Member/Consumer Deposits Definition: Policy #9

I. PAYMENT OF DEPOSIT

1. Except for seasonal customers, all prospective member/consumers shall pay into the Cooperative a sum equal to 2/12 of the annual usage at the service point or 2/12 of the reasonable estimated annual usage. All prospective seasonal customers shall pay a deposit equal to one half of the reasonably estimated charge for the ensuing season or 2/12 of the reasonably estimated charge for 12 months of service, whichever is greater. The usage shall be based on the history of actual usage for the dwelling, or if no usage record exists, the estimated charges based on the usage of service points with similar characteristics.

2. The deposit is due and payable as a precondition of initiating or continuing utility service. If the entire deposit payment presents a financial burden, the deposit can be paid in three equal payments with one third due immediately, one third due within thirty (30) days, and the final one third due within sixty (60) days. The Cooperative requires either verbal or written notification to the Billing Department of WEC of intent to make such installment payments.

3. The payment of the deposit may be required in accordance with the provisions of Section II below, or waived if the conditions of Section III are met.

II. GROUNDS FOR REQUIREMENT OF PAYMENT OF DEPOSIT:

1. Existing customers may be required to pay a deposit for a primary residence only after they have been disconnected for nonpayment of valid charges.
2. Existing customers may be required to pay a deposit on a transfer to another primary residence or on a secondary connection if they have established a history of poor credit with the Cooperative. Poor credit shall be established if a customer has received two or more disconnect notices on any other energy accounts they have had with the Cooperative during the past consecutive 12 months.

3. The Cooperative may collect a deposit from a prospective customer who has established a history of poor credit with the Cooperative during the previous 12 months.

4. A prospective customer who is not subject to the provisions of 3 above may be required to pay a deposit in the absence of a satisfactory credit reference furnished to WEC by one of the following sources:

A. A reference from a bank indicating the applicant has had an active checking account for at least one year, and the account has not been overdrawn within that year; or
B. A letter from one or more utilities or cable television companies (out of State references acceptable) indicating a good credit rating for past two years; or
C. Other reasonable demonstrations of creditworthiness may be accepted in accordance with the Vermont Public Service Board’s Rule No. 3.200.

III. GROUNDS FOR WAIVER OF DEPOSIT

The Cooperative may waive the required deposit for existing or prospective customers if they can provide a guarantee of payment in the following manner:

1. A written guarantee agreement from an active member of WEC who is in good credit standing with the Cooperative. The agreement must contain the amount and time period covered which must be equal to the deposit and amount requested in
order to waive the deposit requirements. The member guaranteeing payment will be held responsible for any uncollectible WEC utility bill, up to the amount guaranteed, for the person(s) covered by the guarantee agreement.

2. If the guarantor loses his/her good credit standing, or requests the agreement cancelled, a thirty (30) day notice must be sent in writing to WEC and the member he/she guaranteed payment for. At that time the Cooperative may require a deposit from the customer unless a good credit history has been established.

IV. RETURN OF DEPOSIT:

1. The Cooperative will pay interest on member/customer deposits at a constant rate for each calendar year. The rate shall be equal to the Prime Lending Rate, as reported by the Federal Reserve Bank of New York, on November 1 of the preceding calendar year, minus two hundred basis points (2.0%). In the event that a Prime Lending Rate is no longer published, the interest rate shall be equal to the average federal funds rate for one-year notes on November 1, plus one hundred basis points (1.0%).

Interest on deposits shall be calculated in accordance with the provisions of Public Service Board Rule 3.200 effective January 1, 1999. The deposit will be refunded, with accrued interest, after the twelfth (12) billing, either by credit to the member/consumer’s bill for service, or by check to the member/consumer upon request, if the following conditions are met:

A. The account has not been disconnected for nonpayment and has not received more than three (3) disconnection notices for a twelve month period if billed monthly.
B. If termination of electric service, at the request of the member/consumer, occurs prior to the twelve (12) month time period the deposit will be returned to the member/consumer, less any deduction for payment due in a single payment within thirty (30) days.

2. Upon termination of electric service, and at the written request of the member/consumer, a credit reference form will be furnished to said member/consumer within three (3) working days. A good credit reference will be given if the customer has received no more than one disconnection notice within the last year, and no disconnections of service within the last two years. If service did not equal two years, the Cooperative will furnish a credit rating on the actual time period of the member/consumer. If monies are due, the letter of credit will indicate failure of the customer to make final payment.

3. A credit reference form will be furnished by the Cooperative and the prospective member/consumer will be asked to sign the form for authorization before they forward the form to their reference source. It is up to the prospective member/consumer to obtain the references to prove creditworthiness, and to advise the Cooperative of any delay or special circumstances that might delay prompt completion of this requirement.

4. A prospective member/consumer shall be informed that he/she can dispute the necessity for the deposit or amount required by contacting the Consumer Affairs Division of the Vermont Department of Public Service, 120 State Street, Montpelier, Vermont 05602, Telephone No. (802) 828-2332, or toll-free intra-state calls 1-800-622-4496.