

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION
POLICY BULLETIN NO. 104**

SUBJECT: MEMBERSHIP SECURITY DEPOSIT

OBJECTIVE:

The Cooperative's deposit policy is designed to protect the Cooperative's assets and assess risks associated with applications for service. All deposits are non-interest bearing. A third-party tool, Online Utilities, assesses a credit risk rating at the time of application for service for new and returning consumer-members. The security deposit for new electric service shall be determined as follows:

A. RESIDENTIAL & NON-BUSINESS MEMBERSHIPS

- 1) 0-9.9% potential delinquency risk (GREEN Ball): The consumer-member shall not be required to pay a security deposit.
- 2) 10.0%-24.9% potential delinquency risk (YELLOW Ball): The consumer-member shall pay a security deposit of \$200.00.
- 3) 25%-or above potential delinquency risk (RED Ball): The consumer-member shall pay a security deposit of \$300.00.

The Federal Trade Commission and the Fair Credit Reporting Act (FCRA) mandate that a consumer-applicant who is assessed a deposit based upon their credit information be notified as to where that information was obtained and provided with procedures as to how they might dispute the information by an adverse action letter. An adverse action letter will be given or mailed to each consumer-applicant who has a risk assessment ran.

In the event a security deposit is required in accordance with the credit rating system described above, a deposit installment arrangement (DIA) option is available to give consumer-members the ability to divide the required deposit amount into four (4) equal payments upon request. The first installment shall be due before service is established, and the remaining three (3) installments shall be deferred to each of the first three (3) bills.

A consumer-member that has received service from the Cooperative previously and left an outstanding balance shall pay a \$300.00 deposit. An applicant may elect to pay a deposit of \$300.00 in lieu of providing required information to successfully complete a credit risk assessment.

In the event an established service is disconnected for non-payment, a \$100.00 deposit will be required for each account at reconnection of service.

The amount of a deposit may be lowered in some cases, from time to time, at the sole discretion of management. Any adjustment in the deposit amount shall be determined only by the EVP/General Manager or designee.

A consumer-member may request the Cooperative refund their security deposit, or a part thereof, after twelve (12) months of having received service on a full-time basis provided the following items are satisfied:

- a) The consumer-member has not had more than three (3) late payments during the previous twelve (12) months.
- b) The consumer-member has not been involved in a suspected meter tampering event.

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION
POLICY BULLETIN NO. 104**

- c) The consumer-member has not had a returned payment during the previous twelve (12) months.
- d) The consumer-member has not been issued a Final Notice Prior to Disconnect as a result of an unpaid bill during the previous twelve (12) months.

Deposit refunds for active accounts will be issued in the form of a bill credit to the associated account unless the consumer-member were to request the method of refund otherwise. Deposit refunds can be requested by contacting the Cooperative's office by phone or email.

B. BUSINESS MEMBERSHIPS

Service requested to be connected in the name of a business shall require a deposit of two and a half (2.5) times the estimated monthly bill. Estimated monthly bills may be calculated from previous usage at a service location, a like location, or by projected usage based on plan designs, equipment sizes, operation times, and anticipated demand, in the sole discretion of the Cooperative.

In lieu of a deposit, or partial deposit, a consumer-member that is an owner or officer of the business may furnish to the Cooperative a surety bond or an irrevocable letter of credit in the amount of the required deposit. In some cases, a deposit may be waived or reassessed, at management's sole discretion:

- a) If the financial condition of the business or the projected usage is such that the Cooperative would incur minimal risk by waiving the deposit.
- b) If the owner or officer of the business personally guarantees in writing the payment of such business bills up to \$5,000.00 amount. This waiver of deposit is contingent upon the consumer-member's years of service with the Cooperative and payment record. If the estimated monthly bill is more than five times the average consumer-member's prior bills, a financial statement may be required before the deposit waiver would be considered by management.

Cash deposits will be applied to the business consumer-member's final bill unless otherwise requested at disconnect. In some cases, from time to time, deposit refunds may be made or reassessed at management's sole discretion.

Adopted: 6/28/77

Revised: 5/25/2010

Revised: 4/26/2011

Revised: 09/30/2014

Revised: 10/31/2017

Revised: 11/07/2019

Revised: 4/30/2024

Attested: Raymond Mulholland, Secretary

Attested: Kevin Liefer, Secretary

Attested: Paul Hicks, Secretary

Attested: Paul Pyatt, Secretary

Attested: Randall Campbell, Secretary