

# Freeborn-Mower Cooperative Services

Albert Lea, Minnesota

## **DEPOSIT POLICY**

**Policy 5.065**

Freeborn-Mower Cooperative Services 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.

This policy is 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.

### Deposit Criteria

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 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.
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.
4. Any FMCS 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.
5. Any prior FMCS 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.
6. 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.

7. 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.

Freeborn-Mower Cooperative Services Board of Directors reserve the right to modify the deposit amounts with or without notice.

AMENDED: 03-31-17

SIGNED: ROGER WENESS  
Board Chairman