

Rule No. 4

ESTABLISHMENT OF CREDIT AND REQUIREMENT FOR DEPOSIT

- 4-1 Establishment of Credit - Residential - An applicant for residential utility service may establish credit by demonstrating to the Utility any one of the following factors:
- A. Prior service with the Utility within the previous 12 months during which, for at least six consecutive months, service was rendered and was not disconnected for failure to pay, and no more than one delinquency notice was served upon the Customer.
  - B. Prior service with a utility of the same type as that from which service is sought with a satisfactory payment record as demonstrated immediately above in Subparagraph A, provided that the reference may be quickly and easily checked by the Utility and the necessary information is provided.
  - C. Full-time consecutive employment during the entire 12 months immediately preceding the application for service, with no more than two employers and the applicant is currently employed or has a regular source of income.
  - D. Ownership of significant legal interest in the premises to be served.
  - E. Furnishing of a satisfactory guarantor to secure payment of bills for services requested in a specific amount not to exceed an estimated one-year bill, such estimation to be made at the time the service is established.
- 4-2 Establishment of Credit - Nonresidential - An applicant for nonresidential service may be required to demonstrate that it is a satisfactory credit risk by reasonable means appropriate under the circumstances.
- 4-3 Deposit Requirements - A deposit may be required under the following circumstances:
- A. Where the applicant has failed to establish a satisfactory credit history as outlined above.
  - B. In any event, a deposit may be required when, within the 12 months prior to the application, the applicant's service of a similar type has been disconnected for failure to pay amounts owing, when due; where there is an unpaid overdue balance owing for similar service from the Utility or from any similar utility; or where two or more delinquency notices have been served upon the applicant by any other utility company during the 12 months previous to the application of service.
  - C. Initiation or continuation of service to a residence where a prior Customer still resides and where any balance for such service to that prior Customer is past due or owing.

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- D. Where the Customer has, in an unauthorized manner, interfered with the service of the Utility situated or delivered on or about the Customer's premises within the last five years, and a finding of unauthorized interference or use is made and determined, after notice and opportunity for hearing is provided to the Customer, and is not in dispute.
- 4-4 Prohibited Standards for Requiring Cash Deposit or Other Guarantee for Residential Service - The Utility shall not require a cash deposit or other guarantee as a condition of a new or continued residential utility service based upon commercial credit standards (except as provided in these rules), income, home ownership, residential location, race, color, creed, sex, age, national origin, or any other criteria not authorized by these rules. This Rule does not prohibit the Utility from ensuring that agreements with Customers who may be incompetent, such as minors, are made in such a manner, and with such persons, as to be legally binding.
- 4-5 Amount of Deposit - In instances where a deposit may be required by the Utility, a residential Customer's deposit shall not exceed one-sixth of estimated annual billings; and a nonresidential Customer's deposit shall not exceed 25 percent of estimated annual billings.
- 4-6 Transfer of Deposit - Where a Customer of whom a deposit is required transfers their service to a new location within the Utility's service area, within the state of Montana, the deposit, less any outstanding balance, shall be transferable and applicable to the new service location.
- 4-7 Interest on Deposits - Interest on deposits held shall be accrued at the rate of six percent per year. Interest shall be computed from the time of the deposit to the time of refund or of termination, to the nearest whole month, without compounding.
- 4-8 Refund of Deposits - Deposits plus accrued interest shall be refunded under the following circumstances and in the following form:
- A. Satisfactory Payment: Where the Customer requests the refund, and has for 12 consecutive months paid for service when due in a prompt and satisfactory manner as evidenced by the following:
1. The Utility has not initiated disconnection proceedings against the Customer.
  2. No more than two notices of delinquency have been made to the Customer by the Utility.
- B. Termination or Discontinuance of Service: Upon termination or discontinuance of service, the Utility shall return to the Customer the amount then on deposit plus accrued interest less any amounts due the Utility by the Customer for service rendered.

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- C. Refunds - How Made: Any deposits, plus accrued interest, shall be refunded to the Customer in the form of a check issued and mailed to the Customer no more than 30 days following the termination or discontinuance of service or completion of 12 months satisfactory payment as described above. In the alternative, the deposit may be applied to the Customer's bill of service in the thirteenth and, if appropriate, subsequent months, in accordance with the preference as to form of refund indicated by the Customer.
- 4-9 Record of Deposits - The Utility shall maintain a record of all deposits received from Customers, showing the name of each depositor, the date and amount of the deposit made, the location of the premises occupied by the depositor at the time of making the deposit, and each successive location while the deposit is retained.
- A. Each Customer posting a cash deposit shall receive in writing at the time of tender of the deposit, a receipt as evidence thereof, which contains the following minimum information:
1. Name of Customer;
  2. Address of Customer;
  3. Place of payment;
  4. Date of payment;
  5. Amount of payment;
  6. Identification of the employee receiving payment; and
  7. Statement of the terms and conditions governing the receipt, retention, and return of deposit refunds.
- B. The Utility shall provide means whereby a Customer entitled to a return of a deposit is not deprived of deposit funds even though the Customer may be unable to produce the original receipt for the deposit. In such event, Utility records shall be controlling.
- 4-10 Uniform Application - The Utility shall apply deposit standards uniformly as a condition of utility service to all residential Customers.
- 4-11 Guarantee in Lieu of Deposit - In lieu of a cash deposit required by these rules, the Utility shall accept the written guarantee of a responsible party as surety for a customer service account. For the purpose of this Rule, a "responsible party" shall mean:
- A. Any individual or business entity which has maintained service with the Utility for the previous 24 months, has not had service disconnected for failure to pay, and has received no more than two delinquency notices.
- B. Any special fund approved by the Commission.

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4-12 Guarantee Terms and Conditions

- A. A guarantee accepted in accordance with these rules is subject to the following terms and conditions:
1. It shall be in writing, and, if necessary, shall be renewed in a similar manner annually.
  2. It shall state the terms of guarantee, the maximum amount guaranteed (such maximum amount not to exceed an estimated one-year bill, such estimation to be made at the time the service is established), and that the Utility shall not hold the guarantor liable for sums in excess thereof unless agreed to in a separate written instrument.
  3. Credit shall be established for the Customer and the guarantor shall be released upon the satisfactory payment by the Customer of all proper charges for utility service for a period of 12 successive months. For purposes of this subsection, payment is satisfactory if:
    - a. The Utility has not initiated disconnection proceedings against the Customer.
    - b. No more than two notices of delinquency have been made to the Customer by the Utility.
- B. The Utility may withhold the release of the guarantor pending the resolution of a disputed discontinuance.

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