

EASTERN ILLINI ELECTRIC COOPERATIVE

REGULATION NO. 3

SUBJECT: Deposits for Electric Service

REGULATION:

The Cooperative's deposit regulation is designed to assess the credit risk associated with all applications for new or continued service, while protecting the assets of our member/owners. Thus, it is vital to our success that we adopt and strictly 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 risk. This regulation is designed to accomplish that task.

It is important to understand that member/owners will not be charged a deposit if they pose little credit risk. Likewise, those 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 and existing member/owners who pose credit risk.

Deposit Criteria

The Cooperative shall act according to the following criteria:

1. 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 will be charged no deposit.
 - B. Applicants who pose minimal risk will be charged a deposit of \$250.
 - C. Applicants who pose substantial credit risk 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, it is the Cooperative's regulation that applicants who refuse to provide social security numbers pose a greater credit risk and shall be charged the maximum deposit.

- E. A service applicant who provides a Social Security number that is returned as deceased, non-issued, belonging to a person under the age of 18, or 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 drivers license, Social Security card, or the like before service will be activated.

2. Commercial Applicants

A commercial applicant's deposit will be determined in the following manner:

- A. Sole proprietorships will have a credit report examined and charged the corresponding deposit.
- B. Partnerships, Limited Liability Companies (LLC) and Limited Liability Partnerships (LLP) that are less than one year old will have a credit report 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. Commercial applicants which are corporations, regardless of whether they are Subchapter S or full "C" Corporations, or any corporation that has a corporate headquarters outside of the Cooperative's service area (foreign corporation), shall have their credit risk based upon a business profile report and a commercial credit report and a deposit 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.
 - (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.
 - (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.

3. All Applicants and/or Existing Member/Owners

- A. Any existing member/owner who has no deposit and becomes delinquent (in essence, have not paid 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 must 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 that they have submitted a petition of bankruptcy, the Cooperative shall close the existing account and set up a new account for the member/owner. The Cooperative shall require the member/owner to pay a deposit equal to the higher of two times the final bill or \$500.
- E. Any applicant who 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.

4. Deposit Duration

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 deposit returns are subject to account history. Such refunds are returned as 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 is returned that indicates substantial credit risk is posed by that member/owner shall not have their deposit returned until their service is terminated or they no longer pose 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.

5. General

A. Deposits are required to be paid prior to the time a connect order is issued.

B. Upon termination of service, the deposit will be applied against any unpaid bills of the member/owner.

C. Any remaining balance will be returned to the member/owner.

6. 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 a year.

The deposit shall cease to draw interest on the date it is returned or the date service is terminated.

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