

<b>Division of Accounting – Policies and Procedures Manual Standard Policies and Procedures</b>	
Policy Number: AUB-05-07	Revision Number: 6
Subject: Customer Deposits	Effective Date: 11/01/2015
	General Manager Approval:
	Superintendent Approval:

## **1.0 PURPOSE**

To maintain a reasonably low-rate structure for its services, Athens Utilities Board (AUB) must charge deposits for services based on the loss risk of applicants. Deposits provide security for the utility’s ratepayers in the event customers unexpectedly leave a service address or abandon an account and fail to pay the final utility bill(s).

## **2.0 POLICY**

Applicants for utility service shall complete AUB’s customer application or contract. In the case of renters, AUB requires all adults named on the lease/rent receipt to sign as AUB account holders on the subject account. From the information provided, a Customer Service Representative will determine the customer’s classification, such as residential or commercial. Each classification has associated deposit amounts when applicable. Deposits are charged based on a credit score obtained from the major Credit Reporting Agencies via a service called Online Utility Exchange. In the case of multiple account holders, a credit check will be processed on each applicant and the deposit determination will be based on the highest risk applicant.

## **3.0 APPLICABLE CUSTOMERS**

### Residential

All applicants for AUB service are subject to pay applicable deposits at signup before services can be initiated. Deposits will be waived for residential customers who have had service with AUB within the past 24 months and had an acceptable payment history for the most recent 12 months, or for those whose credit rating qualifies them for a deposit waiver as outlined in section 4.0 below.

### Commercial

All applicants for AUB service are subject to pay applicable deposits at signup before services can be initiated. Deposits will be waived for commercial customers that supply an irrevocable letter of credit from an acceptable financial institution in an amount sufficient to secure payment equal to the applicable deposit amount. Other acceptable security may be considered. Irrevocable letters of credit that have an expiration date shall be renewed prior to that expiration date so that the account is always secured by a valid instrument. Failure or refusal to provide an updated irrevocable letter of credit will constitute grounds for interruption of service. Commercial account deposits will be waived for applying customers that have had a

commercial service account with AUB within the past twelve months with acceptable payment history. Because of the potential for larger monthly bills and a risk for larger losses with a commercial account, a residential account cannot be used as credit consideration for opening a commercial account.

#### 4.0 DEPOSIT AMOUNTS

AUB utilizes credit scores to determine deposit amounts required of applicants. The credit score places the applicant into one of three deposit requirement tiers:

- Credit score breakpoints:
  1. 669 – 850: No deposit required
  2. 576 – 668: Tier 1 deposit required
  3. 300 – 575: Tier 2 deposit required

	<b>Tier 1 Deposit Amount</b>	<b>Tier 2 Deposit Amount</b>
<b>Power</b>		
Residential	\$100.00	\$280.00
Small Comm.	\$200.00	\$480.00
Large C/I	\$7,000.00	\$18,000.00
<b>Water</b>		
Residential	\$20.00	\$60.00
Small Comm.	\$50.00	\$145.00
Large C/I	\$1,500.00	\$3,000.00
<b>Wastewater</b>		
Residential	\$30.00	\$95.00
Small Comm.	\$100.00	\$160.00
Large C/I	\$5,500.00	\$9,000.00
<b>Natural Gas</b>		
Residential	\$100.00	\$165.00
Small Comm.	\$300.00	\$360.00
Large C/I	\$18,000.00	\$18,000.00
Interruptible	\$85,000.00	\$85,000.00

#### **4.1 USE OF A CO-SIGNER UPON APPLICATION FOR SERVICE**

As outlined above, certain credit score levels will trigger the requirement for a deposit. If an applicant has no credit history returned from the credit reporting agency, a tier two deposit requirement will be indicated.

Alternatively, when an applying customer has no credit history, the customer may bring a co-signer to AUB. This willing party must be at the AUB main office in person, sign the application for services as a co-signer, provide all information and/or documentation required of any applicant, and agree to have a credit report run by AUB. The results of the co-signer's credit report will form the basis of any deposit required or for a waiver of deposit. The co-signer must remain on the account as an active account holder for the life of the account. The co-signer is agreeing to guarantee payment on the account and shall be responsible for any and all debts on the account if the primary account applicant does not pay. AUB can pursue the collection of any bad debt on the account from the co-signer using the same collection methods as are used with the primary applicant, including garnishing wages and filing suit if necessary. If the debt on the account is ever in default and written off as a loss, that fact may become part of the co-signer's credit report.

#### **4.2 FROZEN CREDIT REPORTS, SSN REFUSAL**

If an individual has frozen his/her credit report and does not wish to provide AUB with the Personal ID number that will allow a credit check to be run and a credit score obtained, a Tier Two deposit will be required.

Likewise, if an applicant refuses to provide his/her Social Security Number to allow a credit history to be checked and a score obtained, a Tier Two deposit will be required.

#### **5.0 DEPOSIT TERM**

Deposits, including any earned interest, shall be refunded to customers after one year if the customer maintains acceptable payment history. Interest will be credited to customers' utility accounts for all deposits held or refunded for more than one year. Interest will be credited annually to customers' utility accounts for all deposits that have not been refunded. The rate of interest to be paid will be based upon the rate of interest that the utility earns on its invested funds. Refunds of any remaining deposit monies will be made in the form of a credit to the customer's active utility account or, if the account is being closed, via a check sent via USPS mail.

Deposit balances, including any earned interest, are subject to review by the customer and AUB.

#### **6.0 TERMINATION OF SERVICE**

Deposits, including any earned interest, will be refunded to all customers upon termination of the applicable service. All customers requesting service termination should be referred to Customer Service. The Customer Service Representative accepting the termination request

should first determine if the customer has an open deposit with the utility. Any amount on deposit should be applied to the customer's final utility bill. The Customers Service Representative will obtain a forwarding address for the customer. Any credit balance on the account after the deposit has been applied will be forwarded to the address supplied by the customer.

## **7.0 Record Retention**

All records pertaining to customer deposits will be retained for six years after refund of the deposit.