

VALLEY ELECTRIC ASSOCIATION, INC.

Corporate Policy #123

Subject: DEPOSITS

Dated: December 2, 2011

Supersedes Date: October 2, 2009

I. OBJECTIVE

To establish a credit deposit system at the Association

II. POLICY

The following is the Association's deposit policy:

A. **Determination and Amount of Deposit.**

1. The Association shall not require a residential consumer to provide a deposit if the consumer:
 - a. Has established Satisfactory Credit (as defined in Section D below) with the Association; or
 - b. Is the surviving spouse of an Association member who had a Satisfactory Credit (as defined in Section D below) and is applying for membership; or
 - c. Establishes a pre-paid metering account.
2. Any other consumer shall make and maintain a deposit equal to two times the highest actual monthly bill or estimated bill if the actual billing is unavailable, as determined by the Association.
3. Deposits for non-residential service may be in the form of cash, a letter of credit acceptable to the Association, or bond acceptable to the Association.
4. A consumer who has posted a deposit may request a re-determination any time after 12 months of continuous service. The Association may re-evaluate a consumer's deposit amount on its own at any time. Should the evaluation show a lesser deposit be required, the difference between the deposit previously posted and the required deposit after re-evaluation shall be refunded to the consumer, including any unapplied accrued interest. If the required deposit after re-evaluation is greater than the previous deposit, the consumer shall make an additional deposit in the amount of the difference.

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5. The Association may require a consumer who has not been required to provide a deposit to provide a deposit for any of the following reasons:
 - a. Disconnection of service for nonpayment;
 - b. Three past due notices in the previous 12 months;
 - c. Power diversion or meter tampering;
 - d. Filing for or having filed bankruptcy;
 - e. Opening additional accounts when existing Association accounts have poor credit history;
 - f. Returned checks or EFTs; or
 - g. If the Association is required to make a collection trip.
6. All funds deposited shall be held in the name of the consumer and shall be deemed by the Association to be the property of the consumer in whose name the deposit is made. Any modification of the foregoing shall be only effective if in writing and signed by both the consumer and the Association.

B. Return of Deposit.

1. The Association will return the deposit and any unapplied accrued interest less all sums due the Association at the time service is discontinued.
2. The Association shall return any deposit paid by a consumer if the consumer has made no late payments for twelve (12) consecutive months. The Association will refund the deposit with interest thereon as provided in Paragraph C herein.
3. A deposit may be transferred from one account to another account of the same consumer (at the request of the consumer) and with the consent of the Association.
4. A deposit may be refunded if the consumer elects to establish a pre-paid account.

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- C. **Interest on Deposits.** Interest shall be earned on deposits in the manner described in NRS Section 704.655(1). Such interest shall be earned from the date of the deposit until application of the deposit to amounts due to the Association or return of deposit. Interest earned as of December 31 of each year shall be applied to the consumer's January bill.
- D. **Satisfactory Credit.** Satisfactory Credit can mean either of the following: (i) consumer has made timely payment of all power bills for utility service with the Association for 12 consecutive months without termination of service and with no late payments during that period, or (ii) consumer delivers to the association a letter of credit worthiness from another electric utility in such form acceptable to the Association. Any history of payment that does not meet these requirements is unsatisfactory credit.
- E. **Waiver.** The Association may waive the deposit requirement for a consumer if the Association determines that the interests of the Association will not be adversely affected by such waiver.

III. RESPONSIBILITY

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