



Subject: <b>PURCHASING PROCEDURE</b>			Policy No: 301
Original Issue: 11/30/05	Last Revised: 11/30/05	Last Reviewed: 11/30/05	Page 1 of 1

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

#### ***ELECTRIC PLANT***

1. Contract Construction

Material required for construction performed by a contractor will be supplied by the contractor as a part of the contract. Any deviation will require specific approval of the Board of Trustees.

2. Special Items of Equipment Requirements

The Manager is authorized to purchase line items such as transformers, regulators, and reclosures as needed to meet normal requirements.

Substation items will be purchased by formal bidding and will require authorization and approval from the Board of Trustees.

#### ***GENERAL PLANT***

1. Supply Items

The Manager is authorized to purchase supplies necessary to the daily conduct of the Cooperative.

2. Vehicles, Furniture and Equipment

The Board of Trustees shall be informed of requirement and purchases, exceeding \$10,000, and no such purchases should be made without specific approval from the Board of Trustees.

3. Maintenance

The Manager is authorized to purchase those services and supplies necessary to maintain equipment in a satisfactory condition.



Subject: <b>LOCAL ADVERTISING</b>			Policy No: 302
Original Issue: 11/30/05	Last Revised: 11/30/05	Last Reviewed: 11/30/05	Page 1 of 1

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

The Board of Trustees hereby authorizes an annual expenditure of not more than \$20,000 for local advertising.



Subject: <b>CHECK DISBURSEMENTS</b>		Policy No: 303	
Original Issue:	Last Revised: 03/24/98	Last Reviewed: 03/16/98	Page 1 of 1

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

All checks issued by the Cooperative shall be processed through regular banking facilities so as to insure proper endorsement and the recording of the transaction.



Subject: <b>PETTY CASH DISBURSEMENTS</b>			Policy No: 304
Original Issue: 08/08/67	Last Revised: 08/21/84	Last Reviewed: 08/21/84	Page 1 of 1

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

A petty cash fund in the amount of \$200.00 will be maintained for the purpose of paying out small amounts not warranting issuance of a general fund check.

Disbursements from petty cash for the payment of charge statements shall not exceed thirty dollars (\$30.00).

The petty cash fund will be under the care of the office manager and he/she will be responsible for the accounting of all disbursements.



Subject: <b>GUIDE FOR SYSTEM COLLECTORS</b>		Policy No: 305	
Original Issue:	Last Revised:	Last Reviewed:	Page 1 of 1

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

The Cooperative will have collectors where deemed essential for the convenience of rural members.

Operations of and compensation for each collection agency will be determined by agreement between the Board of Trustees and the collector. The collector will furnish required facilities in an accessible location. The Cooperative will furnish necessary supplies.

Reports covering payments, complaints, requests for service, and inquiries by members must be handled promptly and as directed. Collectors will also collect deposit fees from new members.

Neatness and accuracy in listing consumers' names and amounts submitted is essential in order that proper credit be given to the individual. Prompt submission of collections on designated dates is imperative to maintain proper control in the Socorro office.

Each agent will be subject to Cooperative blanket fidelity bond.



Subject: <b>PATRONAGE CAPITAL ASSIGNMENT</b>		Policy No: 306	
Original Issue:	Last Revised:	Last Reviewed:	Page 1 of 1

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

The certified public accountant performing the audit of the affairs of the Cooperative will certify to the amount of money to be transferred to the patronage capital account for the year of the audit.

Due to the cost of establishing service, no member shall be deemed to have contributed to the patronage capital account that has been a member for less than one year of whose total electricity purchased is less than one hundred dollars.

Time and purchases will be carried forward from one fiscal year to the next in determining eligibility. However, participation will start only in the year during which the requirements have been fulfilled.

The amount of each eligible patron's credit will be determined annually by dividing the amount certified by the certified public accountant and transferred to the patronage capital account, by the amount obtained after subtracting the energy sales of non-eligible members from the total sales of electric energy for the year and applying the resulting factor to the total electric bill of each eligible patron for the year.

Patronage capital will be credited to the individual patron's account at the earliest practicable date.



