

## **SECURITY DEPOSIT POLICY**

**ELECTRICAL DISTRICT NUMBER TWO  
PINAL COUNTY  
ELEVEN MILE CORNER ROAD  
P. O. BOX 548  
COOLIDGE, ARIZONA 85228**

**Fee Schedule No. 3  
Security Deposits  
Effective July 6, 2011**

This policy establishes the security deposit requirements for Residential and Commercial customers desiring electric service with the District.

### **Residential Customers**

Residential utility customers shall be required to complete a Residential Application for Electric Service, provide proper identification and pay a security deposit prior to connection of service. Proper ID would be one or more federal or state government issued documents that can be used to establish proof of identity and legal residence in the United States. Acceptable forms of ID include a driver's license, passport, birth certificate, social security card, Native American Tribal document, or other government issued ID card that contains a photo and other information that establishes a person's identity.

The amount of the deposit required will be based on the customer's credit profile and/or payment history. Deposits required by the District start at \$200.00 and can go up to two and one half (2 ½) times the highest monthly utility cost for the customer's service location. Applicants with an excellent credit score may have the deposit requirement waived or modified. The District uses Equifax, one of the major credit reporting agencies, to obtain a credit score based on the customer's credit history and utility payment history. The customer's Equifax credit score will determine the size of the deposit required.

Former District customers reapplying for service and who had service within the past twelve months and had an Acceptable Payment History at the time the account was terminated may have the deposit waived. An Acceptable Payment History is defined as when a customer has not had any of the following incidents within the previous twelve (12) month period:

- 1 A cutoff for non-payment
- 2 A dishonored check
- 3 More than two delinquent payments
- 4 Write off
- 5 Balance due on a prior final bill
- 6 Meter tampering
- 7 Electric energy diversion

For existing residential customers, the District may waive the requirement for an additional deposit for activating a second service location if the customer has an Acceptable Payment History as defined herein. Also, payment of the deposit may be delayed if the applicant produces documentation stating that a social service agency will pay their deposit.

The District may increase the amount of the utility deposit required, or reinstate the deposit if it has been waived, modified, or refunded when any utility customer fails to maintain an Acceptable Payment History. The customer will receive a written notice of not less than five (5) business days of a required security deposit increase. The customer will be required to have a deposit with the District equal to the minimum amount of two and one half (2 ½) times the highest monthly bill and may be billed at the District's discretion in equal installments for a period not to exceed three (3) months.

## **Commercial Customers**

Commercial customers shall be required to complete a Business Application for Electric Service and pay a security deposit to provide electric service to commercial establishments. The deposit shall be an amount equal to an estimated two and one half (2 ½) times the highest monthly bill. The deposit may be in the form of the following:

1. Cash,
2. A surety bond issued by a good and sufficient surety company authorized to do business in the State of Arizona, or
3. An irrevocable letter of credit from a reputable financial institution.

All cash deposits, surety bonds and irrevocable letters of credit shall continue in effect for all the time that utility services are provided. Commercial customers can be exempted from the deposit requirements after they have maintained an Acceptable Payment History during the preceding twelve (12) month period. An Acceptable Payment History for a commercial customer is one where they have not had any of the following incidents within the previous twelve (12) month period:

1. The account has been disconnected for non-payment;
2. Any dishonored check;
3. Meter tampering;
4. Electric energy diversion; or
5. More than two delinquent payments.

In the case of any customer deemed by the District to be a large demand customer, surety bonds and irrevocable letters of credit will be required for an initial period of not less than two (2) years and may not be canceled without sixty (60) days prior notice to the District.

Should a Commercial Account expand its business to a new service Address, the Commercial Account shall be required to increase their current Security Deposit to include and cover the new address or provide a separate Security Deposit in accordance with this policy for the new service address.

The District will continuously monitor the payment history and creditworthiness of those Commercial Accounts who have qualified for the exemptions. In the event a Commercial Account fails to maintain an Acceptable Payment History, the Commercial customer will be required to provide a Security Deposit in the full amount required by this Policy.

Further, all Commercial Accounts are subject to periodic review by the District and subsequent adjustment to maintain the amount of security required by this Policy. When an increased Security Deposit is required, the

Customer will be notified by U.S. Mail and, if the customer has previously posted a cash deposit with the District, the increased Security Deposit and may be billed at the District's discretion in equal installments for a period not to exceed three (3) months from the recalculation date. In the event the customer has posted a surety bond or letter of credit, the customer shall provide new or properly amended bonds or letters of credit in the full amount of the recalculated Security Deposit within ninety (90) days of the recalculation date.

### **Landlord/Real Estate Deposits**

Landlords or Real Estate Agents with acceptable payment history or an acceptable credit score, wishing to activate service in multiple residences may post a "blanket" deposit of Five Hundred Dollars (\$500.00) for up to five (5) sites. For each additional residential location, a deposit in the amount of \$150.00 will be required. The power can stay on as long as the agent needs it when a Blanket deposit is paid. The deposit will be held until all accounts are finalized. In order to process a refund, the bills must be paid or transferred to the Master account, so the deposit can be applied against all final charges.

Any Landlord who has a rental location that results in more than two write-offs by the District within a two year period may be required by the District to maintain service at that location in the Landlord's name.

### **Refund of Deposits**

Cash deposits made by residential or commercial customers shall be refunded at such time as the customer discontinues electric service, provided that all final charges for electric service have been paid in full at the time the customer discontinues said service. Surety bonds or irrevocable letters of credit posted in lieu of such deposits shall be canceled upon payment of the final bill for electric service after customer discontinues service.

Residential and commercial customers who demonstrate a satisfactory utility credit history for two (2) years may have their deposit credited to their current bill. Also, commercial customers may be released from their obligations to provide surety bonds or irrevocable letters of credit. Any deposits retained at time of termination of the account will automatically be applied to any outstanding bill, and any remainder shall be refunded.

All customer deposits will accrue interest on an annualized basis at rates approved by the District.