

Austin Energy – Customer Care

Group: **Customer Care**

Effective Date: **May 1<sup>st</sup>, 2018**

Revision Date:

Section: **All**

Subject: **Deposits**

Date of Previous Revision:

Policy Number:

Policy Name: **Utility Credit Security Deposit Policy**

Document Number:

Process Manager Approval:

UCC \_\_\_\_\_ RMC \_\_\_\_\_ BSM \_\_\_\_\_

CSM \_\_\_\_\_ QM \_\_\_\_\_

Rules/Reg Number:

[ARTICLE 5. CREDIT SECURITY](#)

Vice President of Customer Account Management Approval:

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Vice President of Customer Care Services Approval:

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**Purpose:** Define deposit types and amounts, criteria for deposit waiver and transfer, and eligibility and procedures for deposit refunds in accordance with Utility Rules & Regulations.

**Job Performer:** All personnel in Customer Account Management (CAM) and Customer Care Services (CCS) or any City of Austin utility staff working as required by Credit Security Deposit business process or regulation.

## I. DEPOSIT TYPES & REQUIREMENTS

- a. **Credit Security Deposit** - The purpose of the Credit Security Deposit is to deter late payments and mitigate the City of Austin's (the "City") financial risk in the case of unpaid utility balances.

The City of Austin Utility (the "Utility") requires a refundable Credit Security Deposit to start services for new customers or transfer services for current customers, unless one or more Credit Security Deposit waiver criteria are met or there is an existing Credit Security Deposit on file that is eligible for transfer. Credit Security Deposit requirements apply when a customer is requesting to start services at an additional address, regardless if it is on the same account or a secondary account. If a credit security deposit is required, the deposit will be assessed on the customer's first month's bill for the new service address.

- b. **Tampering Security Deposit** - The purpose of the Tampering Security Deposit is to deter unsafe behavior and mitigate the City's financial risk in the case of additional property vandalism. The Utility requires a refundable Tampering Security Deposit after a second meter tampering event, and again following any subsequent meter tampering events during the life of the account.

## II. CREDIT SECURITY DEPOSIT AMOUNTS

- a. **Residential** – For Residential customers, the Credit Security Deposit is \$200.
- b. **Commercial** – For Commercial customers, the Credit Security Deposit is calculated using the following formula: two times the average of usage for the 12 preceding billing cycles.

If the premise has usage history, but it is less than 12 billing cycles, the Credit Security Deposit is calculated using whichever is greater: two times the average usage for the total number of billing cycles or \$300.

If the premise has no usage history, a comparable premise may be used to determine the Credit Security Deposit amount.

Special circumstance exceptions may be considered by the CAM and CCS Management Team.

## III. CREDIT SECURITY DEPOSIT WAIVER

**Residential** - For new customers who request to start service and current customers who request to transfer or start services at an additional premise, the Credit Security Deposit requirement may be waived if one or more of the following criteria are met:

- a. **Compliance with Customer Payment Standards** – Current Utility customers, with at least 12 consecutive billing cycles of prior payment history with the City are eligible to have their Credit Security Deposit waived if they have paid each Utility invoice on or before its due date during the 12 preceding billing cycles; have had no payments returned for insufficient funds; and have not engaged in the unlawful use of service or utility service diversion.
- b. **Letter of Reference from Another Utility** - New customers may submit a Letter of Reference showing good payment history for an account at another metered utility (electric, water or gas) for services for the 12 preceding months, on which they were listed as a primary account holder. In order to be eligible for Credit Security Deposit waiver, the Letter of Reference must show that the customer had no late payments, no outstanding balances, and no disconnections for non-payment during the 12 preceding billing cycles.

Letters of Reference for a person other than the customer (spouses, roommates, family members) will not be considered unless the additional individual who is benefitting from utility services at the service address becomes a Financially Responsible Authorized user (FRAU) in accordance with the AE FRAU Policy. If at any time the FRAU no longer lives at the service address, compliance with the Customer Payment Standards will be reviewed and a deposit could be assessed to the primary account holder.