Subject: <b>PATRONAGE CAPITAL RETIREMENTS</b>		Policy No: 307	
Original Issue:	Last Revised: 12/27/12	Last Reviewed: 12/27/12	Page 1 of 1

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

Prior to making a patronage capital retirements, The Socorro Electric Cooperative, Inc., shall

- Meet the provisions of the current and/or applicable loan contracts.
- By specific action of the Board of Trustees, authorize the amount of capital to be retired and prescribe the year during which the patronage capital was contributed.
- Notify the Administrator of the Rural Utility Service.
- Retire capital on a yearly basis or any portion thereof, as duly authorized by the Board of Trustees.
- Apply patronage capital payments as a credit to the account of delinquent members and forward any remaining balance to the members.
- Make payment of patronage capital retirement only to the member of record or his/her legal representative.
- In event of death of a member and the estate of this membership is being closed, the Board of Trustees may authorize payment of patronage capital retirement in full or in any part to the estate of the deceased.
- In the event of death of a member and the surviving joint member continues as a patron, no premature retirement of patronage capital may be made. If the surviving joint member leaves the service area, no premature patronage capital payment may be made.
- Patronage capital assigned shall not become payable until the cumulative sum for those years in which payment is authorized shall equal or exceed one dollar (\$1.00).
- When a capital credit retirement has been authorized by the Board of Trustees, amounts under \$24.99 will be credited to active member accounts. Non-active member's accounts will have a check mailed to address of record. The Board of Trustees will have the discretion to credit all active member's accounts, with full retirement above \$25.00 or mail checks to the address of record for active and non-active accounts.



Subject: <b>USE AND INVESTMENT OF GENERAL FUNDS</b>		Policy No: 308	
Original Issue:	Last Revised: 08/28/90	Last Reviewed: 09/20/77	Page 1 of 1

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

The General Funds of The Socorro Electric Cooperative, Inc., shall be maintained at an appropriate level as follows:

#### ***OTHER GENERAL FUNDS***

Excess General Funds not needed for working capital and reserve purposes, shall be used in the following order of priority:

- Capital Credit Retirements and Rate Reductions

The Board of Trustees shall consider making rate reductions or retiring Patronage capital, consistent with by-law provision agreements with the Rural Utility Service's requirements or regulatory bodies, and prudent financial management, when funds are available for this purpose after the requirements listed above have been met.

- Remaining General Funds

Any remaining general funds shall be used for additional advance payments, retirement of debt, or additions to plant, as approved by Board of Trustees of The Socorro Electric Cooperative, Inc.

#### ***DEPOSITS AND INVESTMENTS***

Safety and liquidity shall be the primary consideration in the investment of any funds outlined above.

- Demand Depository

Funds placed in checking accounts on which no return is received should be in financial institutions insured by the Federal Deposit Insurance Corporation and approved by the Board of Trustees. Such funds shall be kept at a minimum, consistent with the operating needs of the Cooperative.





Subject: <b>APPLIANCE FINANCING PROGRAM</b>		Policy No: 309	
Original Issue:	Last Revised: 11/30/05	Last Reviewed: 11/30/05	Page 1 of 2

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

The Socorro Electric Cooperative, Inc., will offer financing through approved dealers for the purchase of electrical appliances and equipment, insofar as funds are made available by the Board of Trustees.

Financing is provided as a service to consumers, dealers and contractors for the sole purpose of providing a simple, low-cost plan of financing that will assist consumers to fully utilize station electric service.

### ***PROCEDURE***

The Board of Trustees shall review all dealer applications for authorization to finance conditional sales contracts under The Socorro Electric Cooperative Appliance Financing for consumers. On the basis of a certified or notarized copy of an applicant's net worth statement not more than 3 months old, a commercial credit rating, and personal knowledge, the Board of Trustees will establish the maximum outstanding obligations which each approved dealer will be permitted to incur. After review of the dealer's application, the Board of Trustees will establish a maximum value of recourse contracts that may be purchased by Cooperative Management from the dealer.

Where the applicant is a corporation, an officer of that corporation must execute an agreement personally guaranteeing the repayment of all obligations incurred by the corporation.

No dealer may participate in the program until he/she is formally notified of the Board's approval of his/her request to participate and of the maximum outstanding obligation set by the Board. The financial position of the dealers participating in the program will be reviewed by the Board of Trustees each year in March. On the basis of financial statements not more than 3 months old, the Board will determine the extent to which the Cooperative will continue to purchase conditional sales contracts.

