

Lyon-Lincoln Electric Cooperative

504 – BILLING AND COLLECTIONS

I. OBJECTIVE

To establish guidelines and direction for electrical service billing and collections in order to maintain a sound financial position and provide consistency and fairness to member-owners.

II. POLICY

A. Deposits

1. A \$100 security deposit is required for first time member-owners and previous member-owners who have not been served for two or more years. A security deposit may also be required for previous member-owners who historically did not pay their bills in a timely manner.
2. A security deposit may be required for member-owners with a history of not paying their bills in a timely manner. The required deposit will be calculated based on the average of the previous 12 months of billing.
3. If non-payment occurs, the security deposit will be applied toward amounts owed.
4. Security deposits will be refunded in full following 12 consecutive months of timely payments. Interest will be paid as required by law.

B. Billing

1. Monthly electrical service usage data will be collected as of the last day of each calendar month.
2. Billing statements for electrical service usage for the calendar month will be distributed at the beginning of the next calendar month, typically by the fifth (5th) day.

C. Billing Disputes

1. Billing disputes will be investigated promptly. Investigations will begin no later than five (5) business days following notification of a dispute.
2. Member-owners will be advised of the investigation and the result.

3. If a dispute cannot be satisfactorily resolved, the member may appeal to the Board for a final decision.

D. Electric Utility Billing Errors (MN Administrative Rule 7820.38)

1. Errors warranting remedy. When a member has been overcharged or undercharged as a result of an incorrect reading of the meter, incorrect application of rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the overcharge shall be refunded to the member or the amount of the undercharge may be billed to the member as detailed in Minnesota Administrative Rule 7820.3800 Electric Utility Billing Errors.

E. Accounts Receivable

1. Payment of electrical service bills are due upon receipt. Accounts will be considered timely if payment in full is received by the 20th of the month.
2. If the 20th of the month falls on a legal holiday, or a Saturday or Sunday, payments received on the next business day following the holiday, or Saturday or Sunday, will be considered to be timely.
3. Any authorized cooperative representative may accept member-owner payments.
4. A \$20 fee will be assessed for checks returned due to non-sufficient funds. A notice will be mailed to member-owners informing them of returned checks and the assessed fees.

F. Collections

1. Accounts will be designated as delinquent if full payment is not received by the 20th of the month. If the 20th of the month falls on a legal holiday, or a Saturday or Sunday, the account will be considered delinquent on the next business day following the 20th of the month.
2. A late payment fee will be assessed to delinquent accounts as of the first business day following the 20th of the month. The fee will be equal to three percent (3%) of the current month's bill. Fees may be waived in unusual circumstances such as severe weather conditions.
3. A "Past Due Notice" will be mailed to any member with a delinquent account. The notice will include the date the account became late, the

account balance, late fees, and the date the account balance and late fees are due.

4. If the cooperative disconnects service due to non-payment, service will not be restored until full payment is received.

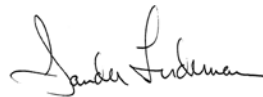
G. Collection/Disconnection Fees

A \$50 collection fee will be assessed if a cooperative representative is dispatched to a member-owner's location to collect or is required to disconnect a member-owner's electric service due to non-payment of a bill. The fee will also be charged whether disconnection is done remotely from the cooperative's office or from the member-owner's location.

H. Reconnection of Service

1. A \$60 reconnection fee will be assessed to member-owners who request that service be reconnected. This fee is in addition to any collection fees listed in Section F of this policy and account maintenance fees listed in G.2. of this policy. The cooperative will not reconnect service after normal business hours or on weekends or holidays.
2. A \$25 monthly account maintenance fee will be applied to all disconnected accounts for up to 3 months after the account has been disconnected for non-payment. Once the account is past due for 90 days, it will be turned over to a collection agency to collect the outstanding balance.
3. No reconnection fee will be assessed to member-owners whose service was disconnected by the cooperative due to a hazardous condition.
4. All fees and charges will need to be paid in full, unless a payment agreement has been made, before reconnection can be made.

Approved by the Board of Directors _____



Board President _____

Adopted: 2/28/2011

Effective: 1/1/2011

Revised: 12/23/2013 5/22/2017

09/22/2014

07/27/2015

06/27/2016