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## POLICY

**SUBJECT:** Capital Credits applied to Bad Debt

**POLICY:** In the event that the Cooperative has capital credits allocated to, but not yet retired for, any person who has an outstanding debt due to the Cooperative, and whose debt has been transferred by resolution of the Board of Director of the Cooperative to the accumulated provision for uncollectible accounts, the capital credits shall be applied to the bad debt under the following procedures:

- 1) The termination notice shall contain a notification to the member that his/her allocated capital credits will be applied, on a discounted basis, to the outstanding debt if payment is not received within 10 days. Thereafter, the matter will be turned over to a collection agency.
- 2) Within one month of the termination notice, the billing department shall apply the inactive member's capital credits, on a discounted basis on a first-in-first-out basis, to the unpaid final bill. The Cooperative shall utilize existing practices of discounting any capital credits when paid prior to a general retirement when applying the member's credits to their overdue debt. If the value of the discounted capital credits exceeds the inactive member's final bill amount, some of the inactive member's allocated capital credits shall remain un-retired.
- 3) If, after applying the inactive member's capital credits, the inactive member still has an amount owed on the final bill, then the amount owed is subject to the Cooperative's normal collection procedures.

**PROCEDURE:** Above procedure shall be carried out by the billing department in coordination with the finance department and in consultation with the Cooperative's attorney as may be determined necessary.

**RESPONSIBILITY:** General Manager and Finance Manager

DELAWARE COUNTY ELECTRIC COOPERATIVE, INC.

Approved by Board of Directors	September 23, 2008
Revised by Board of Directors	January 28, 2014
Revised by Board of Directors	March 22, 2016
Reviewed by Board of Directors	January 23, 2018