For customers who had a voluntary break in service, the Letter of Reference must show that the customer had no late payments, no outstanding balances, and no disconnections for non-payment during 12 consecutive billing cycles within the 18 preceding months.

If the customer had service with more than one metered utility during the 18 preceding months, more than one Letter of Reference may be submitted as long as the Letters of Reference are from utilities that provide the same service.

If the customer had service with the City of Austin Utility at any point during the 12 preceding months, City of Austin Utility payment history supersedes payment history from another utility.

Letters of Reference must be received no later than 90 calendar days after the service start date. Letters of Reference are reviewed and approved for Credit Security Deposit waiver by the Utility Contact Center E-Business Team. Exceptions are reviewed and approved by the Credit & Collections Team.

- c. **Landlord Letter of Reference** – New customers, who had a rental agreement where one or more metered utilities were included in the rent, may submit a signed copy of a lease and completed Landlord Letter of Reference Form validating payment history.

In order to be eligible for Credit Security Deposit waiver, the Landlord Letter of Reference Form must show that the customer had no late payments and no outstanding balances during the 12 preceding months.

If the customer had service with the City of Austin Utility at any point during the 12 preceding months, City of Austin Utility payment history supersedes payment history from a landlord.

Landlord Letter of Reference Forms and signed copies of the associated lease must be received no later than 90 calendar days after the service start date. Landlord Letters of Reference and signed copies of the associated lease are reviewed and approved for Credit Security Deposit waiver by the Credit & Collections Team.

- d. **Enrollment in Auto Pay (EFT –Electronic Funds Transfer) & E-Bill Programs** – Customers may enroll in both Auto Pay & E-Bill to have their Credit Security Deposit requirement waived, provided that they remain on Auto Pay & E-Bill for a minimum of 12 billing cycles from the current calendar date. If the customer terminates Auto Pay enrollment or a payment is returned for insufficient funds before the 12 billing cycle enrollment minimum is met, the Credit Security Deposit will be assessed on the next bill.

- e. **Customers 65 years of age and older** –Current customers with the Utility who are 65 years of age or older may be eligible for Credit Security Deposit waiver if their account is not currently past due.

New customers 65 years of age and older may be eligible for Credit Security Deposit waiver if they provide a signed letter from another metered utility or landlord (who provides utilities) where service was provided during any of the 18 preceding months. The signed letter must confirm that the account has no outstanding balance.

Signed letters must be received no later than 90 calendar days after the service start date. Letters are reviewed and approved for Credit Security Deposit waiver by the Utility Contact Center E-Business Team. Exceptions are reviewed and approved by the Credit & Collections Team.

- f. **Service Member Returning After Deployment** - Customers returning from U.S. Military Service deployment may be eligible for Credit Security Deposit waiver if they provide a copy of U.S Military orders documenting that the dates of deployment occurred within the preceding 12 months. Military deployment documentation must be received no later than 90 calendar

days after the service start date. Military deployment documentation is reviewed and approved for Credit Security Deposit by the Credit & Collections Team.

- g. **Victims of Domestic Abuse** - Customers who are victims of domestic abuse may be eligible for Credit Security Deposit waiver with a certification letter from the Texas Council on Family Violence. Texas Council of Family Violence Letters are reviewed and approved for Credit Security Deposit waiver by the Credit & Collections Team.
- h. **Displaced Tenants Eligible for Tenant Relocation Assistance** - Customers who have been identified as recipients of Tenant Relocation Assistance under [§ 25-1-714 Tenant Relocation Program](#) may be eligible for Credit Security Deposit waiver with notification from Neighborhood Housing & Community Development indicating the customer is a recipient of Tenant Relocation Assistance. Neighborhood Housing & Community Development notification is reviewed and approved by the Credit & Collections Team.
- i. **Medically Indigent** – If any resident at the service address qualifies as medically indigent, the customer may be eligible for Credit Security Deposit waiver. To qualify, the customer must meet the current eligibility requirements for the City’s Customer Assistance Program (CAP) and must provide a letter from a licensed health care provider confirming that the medically indigent resident is unable to perform 3 or more activities of daily living as defined by [Texas Administrative Code 224.4 – Part 1- Activities of daily living](#). Documentation is reviewed and approved by the Customer Assistance Program Team.
- j. **Exceptions** - Special circumstance exceptions for Credit Security Deposit waiver may be considered by the CAM and CCS Management Team.

