

**RULE E**  
**ESTABLISHING CREDIT / TREATMENT OF DEPOSITS**

(T)

**1. Residential Credit Standards**

**A. Generally**

Before the Company accepts an application for Electricity Service, it may require the Applicant to establish credit standing. OAR 860-021-0200 (hereinafter referred to as "Commission Credit Rules") determines the criteria for establishing credit.

The establishment or reestablishment of credit under this rule does not relieve an Applicant or Customer from complying with all of the Company's rules and regulations on file with the Commission, making prompt payment of bills, and being subject to the discontinuance of Electricity Service for nonpayment.

**B. Establishing Credit**

A Residential Applicant may establish credit standing for new or continuing service by providing one of the following:

1) Submit an authorized letter from his/her previous electric utility, on the utility's letterhead, verifying all of the following: (T)

a) The dates the Applicant received service;

b) That the Applicant was the responsible person on a service account where 12 months of continuous, equivalent Electricity Service was received within the prior 24 months;

c) That the Applicant's service was not disconnected for theft, diversion of service or for tampering with utility facilities; and (T)

d) That the Applicant's service was not disconnected for nonpayment during the final 12 months that service was received. (T)

2) If the Applicant has previously received Electricity Service from the Company, then the Company may verify the Applicant's creditworthiness based on the same standards listed above; (T)

- 3) A letter from the Applicant's employer, income provider or authorized representative verifying the Applicant's ability to pay. A letter from an employer must state that the Applicant is currently employed and has been employed the entire 12 months prior to the application, and must contain a telephone number for an authorized representative of the employer. The Company must be able to verify the Applicant's employment; or
- 4) Payment of a Deposit as detailed below in Section C.

C. **Residential Deposit Requirements**

In general, the Commission Credit Rules require that deposits be equal to two months' estimated billings (1/6 of the estimated annual usage) at the service address. When a deposit is required, the charges specified in Schedule 310 may apply. A deposit is required if any of the following is true about the Applicant or Customer:

(T)

- 1) Does not establish credit as set forth in Subsections (1) through (3) of Section B above;
- 2) Received equivalent Electricity Service from the Company or the same type of utility service from an Oregon-regulated utility within the preceding 24 months and, at the time service was terminated, the Customer owed an account balance that was not paid according to its terms. This does not apply to Customers who registered a dispute with the Commission within 60 days after service terminated and who promptly paid all undisputed or adjudicated amounts;
- 3) Was previously terminated for Theft of Service by the Company or any Oregon-regulated utility or was otherwise found to have tampered with the meter, other utility facilities or diverted utility service;
- 4) Was previously exempted from paying a deposit based upon false information given at the time of application; or
- 5) Moves and the anticipated bill at the new residence will be at least 20% greater than that upon which any current deposit was based.

(N)

(N)

D. **Timing and Payment of Residential Deposit**

An Applicant or Customer who is required to pay a deposit or additional deposit may:

- 1) Pay the deposit in full prior to receiving service;
- 2) Enter into an agreement to pay the deposit in three installments, except where a deposit is required to reconnect service after disconnection for nonpayment (OAR 860-021-0335), in which case the whole deposit is due prior to reconnection; or
- 3) Provide a letter of guaranty.

If the Applicant or Customer chooses to enter into a deposit installment agreement they must do so within five business days from the date of notice from the Company that a deposit is required. Except for the last payment, installments must be the greater of \$30 or 1/3 of the deposit. The Applicant or Customer must pay the first installment immediately. The remaining installments will be due 30 and 60 days after the first installment payment. If a Customer has an existing deposit on file with the Company, and an additional amount is being added to the deposit due, any additional installment payment(s) will be adjusted to include the additional deposit; however, two payments will not be required within the same 30 day period.

If a Customer fails to abide by the terms of a deposit installment agreement, the Company may disconnect service after making a good-faith effort to contact the Customer in person or by mailing a notice no less than six business days before disconnection. Should disconnection for nonpayment of a deposit occur, the Customer is required to pay: the full amount of the unpaid deposit balance, any applicable Reconnection charge, Late Payment Charge, and 1/2 of any past due amount before service is restored. The balance of the past due amount is to be paid within 30 days of the date service is restored. A Customer may continue with an existing time payment agreement by paying all past-due installments along with the full deposit and other applicable charges [OAR 860-21-0205(7)].

(M)(T)

(M)

If an Applicant/Customer pays a deposit or an outstanding bill from a prior account by making a non-cash payment which is subsequently returned for insufficient funds by the Applicant's/Customer's financial institution, the Applicant/Customer is subject to immediate disconnection and does not obtain/retain Customer status. The Company will make a good-faith attempt to notify the Applicant/Customer of the returned payment and that service will be disconnected without further notice if payment is not received within one business day following notification. Because the Applicant does not obtain Customer status, the Applicant does not have the right to a time payment agreement or a medical certificate.

