

# **EASTERN ILLINI ELECTRIC COOPERATIVE**

## **REGULATION NO. 3**

**SUBJECT:** Deposits for Electric Service

**PURPOSE:**

The Cooperative's deposit regulation is designed to assess the credit risk associated with all applications for new or continuing service, while protecting the assets of member/owners. Thus, it is vital to the Cooperative's success that it adopt and adhere to a regulation directing the financial burden of potential unpaid debt away from the Cooperative's complying member/owners to those who pose credit risks. This regulation is designed to accomplish that purpose.

It is important to understand that member/owners will not be charged a deposit if they pose little credit risk. Likewise, member/owners who have not established credit or pose substantial credit risk should properly bear the financial risk of providing service to them. The Cooperative will determine such risk through a credit-based deposit regulation that places the financial burden upon those who do pose such a risk.

This regulation incorporates the use of a technology-based screening tool to assess credit risk and charge deposits only to those potential member/owners or existing member/owners who pose credit risk.

**REGULATION:**

Deposit Criteria

The Cooperative shall address deposits according to the following criteria:

- I. Residential Service Applicants
  - A. The Cooperative will process a credit report, which will indicate the credit risk associated with the applicants. Those applicants who pose no credit risk, a credit score of <<0-100>>, will be charged no deposit.
  - B. Applicants who pose minimal risk, a credit score of <<101-250>>, will be charged a deposit of \$250.
  - C. Applicants who pose substantial credit risk, a credit score of <<251-1,000>>, will be charged a deposit of \$500.
  - D. The Cooperative will not require an applicant to provide a social security number as a requirement for service. However, applicants who refuse to provide social

security numbers pose a greater credit risk and shall be charged the maximum deposit.

- E. The Cooperative shall defer the initial deposit requirements for a period of 60 days for a residential service applicant who is a victim of domestic violence. The domestic violence must (1) have been the basis for the issuance of an order of protection or (2) be certified by treating medical personnel, law enforcement personnel, a State's Attorney, the Attorney General, or a domestic violence shelter. The certification letter must be printed on the certifying entity's letterhead or accompanied by a letter on the certifying entity's letterhead that identifies the certifying individual.
- F. A service applicant who provides a social security number that is identified as a deceased person, non-issued, belonging to a person under the age of 18, belonging to a person other than the applicant, or is fraudulent, shall be required to provide a valid social security number as well as additional proof of identity, such as valid driver's license, social security card, or the like before service will be activated.

## II. Commercial Applicants

- A. For Sole proprietorships, a credit report will be examined and the corresponding deposit will be charged.
- B. For Partnerships, Limited Liability Companies (LLC) and Limited Liability Partnerships (LLP) that are less than one-year-old, a credit report will be examined regarding the managing partner or managing director, as appropriate, and the corresponding deposit will be charged. If the entity is over one year-old, a commercial credit report will be examined and a deposit charged as described below.
- C. For Commercial applicants which are corporations, regardless of whether they are Subchapter S or C Corporations, or any corporation that has a corporate headquarters outside of the Cooperative's service area (foreign corporation), its credit risk will be assessed based upon a business profile report and a commercial credit report; and a deposit will be charged as described below.
  - 1. Commercial applicants which pose low risk and display a commercial credit score of <<80 to 100>> shall pay a deposit equal to the greater of \$250 or one times the highest monthly bill of the service address during the prior 12 months; or
  - 2. Commercial applicants which pose a medium credit risk and display a commercial credit score of <<70 to 79>> shall pay a deposit equal to the greater of \$500 or two times the highest monthly bill of the service address during the prior 12 months; or

3. Commercial applicants which pose a moderate credit risk and display a commercial credit score of <<69 or lower>> shall pay a deposit equal to the greater of \$750 or three times the highest monthly bill of the service address during the prior 12 months.

### III. All Applicants and/or Existing Member/Owners

- A. Any existing member/owner who has paid no deposit and becomes delinquent (in essence, has not paid a current bill for 30 calendar days) three or more times in any consecutive 24-month period, shall be deemed to have an unsatisfactory payment record and shall pay at least a minimum deposit to continue service.
- B. In the event of a request for an additional service, where the member/owner has existing service, the Cooperative will process a credit report and may use the member/owner's credit history with the Cooperative to determine the appropriate deposit amount.
- C. In the event of a request for additional service, where the commercial applicant has existing service, the Cooperative may use the existing credit history with the Cooperative to determine the appropriate deposit amount.
- D. If an existing member/owner notifies the Cooperative of the filing of a petition of bankruptcy, the Cooperative shall close the existing membership and institute a new membership for the member/owner. The Cooperative shall require the member/owner to pay a deposit equal to the greater of \$500 or two times the highest monthly bill of the service address during the prior 12 months.
- E. Any applicant who previously did not pay the final bill for electric service with the Cooperative within 30 calendar days of the due date shall pay a deposit equal to the greater of two times the final bill or \$500.
- F. Any existing member/owner whose form of payment is returned by a financial institution as unpaid for two or more times in a 12-month period shall pay at least a minimum deposit.
- G. In instances of tampering, the member/owner shall pay at least a minimum deposit. (See Regulation No. 5 – Member/Owner's Responsibility.)
- H. Deposits are required to be paid prior to the time a connect order is issued.

### IV. Deposit Duration for Active Accounts

The Cooperative typically returns deposits to its member/owners after 24-months of service and a payment history of three or less delinquent payments, but such deposit returns are subject to account history. When returned, the deposit is in the form of a

credit against the member/owner's account. Any of the following events will preclude return of a deposit to a member/owner:

- A. Four or more delinquent payments during the initial 24-months of membership; or
- B. A disconnect trip in the past 24-months; or
- C. Two or more payments returned by a financial institution as not payable as presented; or
- D. An account at which there is meter tampering evidence or theft of service; or
- E. A credit report at the 24-month anniversary of service indicating there is a substantial credit risk posed by that member/owner, in which case the deposit will not be returned until service is terminated or there is no longer a substantial credit risk during any 24-month period.
- F. The deposit on a commercial account will be held for the duration of the electric account.

V. Deposit Refund for Inactive Accounts

Upon termination of service, the Cooperative shall apply the deposit balance against any unpaid bills of the member/owner and/or apply as a security deposit the remaining balance to another active electric account within the same membership, if required pursuant to the deposit criteria in this regulation. Any remaining balance will be returned to the member/owner.

VI. Interest on Deposits

- A. Simple interest on deposits at the rate as prescribed by the Illinois Commerce Commission shall be paid by the Cooperative to each member/owner required to make such deposit for the time it is held by the Cooperative.
- B. The interest shall be accrued annually with payment of such interest to the member/owner made as a credit to the member/owner's account once each year.
- C. The deposit shall cease to draw interest on the date it is returned or the date service is terminated.

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