

Nonresidential Customer Energy Deposits

R 460.1607 Customer deposits.

Rule 7. (1) Except as provided in this subrule, a utility shall not require a deposit from a new customer as a condition of receiving service. A utility may require a deposit from a new customer if the customer has an unfavorable credit rating with a credit reporting agency, an unpaid delinquent bill for utility service, or has engaged in unauthorized use of utility service within the last 6 years.

(2) A utility may require a deposit from an existing customer if 2 or more final disconnect notices have been issued within the most recent 12-month period, service has been discontinued for nonpayment, the customer has engaged in unauthorized use of utility electric or gas service, or the customer exhibited an unsatisfactory record of bill payment within the first 6 months after service commenced.

(3) A deposit for small commercial customers shall not be more than 15% of the customer's annual electric or gas bill. All other non-residential customers may be required to pay a deposit equal to 25% of the customer's annual electric or gas bill. The deposit required as a condition of providing, restoring, or continuing service due to unauthorized use of utility service shall not be more than 4 times the average peak season monthly bill, or 4 times the utility's system average peak season monthly bill for the same class of service if the customer's consumption history for the service is unavailable.

(4) A deposit may be retained by the utility until the customer compiles a record of 12 continuous months of bill payment on or before the due date.

(5) Interest shall be paid on deposits at a rate of 7% per annum.

(6) If service is terminated, the utility may apply the deposit, plus accrued interest, to the customer's unpaid balance. If the deposit plus accrued interest is more than the unpaid balance, then the utility shall return the excess to the customer.

(7) Each utility shall keep records that show all of the following information:

(a) The name and address of each depositor.

(b) The amount and date of the deposit.

(c) Each transaction concerning the deposit.

(8) Each utility shall issue a receipt of deposit to each customer from whom a deposit is received and shall provide means whereby a depositor may establish a claim if the receipt is lost.

(9) The utility shall make reasonable efforts to locate customers due unclaimed deposits and credits.

(10) Each utility shall, within 60 days of the effective date of this rule, transmit a notice explaining the conditions under which a deposit may be required to all existing customers. This notice shall also be provided to new customers within 30 days after service has commenced or, at the utility's option, with the first bill rendered.

(11) During the space heating season a small commercial customer shall not pay a deposit unless that customer has been shut off for nonpayment during the prior 12 months or where unauthorized use of utility service has occurred. A customer deposit under this subrule may not exceed the customer's average monthly bill.

(12) The utility may, at its option, accept an irrevocable financial institution letter of credit, a surety bond, or other corporate guarantee instead of a deposit.