**E. Residential Letter of Guaranty**

In lieu of paying a deposit, a Customer or Applicant may provide the Company with a personal Letter of Guaranty from a responsible party to secure payment in an amount equal to two months' average billings as listed in Schedule 310. A responsible party is a Customer who has received continuous service for 12months from the Company with no late payment. For the purposes of this rule, a Customer has had a late payment if he/she has had one or more notices of pending disconnection generated for his/her account. (T)

When the Customer who has established credit with a Letter of Guaranty has his/her Electricity Service disconnected for nonpayment, the responsible party is charged the two months average billing as listed in Schedule 310. The money paid by the responsible party will be applied to the Customer's balance owing. When the Customer requests reconnection of Electricity Service, any additional monies will be applied to the costs of the Customer's reconnection charges and other costs of establishing credit. When service reconnection is not requested, the responsible party who has paid the Letter of Guaranty amount is refunded any excess amount.

F. **Treatment and Refund of Residential Deposits**

The Company will furnish a receipt upon payment of deposit and will hold the deposit until credit is satisfactorily established or re-established. For the purposes of this section of the rule, credit is considered to be established or re-established if, at the end of 12 months after a deposit is paid in full:

- 1) The account is current;
- 2) The Customer has not been issued more than two 5 day disconnection notices during the previous 12 months; and
- 3) The Customer was not disconnected for nonpayment, meter tampering, or diversion of electricity service during the previous 12 months.

In the event the Customer moves to a new address within the Company's Service Territory and the Company is holding a deposit in accordance with this rule, the deposit, plus accrued interest, will be transferred to the new account.

G. **Interest Accrual**

Deposits will accrue interest at a rate prescribed by order of the Commission and set forth in Schedule 300. If a deposit is held beyond 12 months, accrued interest will be paid by a credit to the Customer's account on the next bill for service following the anniversary of the accrual date. Interest will be prorated on deposits held by the Company for less than a full 12 months.

H. **Delinquent Accounts**

When residential service is voluntarily closed, the Company will refund a Customer deposit with interest accrued at the rate as listed in Schedule 300, except that such refund will first be applied to reduce or eliminate any unpaid balance(s) on any other Customer account(s).

(T)

The Company is under no obligation to draw on deposits to cure delinquency of an active Customer account.

2. **Nonresidential Credit Standards**

(T)

A. **Generally**

Before an application for Electricity Service is accepted, the Company will require the Nonresidential Applicant or Customer to establish credit as defined below in this rule. The establishment or re-establishment of credit under this rule does not relieve an Applicant or Customer from complying with all of the Company's rules and regulations on file with the Commission, making prompt payment of bills, and being subject to the discontinuance of Electricity Service for nonpayment.

(T)

B. **Privacy**

The Company treats credit, financial information or documentation received from Customer as confidential, and requires written or electronic permission from Customer before disclosing to any third parties. The Company will not release such information without such permission unless required by law or the Company in good faith believes such action is necessary to (1) comply with the law or legal process, (2) protect and defend the Company's rights or property or (3) protect the personal safety or property of the Company's other customers or the public.

(N)

(N)

C. **Establishing Credit**

(T)

1) A Nonresidential Applicant or Customer with 12 or more months of continuous and equivalent Electricity Service may establish credit for new or continuing service by:

(T)

a) Demonstrating that immediately prior to the date of application, the Nonresidential Applicant or Customer did not, during that 12 months:

(T)

1. Receive more than two 5-day disconnection notices;
2. Have service disconnected for non-payment,
3. Owe an account balance from a prior account that when closed was not paid according to its terms;

b) Demonstrating that in the previous 24 months prior to the date of application did not engage in meter tampering, theft or diversion of electricity service; and

(M)

- c) Demonstrating that in the 36 months prior to the date of application was not involved in an insolvency proceeding including but not limited to, bankruptcy, receivership, liquidation, bulk sale, or financial reorganization naming the Nonresidential Applicant, Customer, or any principals of the corporation, partnership, or Nonresidential entity as a debtor party to the filing.

If the Nonresidential Customer or Applicant cannot demonstrate all of the above conditions, the Applicant or Customer must pay a deposit.

- 2) Where there is no account history, or fewer than 12 months of Company account history from which the Company can draw from in the establishment or re-establishment of credit, the Applicant or Customer may establish credit for new or continuing service by doing the following:
  - a) Providing a form of security satisfactory to the Company; or
  - b) Payment of a deposit.
- 3) Where a Nonresidential Applicant or Customer has multiple accounts for Electricity service, the establishment or re-establishment of credit will be based on all Nonresidential account history and all such accounts must meet the above requirements.

