

C. Security Deposit

The Cooperative must protect the entire membership against losses and may require security in the form of a cash deposit or other guarantee as a condition of establishing electric service.

1. New Residential Account

A security deposit, written guarantee or recurring bank draft is required:

- a. When the prospective residential member is indebted to the Cooperative for electric service previously furnished to them. Any indebtedness, within the 3-year NH statute of limitations, will be transferred to the prospective member's new account.
- b. When the prospective residential member has unsatisfactory credit as defined by a prior history of delinquency with the Cooperative, or an adverse credit history with a similar type of utility within the last three years.
- c. When the prospective residential member is unable to provide satisfactory evidence to the Cooperative of "long term occupancy".

In its review the Cooperative may use information from a recognized credit reporting service.

2. New Non-residential Account

- a. As a guarantee of payment for electricity used, all new non-residential members shall pay an initial deposit or provide an irrevocable letter of credit to cover an initial two year period - renewable as needed based on the credit history of the account
- b. The calculation of the amount required will incorporate the anticipated kW load as described on the Load Data Survey Sheet signed by the prospective non-residential member.
- c. The Cooperative may waive the deposit requirement provided there is satisfactory evidence that the non-residential entity has had comparable utility bills with the Cooperative or other electric utility and has not been delinquent for a period of 24 months.

3. Existing Accounts (Residential and Non-Residential)

At the discretion of NHEC, in order to maintain an existing electric service, the Cooperative shall require a deposit, a written guarantee or a recurring bank draft:

- a. When the member has received four disconnect notices for electric service within a twelve-month period.
- b. When the member's service has been disconnected for non-payment of a delinquent account a second time in a twelve month period.
- c. When the Cooperative has disconnected the member's service because the member interfered with, or diverted, the service of the utility on or about the member's premises.
- d. When the member has filed for bankruptcy, including the Cooperative as a creditor under the filing, and the filing has been accepted, in which case the deposit requirement shall be in accordance with 11 U.S.C. 366 of the U.S. Bankruptcy Code.

4. Terms of Deposit

Deposits, when necessary, are subject to the following terms and conditions:

- a. The amount of deposit is based on an estimate of electric usage at the service location for a period of three months with high electric usage from a previous consecutive period of 12 months.
- b. As a convenience, the Cooperative may offer the residential member the opportunity to pay the deposit in up to three equal installments with the first payment due immediately, and subsequent installments due with the monthly bills for electric service.
- c. In lieu of a cash deposit, residential members may establish a recurring bank draft whereby the member's electric bill payment shall be automatically debited from their bank account each month for a period of no less than 24 months. If the bank draft is returned for insufficient funds or the member cancels the bank draft prior to the 24 months, the Cooperative will require a cash deposit.
- d. As a non-residential member you have the option to pay the deposit by cash, check or provide the Cooperative with an irrevocable letter of credit from an appropriate financial institution acceptable to NHEC standards.
- e. Deposits accrue simple annual interest at a rate determined by the Cooperative's Board of Directors (refer to the Cooperative's *Schedule of Fees, Charges and Rates* for the current rate). Accrued interest is credited to the member's current electric bill quarterly.
- f. The entire deposit plus unpaid accrued interest is credited to the current electric bill when all bills have been paid without arrearage for 24 consecutive months for a residential and non-residential account.
- g. Upon termination of service, the Cooperative will refund the deposit plus unpaid accrued interest less any amount due the Cooperative within 30 days of the date of termination provided the amount exceeds \$5.00. Any amount not refunded will be donated to the NHEC Foundation, a New Hampshire non-profit organization (See section *U. NHEC Programs*). Exceptions may be made at the Cooperative's sole discretion.

5. Transferring accounts with a deposit

When a member transfers service from one location to another and has an existing deposit, the existing deposit will first be applied to any outstanding balance on the previous account. Any remaining deposit will be transferred to the new account. The deposit may be adjusted according to the anticipated usage at the new location. If the usage is higher at the new location, NHEC may require the member to pay an additional amount reflective of the usage at the new location.

6. Transferring accounts with a recurring bank draft

When a member transfers service from one location to another and has an existing recurring bank draft that was established in lieu of a cash deposit, the member will need to re-establish the recurring bank draft on the new account. If this does not occur, a cash deposit may be required on the new account.