

## 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 from a bank or lending institution or recurring credit card/bank draft is required when any one of these conditions apply:

- a. The prospective residential member is indebted to the Cooperative for electric service previously furnished to them. Any indebtedness, within the NH statute of limitations, will be transferred to the prospective member's new account or may be paid before service is transferred.
- b. 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. 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.

When the metered service is a new installation to the Cooperative, the initial deposit will be in accordance with the amount stated in the Cooperative's *Schedule of Fees, Charges and Rates*. The Cooperative, at its discretion, may waive and/or adjust the amount of the deposit if other information is obtained.

### 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 from an appropriate financial institution acceptable to NHEC to cover an initial two year period - renewable as needed based on the credit history of the account.
- b. When the metered service is a new installation to the Cooperative, the initial deposit will be in accordance with the amount stated in the Cooperative's *Schedule of Fees, Charges and Rates*. The Cooperative at its discretion may waive and/or adjust the amount of the deposit if other information is obtained.
- 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.
- d. The Cooperative will accept recurring bank draft in lieu of a security deposit.

### 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 when any one of these conditions applies:

- a. The member has received four disconnect notices for electric service within a twelve-month period.
- b. The member's service has been disconnected for non-payment of a delinquent account a second time in a twelve month period.
- c. 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. The member is under a "cash only" requirement due to insufficient funds.
- e. 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 .
- f. For members who qualify for the Electric Assistance Program (EAP), the Cooperative will follow the NH Public Utilities Commission's EAP Utility Procedures regarding deposits.

### 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.
- 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/credit card payment whereby the member's electric bill payment shall be automatically debited each month for a period of no less than 24 months. If the bank draft/credit card is rejected or the member cancels the bank draft/credit card prior to the 24 months, the Cooperative will require a cash deposit.
- d. In lieu of a cash deposit, residential members may sign up for Prepaid Metering. In order to enroll in prepaid metering the member will need to sign a Prepaid Metering Agreement. If a deposit is held on an existing electric account, the deposit will be applied to any outstanding balances first with any remaining balance applied to the prepaid account. The amount needed to establish the prepaid account will be based on an estimate of one month's high electric usage at the service location but not less than \$150.00. Should a participating member's prepaid account balance reach a point where the member has an outstanding balance due to the Cooperative, the Cooperative will remove the member from this payment option and will seek

payment of any outstanding balance according to its standard collection procedures and may also require a deposit.

- e. As a non-residential member you have the option to pay the deposit by cash, check, or you may establish a recurring bank draft for a minimum period of 24 months or provide the Cooperative with an irrevocable letter of credit from an appropriate financial institution acceptable to NHEC. If the bank draft/credit card is rejected or the member cancels the bank draft/credit card prior to the 24 months, the Cooperative will require a cash deposit.
- f. 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.
- g. 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. If the member's current electric account has a credit balance due to the deposit and accrued interest being applied, the member can choose to leave the credit on the account or have the credit refunded to them.
- h. 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 balance on the previous account will be transferred to the new account. If the original deposit had been held less than 24 consecutive months, a new deposit amount will be established at the new service location based on the anticipated 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 it's been less than 24 consecutive months. If this does not occur, a cash deposit may be required on the new account.