

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-335 (~~(Establishment of)~~) Establishing credit and deposits.**

(1) (~~(Establishment of)~~) Establishing credit - residential. A company (~~(must)~~) may not collect a security deposit if an applicant for residential (~~(water)~~) service can establish satisfactory credit by any one of the following (~~(factors)~~):

(a) The applicant had prior service with the (~~(water)~~) company (~~(within the prior)~~) or another water company for twelve months before the application date and:

(i) (~~(At least twelve consecutive months with no more than one delinquency notice; and~~

~~(ii) The)) Service was not disconnected for nonpayment((~~-~~~~

~~(b) Prior residential water service));~~

(ii) The customer received no more than one delinquency notice; and

(iii) References with (~~(another water)~~) the other company(~~(, as demonstrated in (a) of this subsection, for which references may be)~~) (if applicable) can quickly and easily be checked. The (~~(water)~~) company may request that the references (~~(be in writing)~~) from the previous (~~(water)~~) company(~~(+)~~) be in writing.

~~((~~(c) Full-time~~))~~ (b) The applicant had consecutive employment during the prior twelve months with no more than two employers(~~(+)~~) and (~~(the applicant)~~) is currently employed or has a regular source of income(~~(+)~~).

~~((~~(d) Ownership of~~))~~ (c) The applicant owns or has a legal interest in the premises being served(~~(+)~~).

~~((~~(e) Furnishing~~))~~ (d) The applicant can furnish a satisfactory guarantor who will be responsible for payment of water service bills in the event of disconnection or default by the customer, in a specified amount, not to exceed the amount of the cash deposit required(~~(+)~~).

~~((~~(f) Producing, in person~~))~~ (e) The applicant personally produces at the (~~(water)~~) company's business office(~~(+)~~) two major credit cards, or other credit references(~~(+)~~) that the company can quickly and easily check, that demonstrate a satisfactory payment history.

(2) (~~(Establishment of)~~) Establishing credit - nonresidential. A company may require an applicant for nonresidential water service (~~(may be required)~~) to demonstrate that (~~(it)~~) the applicant is a satisfactory credit risk by reasonable means appropriate under the circumstances.

(3) **Deposit requirements.** A (~~(deposit may be required when)~~) company may require a deposit if:

(a) The applicant has failed to establish a satisfactory credit history as outlined in subsections (1) or (2) of this section;

(b) (~~(During the prior twelve months, the applicant's service from another water company has been disconnected for failure to pay amounts owing when due;))~~ The applicant's service from another water company was disconnected for failure to pay amounts owing when due during the twelve months before the application date;

(c) (~~(There is))~~ The applicant has an unpaid, overdue balance owing for similar service from the water company to which application is being made or from any other water company;

(d) Two or more delinquency notices have been served (~~(upon)~~) on the applicant by any water company during the prior twelve months; or

(e) The application is for (~~(the initiation or continuation of)~~)

beginning or continuing service to a residence where a prior customer still lives and owes a past due bill to the ((water)) company.

(4) ~~((Amount of))~~ Deposit amount. ~~((Required))~~ Deposits required for a customer or location must not exceed:

(a) Two-twelfths of the estimated annual billings ~~((for that customer or location))~~ for companies billing monthly;

(b) Three-twelfths of estimated annual billings for companies billing bimonthly;

(c) Four-twelfths of estimated annual billings for companies billing trimonthly.

(5) Transfer of deposit. When a customer moves to a new address within the ~~((water))~~ company's service territory, the deposit ~~((must be transferable))~~ plus accrued interest, less any outstanding past-due balance owing from the old address, must be transferred to the new address or refunded.

(6) Interest on deposits. ~~((Interest on deposits collected from applicants or customers must:~~

~~(a) Accrue at the rate calculated as a simple average of the effective interest rate for new issues of one-year treasury bills, computed from December 1 of each year, continuing through November 30 of the following year. The commission will advise the water company each year of the specific rate by mail.~~

~~(b) Earn the calculated interest rate during January 1 through December 31 of the subsequent year.~~

~~(c) Be computed from the time of deposit to the time of refund or total application of the deposit and must be compounded annually.~~

~~(7) Extended payment arrangement of deposits. When an applicant or customer is required to pay a deposit but is unable to pay the entire deposit in advance of connection or continuation of service, the applicant or customer must be allowed to pay fifty percent of the deposit prior to service, with the remaining balance payable in equal amounts over the next two months.~~

~~(8) Cash payments. When payment is made in person and in cash, a receipt must be furnished to each applicant or customer for the amount paid.)~~ Companies that collect customer deposits must pay interest on those deposits calculated:

(a) For each calendar year, at the rate for the one-year Treasury Constant Maturity calculated by the U.S. Treasury, as published in the Federal Reserve's Statistical Release H.15 on January 15 of that year. If January 15 falls on a nonbusiness day, the company will use the rate posted on the next following business day; and

(b) From the date of deposit to the date of refund or when applied directly to the customer's account.

(7) Deposit payment arrangements. The company must allow an applicant or customer the option of paying fifty percent of the deposit prior to service, and paying the remaining balance in equal amounts over the next two months, on the dates mutually agreed upon between the applicant or customer and the company. The company and applicant or customer may make other mutually acceptable deposit payment arrangements.

(8) Receipt for deposit. A company must furnish a receipt to each applicant or customer for the amount deposited.

(9) When refund of deposits ((when)) is required. A company must refund deposits plus accrued interest ~~((must be refunded))~~ when there has been satisfactory payment, as defined in (a) of this subsection, or ~~((upon termination of service))~~ when service is terminated.

(a) "Satisfactory payment"~~((—when))~~ means a customer has paid for service for twelve consecutive months in a prompt and satisfactory manner as evidenced by the following:

(i) The ~~((water))~~ company has not ~~((initiated))~~ started a disconnection

~~((proceedings))~~ process against the customer; and

(ii) The company has sent no more than two delinquency notices ~~((of delinquency have been made))~~ to the customer ~~((by the water company))~~.

(b) Termination of service~~((— upon termination of))~~. When service is terminated, the ((utility)) company must return to the customer the deposit amount ~~((then on deposit))~~ plus accrued interest, less any amounts due the ~~((utility))~~ company by the customer.

(10) ~~((Refund of deposits method.))~~ How deposits are refunded. The company must refund any deposit~~((τ))~~ plus accrued interest, ~~((must be refunded to the customer in accordance with the preference))~~ as indicated by the customer at the time of deposit, or as modified by the customer on a later date, using one of the following methods:

(a) ~~((In the form of))~~ A check issued and mailed to the customer no later than fifteen days following completion of twelve months of satisfactory payment, as described above; or

(b) A credit applied to the customer's account for service beginning in the ~~((13th))~~ thirteenth month.

(11) Additional deposit. ~~((Nothing in this rule prevents the requirement of a larger deposit or a new deposit when conditions warrant. Should a larger or new deposit be required, the reasons must be specified in writing to the customer. Any requirement for a new or larger deposit must comply with the standards set forth in this rule.))~~ If a deposit or additional deposit amount is required after the service is established, the reasons must be specified to the customer in writing. Any request for a deposit or additional deposit amount must comply with the standards outlined in subsections (1) and (2) of this section. If the original deposit was secured by a guarantor and the guarantor does not agree to be responsible for the additional deposit amount, the customer will be held responsible for paying the additional deposit.