

MURFREESBORO ELECTRIC DEPARTMENT

DEPOSIT

A deposit or suitable guarantee must be paid in full in advance of receipt of electric service, except in cases of unusual hardship, in which case MED may accept installment payments for deposits so long as MED has determined that an unusual hardship exists. The deposit requirement remains in effect for the life of an active account. Deposit and accrued interest shall be applied to account on termination of service.

Any existing Customer whose actual electricity consumption exceeds the historical basis used to determine the initial deposit and develops an unsatisfactory payment history will be required to pay the standard deposit.

All cash deposits that are greater than one month's average bill and retained longer than twelve months shall accrue interest annually. The interest rate earned on the deposit shall be equal to market rates of interest on passbook saving account earned at MED's primary bank account. The interest rate shall be evaluated each July and adjusted as warranted. The deposit balance (including earned interest) as well as the adequacy of such deposit shall be subject to review by the Customer and MED and adjusted accordingly. Such review will be conducted by Customer's request or if and when MED notices a significant change in Customer's consumption. All interest accumulated on cash deposits shall be credited to the Customer's account once per year.

Deposits for Residential Customers shall be limited to twice the average monthly bill in the previous 12 months of occupancy for the location. Residential Customers who elect to participate in a credit verification program may be eligible for MED to waive the requirement of providing a deposit. MED may refund residential deposits, with accrued interest, at any time after one year of continuous service, provided Customer has paid all bills within the net payment period and has not had a returned check during this period.

Deposits for Commercial Customers shall be limited to twice the highest monthly bill in the previous 12 months of occupancy for the location. Commercial customers may provide a bond or other suitable assurance in lieu of a cash deposit. Commercial deposits shall be held until termination of service at which time, the deposit will be applied against any unpaid bills of Customer. Any remaining balance will be returned to the Customer.

For newly constructed facilities where there is no history of electricity usage, an engineering estimate of the deposit will be made taking into account similarly situated facilities.

APPROVED BY BOARD _____

MURFREESBORO ELECTRIC DEPARTMENT

SCHEDULE OF RULES AND REGULATIONS

2. Deposit. A deposit or suitable guarantee shall be required of any Customer before electric service is supplied. Interest shall be accrued on any cash deposit and credited annually against the bill. MED may, at its option, return deposit to residential Customer after one year. Upon termination of service, deposit may be applied by MED against unpaid bills of Customer, and if any balance remains after such application is made, said balance shall be refunded to Customer. A Customer electing to participate in the pre-pay program will be exempt from the deposit requirement. Additional information regarding deposits can be found in MED's "Deposit" policy.