

DEPOSIT POLICY

Murray Electric System will administer its Security Deposit Policy in such a way as to assure protection from Customer default for payment of services. Decisions on adequate deposit amounts will be based on: actual history with existing and former customers, billing history of existing service locations, billing history of comparable sized buildings and business activity, and customer's credit history. Murray Electric System utilizes ONLINE UTILITY EXCHANGE to establish customer credit information. ONLINE maintains a centralized database containing credit and consumer data information pertaining to the payment history of utility bills and other services that ONLINE makes available to MES. The source of this information may be credit information, consumer information, credit scoring services, and fraud detection provided by national credit reporting repositories. ONLINE is linked to the three major credit reporting entities; Experian, Equifax, and Trans Union. MES will use information from this service to establish customer credit status. These decisions will be applied in a non-discriminatory manner in all cases. MES reserves the right at all times to adjust the amount of a customer's security deposit if it deems that MES is not adequately protected from default.

Residential Service:

1. New service applicants who can provide proof of ownership of their residence, and pose no credit risk shall have the security deposit waived. Homeowners whose credit risk is above company guidelines shall post a deposit based on two times the highest month's usage of the service address. Credit Scores will be processed through the ONLINE UTILITY EXCHANGE.
2. New service applicants who do not own the residence shall post a security deposit based on credit score, and service history of location. The minimum deposit shall be one times the highest month's usage of the service address during the preceding recent service history, with a minimum amount of \$100. The maximum deposit shall be two times the highest month's usage of the service address during the preceding recent service history.
3. If no service history is available for the service location, deposit amounts will be based upon the heated square footage of the residence, and the credit score of the applicant.
4. A credit check will be run on all prospective tenants' appearing on the lease agreement. The deposit amount will be based on the credit risk of all names appearing on the lease.
5. Any existing customer who has not posted a security deposit and demonstrates poor payment history (i.e. has not paid current bill for 30 days, or has had two or more delinquencies in any consecutive 24 month period), shall be deemed to have an unsatisfactory payment record and may be required to post a deposit in order to continue service.
6. Any customer whose service is terminated for non-payment and has not posted a security deposit, shall be required to post a maximum deposit and pay all outstanding bills before service is restored. A customer whose service is terminated and has posted a minimal

deposit, may be required to increase their deposit to a maximum level, and pay all outstanding bills before service is restored.

7. Any service applicant who refuses to provide adequate identification shall be deemed a credit risk, and shall be subject to posting a maximum deposit.

Commercial Service:

1. All commercial service applicants shall be required to post a security deposit.
2. Deposit amounts will be based on credit scores processed through the ONLINE UTILITY EXCHANGE., and the service history of the location.
3. The minimum deposit shall be one times the highest month's usage for the service address during the preceding recent service history of the location, with a \$150 minimum.
4. The maximum deposit shall be two times the highest month's usage for the service location during the preceding recent service history of the location.
5. New service applications where no service history has been established shall have the deposit determined by service size, contract demand, usage history of comparable loads, or a combination of all of the above. These determinations shall be made by MES Management.
6. Any service applicant who refuses to provide adequate identification shall be deemed a credit risk, and shall be subject to posting a maximum deposit.
7. Any existing customer who has not posted a security deposit and demonstrates poor payment history (i.e. has not paid current bill for 30 days, or has had two or more delinquencies in any consecutive 24 month period), shall be deemed to have an unsatisfactory payment record and may be required to post a deposit in order to continue service.

Interest on Deposits:

Effective April 1, 2010, MES will pay interest on deposits based on the highest rate available locally from banking institutions on 12 or 13 month certificate of deposits. This rate will be adjusted annually. Interest paid on deposits held prior to April 1, 2010 shall be at the rate set by MES policy in force at that time up to April 1, 2010.

Simple interest in the amount of (See first paragraph) % interest per annum will be paid on all security deposits held in amounts over \$100.00. Interest will begin accruing after deposit has been held for one year. No interest will be paid on deposits returned prior to one year's service.

General:

1. Deposits shall be secured prior to the time a connect service order is issued.
2. Deposits shall not be transferred from one service address to another.
3. Upon termination of service, the deposit shall be applied against any unpaid balance existing.
4. Any remaining balance will be returned to the customer either by; applying the balance of the deposit with interest (if any) to any active account currently held by the customer, or by check.
5. Deposits shall be refunded after the completion of the customer's final billing cycle. Depending upon the date on which a customer terminates service, deposit refunds can take typically from 10 to 30 days to process and return to customer. Under no circumstances can a customer expect to terminate service and have a deposit refunded immediately.