No dealer may participate in the program without first submitting a written statement to the effect that he/she has read, understands and will comply with the provisions of this policy.



Subject: <b>APPLIANCE FINANCING PROGRAM</b>		Policy No: 309	
Original Issue:	Last Revised: 11/30/05	Last Reviewed: 11/30/05	Page 2 of 2

Dealer reserves of five (5%) percent will be withheld on all accounts. Dealer reserves will be annually adjusted, the adjustment to be based on a reserve requirement of five (5%) percent of the total original value of the contracts being underwritten for each dealer as of March 30, of that year. As soon as possible after March 30, the Cooperative will compute the original value of the contracts currently being underwritten for each dealer. Five (5%) percent of the individual totals for each dealer concerned will be set as his/her required reserve. Immediately thereafter, surplus funds will be returned to the proper dealer.



Subject: <b>APPLIANCE AND EQUIPMENT ELIGIBLE FOR FINANCING</b>		Policy No: 310	
Original Issue:	Last Revised: 08/28/90	Last Reviewed:	Page 1 of 3

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

Manufactured electrical equipment and appliances for farm and household which meet the minimum requirements established by recognized national organizations such as the American Standards Association, Bureau of Standards and the professional engineering societies such as Underwriters Laboratories, usually will be satisfactory for financing.

Generally, only new appliances and equipment will be financed. The only exception to this rule will be in a case where the Cooperative is forced to exercise the right of recourse and the dealer is forced to repossess an item. In such cases the Credit Committee may authorize the financing of the repossessed item, provided the dealer and consumers involved meet all other requirements.

Financing of domestic farm water systems will be limited to the electric pump and its accessory equipment.

Contracts involving only traffic appliances shall not be financed unless the total amount of the contract is \$200.00 or more.

Financing will not be available for farm and household wiring or rewiring, non-electrical farm and household plumbing and plumbing fixtures. Such fixtures do not include farm and home electric water pumping installation, electric water heaters, home heating installations and electric garbage disposal units including kitchen sinks.

### ***TERMS AND CONDITIONS OF CONSUMER FINANCING***

The rate of ten (10%) percent simple interest per year on the unpaid balance will be charged. (Effective 9/1/77) Interest rates shall be adjusted annually, if necessary, to a rate equal to two (2%) percent above the average cost of the Cooperative's most recent loan, rounded to the nearest full percentage point but in no case less than ten (10%) per annum. No member total contract balance will exceed \$2,000.00. No one contract will exceed \$2,000.00.

No contract will exceed 24 months, unless otherwise specified herein.

The minimum monthly payment will not be less than \$10.00 on any contract.

Terms of repayment must be monthly.



Subject: <b>APPLIANCE AND EQUIPMENT ELIGIBLE FOR FINANCING</b>		Policy No: 310	
Original Issue:	Last Revised: 08/28/90	Last Reviewed:	Page 2 of 3

The Cooperative will not grant special terms to any individual contract.

Recourse is to the dealer, and he/she alone shall retain the privilege of requesting some degree of latitude in specific instances.

In no instance will the Cooperative continue financing after an account is 90 days delinquent. It then will be reassigned to the dealer.

Televisions, radios and electronics or combinations of these, require a twenty-five (25%) down payment and have the following maximum financing periods:

- Under \$249.00                      12 months
- Under \$349.00                      18 months
- Over \$350.00                        24 months

For all contracts purchased on a recourse basis, other than the above, the down payment required will be 10%.

### ***DEALER OR CONTRACTOR RESPONSIBILITY***

Endorsement of contracts on a recourse basis shall be definitely understood. The dealer must be aware that the entire amount of the principle and the interest due on the contract will become due and payable whenever payments on the contract become more than thirty (30) days delinquent. This does not prevent the dealer from making the required repayments for the buyer as they become due.

The Board of Trustees may require dealers to furnish current price lists of items they plan to finance. Any dealer found padding the list price of any appliance or equipment offered for financing through the Cooperative for the purpose of circumventing the down payment required will automatically be disapproved for further financing of conditional sales contracts.

All conditional sales contracts submitted to the Cooperative for financing must be executed on forms furnished by the Cooperative.

All contracts will be designed so that payments will be due on the tenth (10<sup>th</sup>) day of the month.



