

Deposits

Policy #4.027

Policy Amended: August 26, 2025
Signed by: Jack Korman, Board Chair

The Freeborn Mower Electric Cooperative deposit policy assesses the credit risk associated with all new or continued service applications while protecting the cooperative's assets.

Deposits are required before a connection order is issued. If the applicant cannot pay the deposit before the connection order, a mutually acceptable payment schedule may be established. However, unpaid deposits could result in the 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 or a minimum of \$50.00.

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 or a minimum of \$50.00.

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 Statutes, 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 or a minimum of \$50.00. 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 or a minimum of \$50.00. If billing history is unavailable for that location, a service location with similar characteristics will determine the deposit amount.

Deposit Waiver Discretion

Deposits for residential service applicants may be waived at the cooperative's discretion based on their credit history with Freeborn Mower Electric Cooperative.

BUSINESS DEPOSITS

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

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, and maintains good payment history with Freeborn Mower Electric Cooperative.

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