

ARTICLE 5

Deposit Policy: Residential and Commercial

Section 1. Deposits. A deposit is required for all membership accounts, other than Security Light Only accounts and Idle Services/Line Retention accounts.

Section 2. Traditional Residential Deposits. Effective June 28, 2005, the amount of all new residential membership deposits is to be based on the applicant's credit risk assessment. Risk levels are as follows: no risk, moderate risk, and high risk. A corresponding deposit amount, set and reviewed by the Board of Directors, is outlined in the Billing Department's Operating Procedures. Management discretion may be used if warranted.

All residential accounts prior to June 28, 2005, will be grandfathered in with the old deposit. However, if a grandfathered residential account changes names, transfers ownership, or does anything requiring the issuance of a new capital credit number, then the new account will fall under the guidelines of the current deposit policy.

If applicants request a joint membership in the Cooperative, the deposit amount shall be based on the applicant with the lowest possible deposit determined by the credit assessment.

Any adverse action taken regarding a deposit shall be communicated to the member or applicant via written notification outlining contact information for the credit risk decision.

Section 3. Prepay Residential Deposits. For PrePaid members, the deposit will be a flat fee of \$25, accompanied by a required start-up balance of \$75. These fees may be subject to change in the future.

Section 4. Credit Risk Assessment and Identity Verification. Applicants shall be required to sign or verbally authorize Enerstar to obtain a credit risk assessment and identity verification. Although Enerstar does not require the applicant to provide his/her social security number, an applicant who refuses to provide the social security number poses a greater difficulty in assessing credit risk and verifying identity, and therefore shall be charged the maximum deposit. An applicant who provides incorrect or fraudulent information shall be denied electric service connection until valid information and proof of identity is supplied.

Section 5. Reassessment of Credit Risk/Reduction of Deposit. After a 12-month period of good credit with Enerstar, a member with a traditional residential account may request that the cooperative reassess his/her credit risk. If a reduced deposit amount is warranted, the difference in deposits shall be refunded on the member's next applicable billing statement.

Deposits shall be reassessed according to Billing Department Operating Procedures.

A deposit shall not relieve a member's obligation to pay his/her billing statement when due.

Any adverse action taken regarding a deposit shall be communicated to the member or applicant via written notification outlining contact information for the credit risk decision.

Upon termination of service, the deposit shall be applied toward the final bill. If the final bill is less than the deposit, the member shall be refunded the difference.

Section 6. Bad Debt. A new membership account will be reviewed for any bad debt remaining on the member's former account/s, where member had previous service with the Cooperative. Bad debt and the appropriate deposit must be paid in full before service will be supplied.

Section 7. Commercial Deposits. Effective January 30, 2007, a commercial deposit is required for all single- and three-phase accounts and business accounts, including incorporated businesses, LLCs, and any other business or corporate interest licensed by the State of Illinois or any other jurisdiction. If the account is a partnership or sole proprietorship, the deposit may be either residential or commercial. All commercial accounts prior to January 30, 2007, will be grandfathered in with the old deposit. However, if a grandfathered commercial account changes names, transfers ownership, or does anything requiring the issuance of a new capital credit number, then the new account will fall under the guidelines of the current deposit policy.

A deposit or suitable guarantee (irrevocable letter of credit from a financial institution or a surety bond) equal to approximately twice the average estimated monthly bill will be required of the commercial member before electric service is supplied.

The new membership account will first be reviewed for any bad debt remaining on the member's former account/s, in cases where the member had previous service with the Cooperative. Bad debt and the appropriate deposit must be paid in full before service will be supplied.

Commercial deposits may be assessed yearly and may be adjusted to ensure the correct deposit level for the account.

A deposit shall not relieve a member's obligation to pay his/her billing statement when due.

Upon termination of service, the deposit shall be applied toward the final bill. If the final bill is less than the deposit, the member shall be refunded the difference.

Section 8. Bankruptcy. When EnerStar receives legal notification of bankruptcy for a member, the member's account will be immediately closed and its deposit applied to the final bill on the account. A new account will be established for the member, with the same capital credit number, and the highest deposit will be added to this substantial risk account. The cooperative attorney will inform the member via US mail that the member will be given 20 days to pay the increased deposit or the service will be disconnected.