

SER-002-005

Strathcona County
Municipal Policy Handbook

Utilities Guarantee Deposit

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Lead Role: Chief Commissioner

Replaces: n/a

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Next Review Date: 11/2009

Administrative Responsibility: Utilities

Policy Statement

The purpose of this policy is to minimize the credit risk experienced by the County regarding utility and solid waste collection customers, and to formalize the direction of Council regarding payment of interest on cash deposits.

This policy is subject to any specific provision of the Municipal Government Act, the Local Authorities Board Act or other relevant legislation.

Definitions

Account: means an agreement between a residential or commercial customer and the Strathcona County for the supply of a public utility.

Commercial Customer: means a firm, corporation, partnership or a sole proprietor who does not qualify for residential rates as determined by the Strathcona County Utilities By-law.

Credit Information: means information required of all new customers for service. This information may include items noted under "Service Application" to such information that will establish the credit worthiness of the customer.

Deposit: means security provided by both residential and commercial customers whereby the customer obliges itself to pay unpaid utility bills.

Good Payment History: means a record of the customer's utility services payments where, in the preceding twelve months:

- a) Utility services have not been disconnected.
- b) Utility service charges have not been paid on more than two occasions with an NSF cheque.
- c) Utility service accounts have not been in arrears for a period exceeding two months.

New Customer: means any person or company, firm, partnership or sole proprietorship requiring utility services who or which have not previously established a satisfactory payment history with the Strathcona County.

Residential Customer: means any person that has applied for utility service(s) for non-commercial use in a residence.

- a) Any person using such services without making an application with the Strathcona County and who are liable for all utility charges incurred.

- b) Any person having an account that services a maximum of two residential suites in a residential premise from a single water meter.

Service Application: means an application for residential utility services which may be required to be completed and signed in person at time of application by all new customers and which shall include the following information:

- a) Full name (including middle names)
- b) Current address
- c) Previous addresses (at least two addresses if applicable)
- d) Date of birth
- e) Signature of applicant

The application may also include one or more of the following:

- a) Social Insurance Number or other I.D. (such as credit cards)
- a) Driver's License
- b) Positive reference from a previous utility, telephone company or chartered bank
- c) Other available information a customer will supply.

Utility Bill: means statement of money due for all utility services rendered by the Strathcona County.

Utility Services: means water, sewer and solid waste collection services.

Guidelines

1. All new customers will be billed for utility installation charges immediately upon installation.
2.
 - 2.1 As a condition of service, all new customers will be required to provide credit information and may be required to complete a service application in person and/or provide a guarantee deposit if their credit history indicates a poor risk. All such information provided is subject to verification by an external agency.
 - 2.2 A guarantee deposit equivalent to three months average utility usage will be required of new domestic residential customers who fail to satisfy the requirements of the application for service or whose application indicates a poor credit risk. Existing domestic customers whose payment history indicates a poor credit risk also will be required to pay a guarantee deposit. The deposit amount will be based on water, sewer and solid waste charges.
 - 2.3 A deposit or other form of guarantee equivalent to three months average utility usage will be required of all utilities services from new commercial customers.
3. Interest due to the Consumer shall be paid by the County to the Consumer, at a rate equal to one-half (0.5%) percent below the County's weighted average rate of return from the prior year. The County weighted average rate of return will be set in January of each year for that year's payment of deposit interest.
4. Residential Customers
 - 4.1 The following residential customers will be required to pay the deposit:
 - a) New Customers who are unable to supply adequate identification or credit references as required in the service application.
 - b) Customers who have their service(s) disconnected once within a one year period for non-payment of their account.
 - c) Customers who have paid their account with an NSF cheque on more than two occasions within a twelve month period.
 - d) Customers who have obtained utility services under a false name in order to avoid payment of an account under their own name or alias.

- e) Users of services sharing the same premises and applying for services in turn to avoid paying the deposit required after services have been disconnected, will be subject to the deposit for these premises.
 - f) Utility service accounts have been in arrears for a period exceeding two months.
- 4.2 Refunding of Residential Deposits: a customer who has maintained a good payment history for the past twelve months, will have the deposit refunded with interest as provided herein.
- 4.3 New Residential Customers: if the first bill after opening a new account, including installation charges and deposit, if any, is not paid by the overdue date specified, disconnection action may be taken on utilities as applicable.
- 4.4 When levied, the deposit for utility services will be based upon an estimated ninety day billing period as determined by Strathcona County Manager of Financial Services. The amount of the deposit is related to the number of utility services utilized by the customer. Minimum deposit will be \$150.00.
- 4.5 Modified Delinquent Routine: means the procedure which identifies the need for disconnection action on residential utility accounts when the first bill after an account is opened, including installation charges and deposit, if any, is not paid by the overdue date specified.
5. Commercial Customers
- 5.1 All new commercial customers must complete and sign a Strathcona County deposit contract or forward a letter containing the information required by the County on company letterhead requesting services. All commercial customers who are required to provide or pay a deposit when levied must pay the required amount within 90 days of the charge appearing on their bill. If the deposit is not paid, the customer will be subject to immediate disconnection of services. In the absence of a deposit in place during the initial 90 days, the account must be kept current or will be subject to immediate disconnection.
- 5.2 Commercial customers shall be subject to deposit requirements in the amount of three months estimated utility usage. The following exceptions will be made:
- a) Accounts billed to the Strathcona County (Departments)
 - b) Accounts billed to a municipality other than the Strathcona County
 - c) Accounts billed to the Provincial or Federal Government, their Agents or Corporations
 - d) Commercial customers who are registered land owners of the utility service address and who name on utility billing coincides with land registration as appearing on the Certificate of Title.
6. Deposits and Implementation
- 6.1 In lieu of a cash deposit, the customer may arrange for:
- a) Indemnity bond issued by a bonding company approved by and in a form and content satisfactory to the Manager of Financial Services or,
 - b) Irrevocable letter of credit obtained from a financial institution approved by and in a form and content satisfactory to the Manager of Financial Services.
- 6.2 Amount of deposit shall be reviewed and adjusted by the County in accordance with the following:
- a) When customer's utility account is in arrears or,
 - b) When utility bond or letter of credit is reaching expiry date and requires renewal or,
 - c) when there are additions or deletions to the number of accounts covered by deposits, bonds or letters of credit or,
 - d) When, because of increased utility usage and/or utility rates increases, the present coverage equates to 60% or less of the total three month usage.

- 6.3 Interest due to the Customer shall be paid by the County to the Customer, at a rate equal to one-half (0.5%) percent below the County's weighted average rate of return from the prior year. The County weighted average rate of return will be set in January of each year for that year's payment of deposit interest.