill shall be a "Late Payment." The late payment charge will be two and a half percent (2.5%) of the original bill. If any bill is not paid as of the Payment Date, a "Late Notice" may be mailed. The late notice will remind the consumer that payment has not been made and that on the date specified in the Late Notice electric service to the consumer will be discontinued. If payment has been received by or satisfactory payment arrangements have been made with the Association, there will be no interruption in service. The consumer may request forgiveness of a late charge if there has not been a late payment within the last twelve (12) month period.
- E. **Pre-paid Metering.** If consumer elects to establish a pre-paid metering account, then Sections A, B, C, D and L of this Article II are not applicable. The consumer's account will instead be read and billed daily, and all monthly charges are prorated to daily charges. Alert notifications are sent either by email **or**

optional in home display unit, as determined by the consumer. Electric service will be subject to disconnection if at any time the account does not have a credit balance, or pursuant to Association policy, as applicable. If service is disconnected, any outstanding balance and the minimum credit balance of \$25.00 must be paid before service will be restored. If an account is disconnected and does not re-activate within 7 days, the account will be considered closed and Valley Electric will mail a final bill or refund to the last known address on file. A connect charge will be required for all new accounts.

F. **Faulty Metering.** Bills will be estimated should there appear to the Association to be an incorrect reading or faulty metering during any billing period.

G. **Minimum Charges.**

1. Each bill rendered shall consist of a minimum charge computed in accordance with the applicable rate schedule, contract or the line connection policy. The consumer will be entitled to the use of the number of kilowatt-hours corresponding to that portion of the minimum charge in excess of the facility charge in accordance with the applicable rate. Charges for all additional energy used shall be added to the minimum charge.
2. The consumer will make any minimum charge payment, or guaranteed payment required under any rate schedule, contract or line connection policy with the Association, during any period that service is discontinued to the consumer in accordance with Corporate Policy #125, Disconnection of Service.

H. **Additional Charges.**

1. In the event the current monthly bill is not paid by the Payment Date, the gross rate shall apply.
2. Should the Association make collection on the consumer's premises or discontinue service for failure of the consumer to pay, a collection charge of \$50.00 shall be made.
3. Any payment not received by the Association within ten (10) days following the Payment Date shall, in addition to any other charge or penalty, bear interest from the next Payment Date until paid. The interest will be calculated at the rate of 1.5 percent per month computed on the gross bill and any other charge due to the Association.
4. Other charges provided by these Rules.

I. **Billing Adjustment.** If a consumer is found to have been billed on an improper rate, multiplier or energy charge, or found to have an improperly operating meter, the Association will apply the correct rate, multiplier or charge or make an

adjustment for the improperly operating meter. The adjustment will be made to the bill for the month in which the error was found. If the Association is able to determine, to its satisfaction, the date on which the improper rate, multiplier or energy charge was imposed or improper operation of the meter commenced, previously rendered bills will be adjusted to reflect the correct rate, multiplier or energy charge or properly operating meter. Except as provided in Corporate Policy #131, Tampering with Association Equipment, any adjustment to previously rendered bills shall not exceed twelve (12) monthly billings from the date the error was discovered.

J. **Prorated Bills.** On closing or opening accounts for service supplied for a fractional billing period under all schedules, billing will be on the basis of a 30-day period, and prorated for the fractional period on the basis of the ratio that such fractional period use, in actual days, bears to 30 days.

K. **New Connections.** The following rules shall apply to all new connections:

1. For consumers served under monthly rates, the fraction of a month from the time that service is first available to the next billing date shall be billed. The initial billing period shall commence on the day that service is first available and shall end on the next scheduled meter reading date.
2. Where service is to be furnished only during a specified season, no proration will be required if service is made available on or before the first day of the season as defined by the appropriate rate schedule.
3. If service is not available at the beginning of the defined season, the annual rate shall be prorated according to the number of full months that service is available during the season as set forth in the contract or appropriate rate schedule.

L. **Budget Billing Plan.** A budget billing plan is offered as a service to certain urban and rural residential members. The program provides for "levelized" monthly payments of the members energy bill pursuant to the following:

1. Availability: Available to residential consumers for home use subject to the established policies of the Association.
2. Conditions to obtaining and remaining on budget billing:
 - a. Must have received service as a member at the present location for the previous 12 months.
 - b. Must not have had more than one Late Payment for the previous 12 months.
 - c. Must not have been disconnected for nonpayment during the preceding 24 months.

- d. Billing and collecting schedule will apply as per Corporate Policies 120 and 121 (Billing and Collecting).
- e. Service disconnected for nonpayment will cancel budget billing program and account will be balanced and brought current by the consumer before service is reconnected.

3. Budget Billing Procedures:

- a. Using the past usage history as a guide, a 12 month estimate of billing amount will be made for the next 12 month period.
- b. This amount will be divided into 11 equal payments which will be billed and payable at the regular billing times. The twelfth month will be used to balance the account. If a balance is due the consumer, that amount will be credited to the next month's energy bill or returned to the consumer. If a balance is due the Association, that amount will be billed the consumer.
- c. If after yearly estimated payment is determined, usage starts to show excessive changes in projected usage, the Association may make reasonable adjustment of estimated payment.
- d. A member may cancel the plan at any normal billing period by bringing the account current.
- e. Subject to the following conditions, members may enter budget billing plan at the beginning of any monthly billing period.

M. **Final Closing Bills.** Closing bills are due and payable on presentation. Net credit balances from closed accounts may be transferred to the consumer's active electric service of the same rate class or, if the consumer does not have an active account, any credit balance will be refunded. All closed accounts with balances remaining unpaid after the final bill date will be subject to VEA's Collecting Policy #121.

III. RESPONSIBILITY

The Board of Directors, through delegation to the Chief Executive Officer, shall be responsible for the administration of this policy.