

1
2 **ORDINANCE NO.**

3 **AN ORDINANCE AMENDING CITY CODE CHAPTER 15-9 RELATING TO**
4 **CREDIT SECURITY AND DEPOSIT REQUIREMENTS.**

5 **BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

6 **PART 1.** City Code Section 15-9-71(*Credit Security Authorized*) is amended to read as
7 follows:

8 (A) The City may:

- 9
10 (1) require a customer to give, maintain, or re-establish credit security
11 for a service address or account;
12
13 (2) require that a customer of a non-City owned water district meet the
14 credit security policy and procedures established by the district; and
15
16 (3) establish utility customer payment standards, including the
17 minimum payment practices a utility customer must meet instead of
18 providing other forms of credit security.
19

20 (B) Customer care shall develop guidelines establishing exceptions to the
21 credit security requirements under this Article. Customer care may grant an
22 exception to the requirements of this Article based on the guidelines.
23

24 **PART 2.** City Code Section 15-9-72 (*Forms and Amount of Credit Security for*
25 *Residential Service*) is amended to read as follows:

26 If a residential customer or applicant provides proof of identification under Section
27 15-9-53 (*Identification Required*), the City may accept the following forms of
28 credit security:
29

- 30 (1) a record of satisfactory compliance with Section 15-9-75 (*Customer*
31 *Payment Standards*), if applicable, and no outstanding utility invoices;
32
33 (2) a letter of reference from another electric, gas, or water utility ~~[with]~~
34 indicating no record of late payments or outstanding balances, and no
35 disconnections for non-payment during the last twelve consecutive billing
36 cycles; ~~[or]~~

(3) for a customer who has not had continuous utility service for the preceding 12 billing cycles due to the customer terminating utility services, a letter of reference from another electric, gas, or water utility indicating no record of late payments or outstanding balances and no disconnections for non-payment during 12 of the preceding 18 consecutive billing cycles;

(4) for a tenant of a rental property where the cost of utilities is included in the rent payment, a signed copy of the tenant's lease and a written statement from the landlord indicating that rent payments were timely made for the preceding 12 consecutive months; or

~~[(3)]~~ (5) a refundable deposit of \$200.

PART 3. City Code Section 15-9-73 (*Forms and Amount of Credit Security for Commercial Service*) is amended to read as follows:

The City may accept the following forms of credit security from a commercial customer or applicant for commercial service:

(1) a record of satisfactory compliance with customer payment standards for service at a comparable commercial service address served by the City;

(2) a letter of reference from another electric, gas, or water utility stating that commercial service was provided within the preceding 24 consecutive ~~[months]~~ billing cycles with no record of a past due balance, and that the applicant's service was not disconnected during that period;

(3) a refundable deposit of one-sixth of the average annual or estimated billing at the same or a comparable commercial service address for the ~~[previous]~~ preceding 12 months as determined by customer care; or

(4) for construction purposes only, a refundable deposit in an amount determined by the Electric Utility.

PART 4. City Code Section 15-9-75 (*Customer Payment Standards*) is amended to read as follows:

(A) Except as set forth in subsection (B), ~~[To]~~ to establish compliance with customer payment standards, a residential customer must:

- (1) have received utility service from the City for not fewer than 12 consecutive billing cycles;
- (2) have paid each utility invoice before its due date during the preceding 12 ~~[calendar months]~~ billing cycles;
- (3) not have submitted a payment returned for insufficient funds; and
- (4) not have committed unlawful use of service or utility service diversion.

(B) For customers who have not had continuous utility service for the preceding 12 billing cycles due to the customer terminating utility services, a residential customer must show that in 12 of the preceding 18 billing cycles from the date that new utility service is requested, the residential customer has:

- (1) received utility service from the City for not fewer than 12 billing cycles;
- (2) paid each utility invoice before its due date;
- (3) not submitted a payment returned for insufficient funds; and
- (4) not committed unlawful use of service or utility service diversion.

(C) To establish compliance with customer payment standards, a commercial customer must:

- (1) have received comparable commercial utility service from the City for not fewer than 24 consecutive billing cycles;
- (2) have paid each utility invoice before its due date during the preceding 24 ~~[calendar months]~~ billing cycles;
- (3) not have submitted a payment returned for insufficient funds; and not have committed unlawful use of service or utility service diversion.

PART 5. City Code Section 15-9-76 (*Use and Replacement of Security Deposit*) is amended to read as follows:

(A) If the City determines that an existing customer's payment or unlawful usage practices create a financial risk to the City, it may[:

~~(1) apply the customer's security deposit plus accrued interest to the customer's outstanding utility account balance; and~~

~~(2)] require the customer to pay a new credit security deposit equal to [the greater of]:~~

~~[(a) \$300; or~~

~~-(b)] (1) three times the average monthly utility invoice for the service address over the 12 preceding billing cycles; or [or estimated monthly utility~~

1 invoice for the service address for the 12 months as determined by customer
2 care.]

3 (2) \$400 for residential customers and \$1,000 for commercial customers if
4 the customer has less than 12 billing cycles of history with the City.
5

6 (B) The City may disconnect a customer's utility service if the customer fails to
7 pay a new security deposit under this section.

8 **PART 6.** Subsection (D) of City Code Section 15-9-77 is amended to read as follows:

9 (D) The City may apply a customer's deposit to [an] each unpaid invoice before
10 the City refunds the balance of the deposit to the customer.

11 **PART 7.** Subsection (E) of City Code Section 15-9-137 (*Payment Requirements and*
12 *Late Payment Penalty*) is amended to read as follows:

13 (E) A customer receiving a rate discount under the customer assistance program
14 shall be entitled, upon request, to a waiver of a [monthly] late payment charge if
15 the customer has not received a waiver of a late payment penalty within the
16 [previous] preceding 12 [months] billing cycles.

17 **PART 8.** This ordinance takes effect on _____, 2018.

18
19 **PASSED AND APPROVED**

20
21 §
22 §
23 _____, 2018 § _____
24 Steven Adler
25 Mayor
26

27
28 **APPROVED:** _____
29 Anne L. Morgan
30 City Attorney

ATTEST: _____
Jannette S. Goodall
City Clerk