Subject: <b>APPLIANCE AND EQUIPMENT ELIGIBLE FOR FINANCING</b>	Policy No: 310		
Original Issue:	Last Revised: 08/28/90	Last Reviewed:	Page 3 of 3

### ***MANAGER RESPONSIBILITY***

It will be the responsibility of the Manager to designate employees of the Cooperative to carry out the policies herein stated. At each regular monthly meeting of the Board of Trustees, the Manager shall submit to the Board a report of the status of the Financing Loan Program.



Subject: <b>DONATIONS</b>		Policy No: 311	
Original Issue:	Last Revised: 09/26/07	Last Reviewed: 11/30/05	Page 1 of 1

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

The Board of Trustees set a ceiling of \$20,000 for the purpose of donations to charitable and civic organizations with the following breakdown:

- \$5,000 be administered at the discretion of the Manager to organizations meeting the charitable and civic criteria with no donation being over \$100.00
- The balance of \$15,000 may be disbursed only with Board approval.
- The Manager shall report to the Board of Trustees on donation expenditures semi-annually.

REMOVED FROM POLICY

ADDRESSED IN ARTICLE VIII, SECTION 8 OF THE BYLAWS BY ACTION OF THE MEMBERS IN 2011



Subject: <b>FINANCIAL FORECAST</b>		Policy No: 312	
Original Issue:	Last Revised: 12/27/12	Last Reviewed: 12/27/12	Page 1 of 2

## BOARD OF TRUSTEES POLICY

### **POLICY STATEMENT**

#### ***OBJECTIVE***

The objective of this policy is to establish a comprehensive Financial Forecast Plan for The Socorro Electric Cooperative, Inc., establishing reasonable equity level goals which take into consideration the Cooperative's contractual obligations to its mortgage holders, its members and the impact of the Cooperative's rate of growth upon the goals and the retail rates necessary to achieve the equity goals.

#### ***POLICY***

It shall be the policy of The Socorro Electric Cooperative, Inc., based upon its present and projected rate of growth, to develop long-range plans and forecast which will:

- Establish a minimum equity target of 40% of total assets. It shall be the goal of the Cooperative to average a 1% increase each year over the next ten-year period (2013-2022) whereby the Cooperative will realize an intermediate equity level of 30% of the total assets. Over the succeeding ten-year period (2013-2022), the Cooperative will strive to attain the minimum equity target of 40%.
- The Cooperative shall strive to achieve the equity target to the extent possible without increases in its retail rate for electricity which would place an unreasonable burden on its rate payers. The Cooperative will make every effort to maintain rates which permit it to be competitive with the rates charged by neighboring utilities and which permit it to compete with other energy sources. When applying for a general rate increase, the Cooperative shall seek to maintain a three-year average TIER level of 2.0 or greater. Any 12 month period the Cooperative's TIER level falls below 2.0 TIER or its DSC falls below 1.25 as a result of normal regulatory approval of revised rates designed to meet the equity targets set forth in this policy.
- Operating on a non-profit basis for the mutual benefit of its members and in accordance with provisions set forth in the Cooperative's By-Laws, it shall be the policy of the Cooperative to rotate patronage capital on approximately a 25 year cycle in accordance with the provisions set forth in our Policies, Capital Credits.



Subject: <b>FINANCIAL FORECAST</b>		Policy No: 312	
Original Issue:	Last Revised: 12/27/12	Last Reviewed: 12/27/12	Page 2 of 2

- General Fund Investment in Plant Facilities
  1. The Cooperative shall utilize General Funds in the purchase of new or replacement items of General Plant equipment and structures. When in accordance with approved Cooperative rules and regulations the Cooperative shall utilize non-refundable contributions-in-aid-of construction to the extent practical in funding two-year construction projects.
  2. The Cooperative shall budget and implement maintenance and other programs designated to extend the life of it's installed electrical system to the greatest limit possible without jeopardizing safety and/or reliability of service.
  3. These targets and goals shall be used by The Socorro Electric Cooperative Management in developing Financial Forecasts, Budgets and in recommending proper timing of retail rate changes to achieve the goals set forth in this policy.

- Responsibility for Review

The Financial Forecast Plan shall be re-evaluated annually by Management and the Board of Trustees based upon the most current available data. Amendments to this plan are subject to approval of the Rural Utility Service.