



## **Deposit Policy Policy 5.065**

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 maybe established if the applicant is unable to pay the deposit amount prior to the connection order. However, unpaid deposits could result in disconnection of service.

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 that is 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. Deposit and accrued interest 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 termination of service. Any remaining balance will be returned to the member.

### **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 no credit 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 minimal 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 the deposit amount will be determined by a service location with similar characteristics.
3. Service applicants who pose substantial credit 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 the deposit amount will be determined by a service location with similar characteristics.

### **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 the deposit amount will be determined.

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

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

AMENDED: 03-27-19

SIGNED: ROGER WENESS  
Board Chairman