**Commercial** - For new customers who request to start service and current customers, who request to transfer or start service at an additional premise, the Credit Security Deposit requirement may be waived if one or more of the following criteria are met:

- a. **Compliance with Customer Payment Standards** – Current customers with at least 24 months of prior payment history with the Utility are eligible to have their Credit Security Deposit waived if they have paid each utility invoice before its due date during the 24 preceding billing cycles; have had no payments returned for insufficient funds; and have not engaged in the unlawful use of service or utility service diversion.
- b. **Letter of Reference from a Utility** – New customers may submit a Letter of Reference showing good payment history for an account at another metered utility (electric, water or gas), on which their entity name was listed as primary account holder. If the entity name on the prior account is different, the customer must show proof of a financial relationship with the named entity.

In order to be eligible for a Credit Security Deposit waiver, the Letter of Reference must show that the customer had no late payments, no outstanding balances, and no disconnections for non-payment during the 24 preceding billing cycles.

If the customer had service with more than one metered utility during the 24 preceding months, more than one Letter of Reference may be submitted as long as the Letters of Reference are from utilities that provide the same type of service.

If the customer had service with the City of Austin Utility during the 24 preceding months, City

of Austin Utility payment history supersedes payment history from another utility.

Letters of Reference must be received no later than 90 calendar days after the service start date. Letters of Reference are reviewed and approved for Credit Security Deposit waiver by the Utility Contact Center E-Business Team. Exceptions are reviewed and approved by the Credit & Collections Team.

- c. **Exceptions** - Special circumstance exceptions for Credit Security Deposit waiver may be considered by the CAM and CCS Management Team.

#### **IV. CREDIT SECURITY DEPOSIT TRANSFER**

##### **Residential & Commercial -**

- a. For current Residential and Commercial customers who have a Credit Security Deposit on file and are requesting to transfer services, the existing deposit will be transferred in lieu of charging a new deposit.
- b. For current Residential and Commercial customers who have a Credit Security Deposit on file and are requesting to start services at an additional premise, but are not disconnecting services at the current premise, a new Credit Security Deposit may be assessed, unless the customer meets one or more of the Credit Security Deposit waiver criteria.
- c. Special circumstance exceptions may be considered by the CAM and CCS Management Team.

#### **V. CREDIT SECURITY DEPOSIT REFUND ELIGIBILITY**

**Residential-** The Credit Security Deposit is eligible to be refunded when one or more of the following criteria are met:

- a. The customer has received utility services from the City for the 12 preceding billing cycles, during which there were no late payments, no payments returned for insufficient funds, and no unlawful use of service or utility service diversion.
- b. The customer has been identified as a refugee through Caritas or Refugee Services of Texas, and has received utility services from the City for the 6 preceding billing cycles, during which there were no late payments, no payments returned for insufficient funds, and no unlawful use of service or utility service diversion.
- c. The customer discontinues all utility accounts and pays all outstanding utility invoices.
- d. Special circumstance exceptions may be considered by CAM and CCS Leadership staff.

**Commercial –** The Credit Security Deposit is eligible to be refunded when one or more of the following criteria are met:

- a. The customer has received utility services from the City for the 24 preceding billing cycles, during which there were no late payments, no payments returned for insufficient funds, and no unlawful use of service or utility service diversion.

