

3.200 RATEPAYER DEPOSITS FOR GAS, ELECTRIC, WATER, TELEPHONE, AND CABLE TELEVISION SERVICE

3.201 Definitions

Primary residence — For purposes of this rule, "primary residence" shall refer to the sole residence of the occupant or occupants, or, if the occupant or occupants have more than one residence, a residence in which the occupant(s) lives or expects to live for more than six months per year. A company may require an applicant to produce, upon request of the utility or cable television company, one of the following to prove primary residence: Vermont driver's licence or state identification card, proof of voter registration, library card, state income tax return, lease or property interests, welfare department proof of residence or similar documents. A primary residence shall not be considered as including the residence of a "seasonal customer."

Seasonal customer — A customer who expects to live in a residence for less than six months per year or who is determined to be residing in a residence which is not their primary residence.

Deposit — Any sum held by a utility or cable television company as security to ensure future payment.

3.202 Conditions for Taking of Deposits

(A) Any utility or cable television company which requires a deposit from a ratepayer as a precondition of initiating or continuing utility or cable television service, shall:

- (1) establish the deposit amount based on the guidelines set forth in Section 3.204;
- (2) pay interest on the deposit, as required under subsection (B);
- (3) refund the deposit promptly as provided in Section 3.205.
- (4) advise any ratepayer required to make a deposit of the reasons for the requirements, of the right to pay it in installments, and of the calculations which the utility or cable television company has used to support the amount of the deposit;
- (5) for an account which serves a primary residence, offer the ratepayer for whom the payment presents a burden the opportunity to pay a deposit, at a minimum, in three equal payments with one third due immediately, one third due within thirty days, and the final third due within sixty days; and
- (6) inform the ratepayer that the necessity for a deposit or its amount may be disputed by making a complaint to the Consumer Affairs and Public Information Division of the Department of Public Service. The ratepayer shall be informed of the Division's address and telephone numbers, including its toll-free telephone number.

(B) Interest on deposits shall be calculated as follows:

- (1) The interest rate applicable to customer deposits shall be established 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%).
- (2) Interest on each deposit shall be calculated using a simple interest formula using the rate prescribed under subdivision (B)(1) that existed on the date the deposit is made. That rate shall be applied to the entire term of the deposit, up to twelve months. For example, if a customer deposit were made on the first of December, the interest rate for the ensuing twelve months would be the interest rate calculated under subdivision (B)(1) during the calendar year the December deposit was made.
 - (3) If the deposit is returned sooner than one year, interest shall be pro-rated.
 - (4) If the deposit is kept longer than one year, interest shall be credited to the customer's bill during the billing period that includes the anniversary of the deposit. Thereafter, interest shall be paid as though the continuing deposit had been newly made.

3.203 Grounds for Requiring a Deposit

Utilities and cable companies shall limit collection of deposits for service to primary residences to situations where the applicant or existing customer presents a credit risk. Existing customers may be required to pay a deposit only after they have been disconnected for non-payment of valid charges, pursuant to PUC Rule 3.300. Utilities and cable television companies may collect a deposit in the absence of proof from an applicant of creditworthiness. Applicants can show proof of their creditworthiness with one of the following:

- (1) a reference from a bank indicating that the applicant has had an active checking account for at least one year and has had no account that has been overdrawn within the last year;
- (2) a letter from one or more utilities or cable television companies within or outside of the state of Vermont indicating that the customer has maintained a good credit record for the past two years;
- (3) a written statement from a creditworthy customer guaranteeing payment; or
- (4) other reasonable demonstrations of creditworthiness.

Utilities and cable television companies are required to provide to a customer a letter of good credit within three working days after the customer requests such a statement. A letter of good credit shall be given if the customer has received no more than one disconnection notice within the last year and no disconnection within the last two years. If a customer has been with a company for less than two years and has not been disconnected nor received more than one disconnection notice, the utility or cable television company shall provide a statement indicating the length of service and the number of disconnection notices received. If a customer does not make the final payment after a letter of good credit rating has been provided, the utility or cable television company sending the letter of good credit may notify the utility or cable television company to whom the letter is sent of the failure of the customer to make the final payment. Based on such information, the utility or cable television company receiving the letter of good credit may require a deposit.

If the utility or cable television company accepts a third-party guarantee, the guarantee agreement must be in writing and must contain the amount and time period covered under the guarantee. The person providing the guarantee will be held responsible for any uncollectible

bills of the customer for whom they provide the guarantee. The utility or cable television company may cancel the guarantee agreement, with notice to the customer, if the guarantor loses good credit standing, and a guarantor may cancel the agreement with at least thirty days notice to the utility or cable television company and the customer. If the guarantee agreement is cancelled or the term has expired, the utility or cable television company may demand a deposit from the customer, unless the customer has established a good credit history with the utility or cable television company. A good credit history is shown where, if the customer had not had the guarantee and had been required to pay a deposit, the deposit would have been returned.

3.204 Calculation of Deposit Amount

Any utility or cable television company requiring a deposit shall limit the deposit to a sum not to exceed two-twelfths of the reasonably estimated charge for utility or cable television service for the ensuing twelve months. In the case of seasonal customers, a deposit shall not exceed one half of the reasonably estimated charge for the ensuing service or two-twelfths of the reasonably estimated charge for 12 months of service, whichever is greater. A reasonably estimated charge should be based on the history of actual usage for the dwelling unit or household. If no actual usage records exist, the reasonably estimated charge should be based on the usage of dwellings or households with similar characteristics. A utility or cable television company may not collect a minimum deposit which exceeds the reasonably estimated charge for the ensuing service.

3.205 Return of Deposits

Any utility or cable television company collecting a deposit from a ratepayer shall refund the deposit promptly with accrued interest either in cash or by credit to the ratepayer's bill for service if the ratepayer's account is current upon completion of the following requirements:

- (1) following a period of twelve consecutive months in which the ratepayer has not been disconnected and has received no more than three disconnection notices, for services billed monthly; or
- (2) following a period of twelve consecutive months in which the ratepayer has not been disconnected and has received no more than two disconnection notices for services billed every other month or quarterly; or
- (3) after termination of service, when it occurs first prior to the completion of the requirements of Section 3.205 (1) or (2).

To meet the requirement that deposits be returned promptly, the utility or cable television company must return the deposit, less any deduction for amount due, in a single payment within thirty days of receipt of the ratepayer's final payment, or at the time of the next billing whichever comes first, or upon completion of requirements for the return of the deposit.

