

Sam Houston Electric Cooperative, Inc.

Applicant and Consumer Deposit

(Reference to Sub. Rules, PUC of Texas §25.478)

Updated February 25, 2020

1.0 Policy

A.) Residential applicants must satisfactorily establish credit.

- (i) Establishment of satisfactory credit shall not relieve any customer from complying with the requirements for payment of bills by the due date of the bill.
- (ii) The credit worthiness of spouses established during shared service in the 12 months prior to their divorce will be equally applied to both spouses for 12 months immediately after their divorce.
- (iii) A residential customer or applicant seeking to establish service can demonstrate satisfactory credit using one of the criteria listed in Section 1.1 of this policy. Subject to these rules, a residential applicant shall not be required to pay a deposit.

1.1 Cash Deposit Exemptions

A.) Letter of Credit

- (i) They have been a customer of any electric utility for the same kind of service within the last two years and
- (ii) is not delinquent in payment of any such electric utility service account and
- (iii) during the last 12 consecutive months of service was not late in paying a bill more than twice and
- (iv) did not have service disconnected for nonpayment; and
- (v) can provide a letter of credit history from the applicant's previous electric utility.

B.) Personal Credit Rating

- (i) if the customer or applicant possesses a passing credit rating obtained through a consumer reporting agency.

C.) Medically Indigent

In order for a customer or applicant to be considered medically indigent, the customer or applicant must make a demonstration that the following criteria are met. Such demonstration must be made annually:

- (i) the customer's or applicant's household income must be at or below 150% of the poverty guidelines as certified by a governmental entity or

- (ii) government funded energy assistance program provider; and
- (iii) the customer or applicant or the spouse of the customer or applicant must have been certified by that person's physician as being unable to perform three or more activities of daily living as defined in 22 TAC §224.4, or the customer's or applicant's monthly out-of-pocket medical expenses must exceed 20% of the household's gross income.

D.) Existing Customer

- (i) If a member who currently has service with the Cooperative requests an additional service, the deposit will be waived if the member was not late paying a bill more than twice in the last twelve months of service and
- (ii) has not had service disconnected for nonpayment

E.) Senior Citizen

- (i) The residential applicant is 65 years of age or older and does not have an outstanding account balance incurred within the last two years with the electric utility or another electric utility for the same type of utility service.

F.) Family Violence

- (i) Cash deposit will be waived if the applicant shows proof of being a victim of family violence. Such proof will be satisfied by submission of a certification letter developed by the Texas Council on Family Violence.

1.2 Cash Requirements – Amount of Deposit

A.) If satisfactory credit cannot be demonstrated by the residential applicant using these criteria, the applicant will be required to pay a deposit under the following guidelines:

- (i) The required deposit shall not exceed an amount equivalent to the greater of
 - 1.2.A.i.1 one-sixth of the customer's estimated annual billing
 - 1.2.A.i.2 the sum of the estimated billings for the next two months.

1.3 Credit requirements for non-residential customers

A.) In the case of non-residential service, if the credit of an applicant for service has not been established satisfactorily to the Cooperative, the applicant may be required to make a cash deposit.

1.4 Additional Deposits

A.) Additional deposit will be required from an existing customer if:

- (i) The account has been disconnected within the previous 12 months.
 - 1.4.A.i.1 The account's service will be disconnected if the additional deposit is not paid

within fifteen days of the request, provided a written disconnect notice has been issued to the customer.

- B.) Additional deposits will be
 - (i) Added to an account after verification of necessity and
 - (ii) Shall have an installment agreement for three months created for the additional amount.
 - (iii) A letter notifying the customer of said change will be sent out.

1.5 Deposit Interest calculation

- A.) Deposit interest shall be a minimum interest at the rates as determined from time to time by the Texas Public Utility Commission
- B.) If refund of deposit is made within 30 days of receipt of deposit, no interest payment is required.
- C.) Payment of interest on a deposit held for more than 30 days shall
 - (i) Be made retroactive to the date of the deposit
 - (ii) Calculation of the deposit interest shall be made monthly without compounding the interest
 - (iii) Payment of the interest shall be annually, or
 - (iv) At the time the deposit is returned or credited to the customer's account.
- B.) The deposit will cease to draw interest on
 - (i) The date it is returned or
 - (ii) The date credited to the customer's account

1.6 Refunding deposits

- A.) Deposits and accrued interest will be applied to the customer's account upon discontinuance of service by customer request.
 - (i) If service is never connected, or
 - (ii) After disconnection of service, the Cooperative will promptly and automatically refund the customer's deposit plus any accrued interest, if any
 - (iii) In excess of the unpaid bills for service furnished.
- B.) Deposits will be refunded when the customer has
 - (i) Paid bills for service for 12 consecutive residential billings or for 24 consecutive commercial or industrial billings without having service disconnected for nonpayment of bill and
 - (ii) Without having no more than two occasions in which a bill was delinquent and
 - (iii) When the customer is not delinquent in the payment of the current bills.
 - (iv) The Cooperative will promptly and automatically refund the deposit plus accrued interest to the customer in the form of cash or credit to the customer's bill.

C.) If the customer does not meet these refund criteria, the deposit and interest may be retained until stated criteria are met.