- b. The customer discontinues all utility accounts and pays all outstanding invoices.
- c. Special circumstance exceptions may be considered by CAM and CCS Management Team.

## **VI. TAMPERING SECURITY DEPOSIT**

**Residential & Commercial** - In an effort to deter tampering and mitigate financial risk to the City, after the second meter tampering event and for any subsequent tampering events throughout the life of the account, the Utility may assess a Tampering Security Deposit in addition to the Meter Tampering Fee for any Residential or Commercial customer.

The Tampering Security Deposit amount will be determined by the following formula: three times the average usage over the 12 preceding months. If the customer has not had a full 12 months of billing, the minimum deposit amount will be set at \$400 for Residential customers and \$1000 for Commercial customers.

If a customer transfers service, any active Tampering Security Deposit will also be transferred. Special circumstance exceptions may be considered by CAM and CCS Management Team.

## **VII. TAMPERING SECURITY DEPOSIT REFUND ELIGIBILITY**

**Residential & Commercial** - The Tampering Security Deposit is eligible to be refunded when the following criteria are met:

- a. The customer has received utility services from the City for the 36 preceding billing cycles, during which there were no late payments, no payments returned for insufficient funds, and no unlawful use of service or utility service diversion.
- b. The customer discontinues all utility accounts and pays all outstanding invoices.
- c. Special circumstance exceptions may be considered by the CAM and CCS Leadership staff.

## **VIII. GENERAL DEPOSIT REFUND PROCEDURES**

**Residential & Commercial** - For customers who are eligible for a Credit Security Deposit or Tampering Security Deposit refund, the City will apply the customer's deposit to any unpaid invoices before refunding the balance of the deposit to the customer. Special circumstance exceptions may be considered by the CAM and CCS Management Team.

A customer's deposit earns simple annual interest at the rate effective on October 1 of each year. The interest rate under this section is equal to 85 percent of the average yield of the 90-day United States Treasury Bills issued during the preceding twelve month period ending June 30 of each year.

## IX. GLOSSARY

- a. **Activities of Daily Living:** As defined in the Texas Administrative Code, activities of daily living are limited to bathing, dressing, grooming, routine hair and skin care, meal preparation, feeding, exercising, toileting, transfer/ambulation, positioning, and range of motion
- b. **CAM and CCS Management Team:** Customer Account Management and Customer Care Services Managers and Process Managers
- c. **Current Customer:** A customer that currently has an active City of Austin Utility account
- d. **Customer Account Management:** AE division that includes Revenue Measurement and Control (meter reading, maintenance, and current diversion), Billing Services Management (billing, remittance, collections, and branch locations), and Quality Management (quality and training)
- e. **Customer Care Services:** AE division that includes the Utility Customer Contact Center, Austin 3-1-1 (the City's 24-hour information center), and Customer Service Management (escalations and customer assistance programs)
- f. **Insufficient Funds:** A payment made via check or credit card that cannot be honored because insufficient funds are available in the account on which the payment is being drawn. Also known as "Non-Sufficient Funds (NSF)"
- g. **New customer:** A customer that does not currently have an active City of Austin Utility account
- h. **Past Due:** An account is past due if it has unpaid, overdue invoices or is in collections for outstanding debt
- i. **Preceding billing cycles:** Most recent consecutive bills issued from the current calendar date
- j. **Preceding months:** Most recent consecutive months from the current calendar date
- k. **Tampering:** The illegal, and potentially dangerous, process when a customer restores utility service or alters meter data without permission from or knowledge of COA
- l. **Utility Service Diversion:** A person's unauthorized action to divert utility service to: (a) prevent accurate measurement of utility usage; (b) receive the benefit of utility service without approval; (c) alter metering equipment preventing accurate meter readings and subsequent billings; or (d) alter utility account records or computer data to prevent accurate billings.