



Deposit Policy

Policy 4.027

The Freeborn Mower Electric Cooperative deposit policy is designed to assess the credit risk associated with all applications for new or continued service, while protecting the assets of our utility.

Deposits are required to be paid prior to the time a connect order is issued. A mutually acceptable payment schedule may be established if the applicant cannot pay the deposit amount before the connection order. However, unpaid deposits could result in disconnection of service.

Applicants who refuse to provide their social security number shall pay a deposit equal to two times the average monthly electric bill at that service location.

An applicant who voluntarily provides a social security number that is identified as belonging to a deceased person, non-issued, belonging to a person under the age of 18, or belonging to a person other than the applicant, or is otherwise fraudulent, shall be denied service until that person supplies a valid social security number or proof of identification. Such matters shall be handled in accordance with FMEC's Identity Theft Red Flag Prevention Policy.

Any prior FMEC member who has had service terminated and left the Cooperative with an unpaid utility bill shall pay a deposit equal to two times the average monthly electric bill at that service location.

Any FMEC account disconnected for non-payment will be charged a deposit equal to two times the average monthly electric bill at that service location before being reconnected. The deposit will be in addition to the disconnect/reconnect fees associated with an account disconnected for non-payment.

Interest earned on deposits, at the rate provided under Minnesota Statue, will be credited to the account annually or once the account is made inactive and final billed. A member's deposit will be credited to the member's account after the required deposit is paid in full followed by twelve consecutive on-time monthly payments or upon the termination of service. The member will receive their deposit, plus interest, net of any amounts owed to the Cooperative.

RESIDENTIAL DEPOSITS

Residential deposits are based upon the use of a technology-based screening tool called the ONLINE Utility Exchange. ONLINE Utility Exchange is used to assess credit risk at the point of application and charge deposits to those who pose a credit risk.

1. Service applicants who pose a low delinquency risk (Green Light returned from the ONLINE Utility Exchange) will be charged no deposit. All applicants for service at one location must return a Green Light to have their deposit waived. Otherwise, a deposit will be charged associated with the highest credit risk.
2. Service applicants who pose a medium delinquency risk (Yellow Light returned from the ONLINE Utility Exchange) will be charged a deposit equal to one time the average monthly electric bill at that service location. If billing history is unavailable for that location, a service location with similar characteristics will determine the deposit amount.
3. Service applicants who pose a high delinquency risk (Red Light returned from the ONLINE Utility Exchange) will be charged a deposit equal to two times the average monthly electric bill at that service location. If billing history is unavailable for that location, a service location with similar characteristics will determine the deposit amount.

BUSINESS DEPOSITS

Business applicants will be charged a deposit equal to two times the average monthly electric bill at that service location. If billing history is unavailable for that location, management will review the account and determine the deposit amount.

At management's discretion, deposits may be waived if the business applicant provides at least two letters of credit reference from a valid utility with their application, enrolls in automatic bill pay, and maintains good payment history for a minimum of twelve months.

The Freeborn Mower Electric Cooperative Board of Directors reserves the right to modify the deposit amounts with or without notice.

AMENDED: 5-25-2021

SIGNED: Jack Korman
Board Chair