(D)  
(T)  
(T)

- D. **Maintaining Creditworthiness** (T)(M)  
(T)  
The Company may verify the Nonresidential Customer's creditworthiness at any (C)  
time, which may include, but is not limited to, the Customer providing financial (C)  
information or other documentation the Company deems necessary. If the (T)  
Customer is unable to demonstrate creditworthiness, the Customer may be  
required to pay a deposit, or provide an acceptable form of other security as  
described in Section C(2). A lack of credit worthiness is demonstrated by, but is  
not limited to, public disclosure of significant financial losses; inability to make  
scheduled debt payments; disclosure of potential bankruptcy; foreclosure of assets  
by secured creditors or the sale of assets in order to fulfill secured credit (T)  
obligations.
- E. **Nonresidential Deposit Requirement** (T)  
(T)  
A deposit equal to a maximum of two average month's billings for Company  
charges is required when the Nonresidential Applicant or Customer: (T)
- 1) Does not satisfy the credit criteria as defined in Section (2)(C) of this rule; (M)
  - 2) Was previously exempted from paying a deposit based upon false  
information given at the time of application;
  - 3) Was previously terminated for theft of service by the Company or was  
otherwise found to have tampered with Company facilities, or diverted utility  
service;
  - 4) Owed an account balance that when closed was not paid according to its (T)  
terms, or that service was involuntarily terminated. (T)
- In lieu of a deposit required under this Section E and at the Company's discretion,  
a Nonresidential Applicant or Customer may provide other security in a form which  
the Company finds reasonable and satisfactory in the establishment or re-  
establishment of credit. Terms and conditions of such security must be established  
and agreed to between the Company and the Applicant or Customer within the five  
days from the date the deposit is first required. (T)
- In the case of Nonresidential Applicants or Customers with seasonal usage, the  
maximum deposit amount will be based on the two highest months of usage. (M)

- F. **New or Additional Nonresidential Deposits** (T)(M)
- A Nonresidential Customer may be required to re-establish credit where conditions of Electricity Service or the basis upon which credit was originally established have materially changed. A Nonresidential Customer's re-establishment of credit may lead to the requirement of a new or additional deposit, or an expansion of other forms of security. For the purposes of this rule, conditions are considered to have materially changed if any of the following exist: (T)
- 1) The Nonresidential Customer's Electricity usage is such that, the Company does not have a deposit that equals 1/6 of the estimated annual usage where a deposit has been paid, or the Customer must establish credit at a different service address; (T)
  - 2) The expected billings to the Nonresidential Customer have changed as a result of the Customer's enrollment in Portfolio or other Electricity Service options; (T)
  - 3) The Nonresidential Customer returns to Standard Service from Direct Access Service or Emergency Default Service; or (T)
  - 4) Conditions in Subsection E are found to apply. (T)(M)
- G. **Timing of Payment of a Nonresidential Deposit** (T)
- If the Nonresidential Applicant has an account balance from a prior service account that was not paid according to its terms, the Applicant must pay the required deposit either in full, or enter into a payment agreement within five business days of the service request. Failure to pay the deposit or enter into a payment agreement within the five days may result in the disconnection of service without further notice. (T)
- Absent an account balance from a prior service, if the service is connected at the requested service address, the Nonresidential Applicant must either pay the deposit in full or pay the deposit as it is billed for the new service regardless of whether or not the first month's billing is for a full Billing Period. Failure to pay the deposit may result in the disconnection of service following five days written notice. (T)
- (M)

If service is not connected at the service address; the Nonresidential Applicant must pay the deposit in full, or have entered into a payment arrangement before service is connected.

(T)(M)

Where a non-cash deposit payment is paid to the Company and that payment is subsequently returned by the financial institution for insufficient funds, the Nonresidential Applicant or Customer is subject to service disconnection and will not obtain or retain Customer status. The Company will attempt to notify the Nonresidential Applicant or Customer of the returned payment and will provide a 5-day notice, either verbally or in writing, prior to disconnection.

(T)

(T)

An existing Nonresidential Customer whose Electricity Service is disconnected for nonpayment of a deposit will be required to pay the full amount of the deposit, plus any applicable Reconnection Charge, Late Payment Charge, and any past due amount(s) before service is restored. Written notice of disconnection for nonpayment of deposit will be provided to Nonresidential Customers five days before service disconnection. The procedures in OAR 860-021-0505 will be used in issuing the notice of disconnection.

(T)

(T)

(M)

H. **Like Ownership**

(T)

If the Company, in its discretion, determines that principals of a corporation, partnership, or other commercial enterprise are substantially the same as another corporation, partnership, or commercial enterprise that either is receiving or has at one time received Electricity Service, they are deemed to be the same Nonresidential Applicant or Customer for the purpose of this Rule E.

(T)

(M)

I. **Treatment and Refund of Nonresidential Deposits**

(T)(M)

The Company will furnish a receipt upon payment of deposit and will hold the deposit until credit is satisfactorily established or re-established. For the purposes of this section of the rule, credit is considered to be established or re-established and the deposit, with accrued interest, refunded to the Customer, if, at the end of 12 months after the deposit is paid in full:

- 1) The account is current; and
- 2) The Nonresidential Customer has not been issued more than two 5-day disconnect notices during the previous 12 months; and (T)
- 3) The Nonresidential Customer was not disconnected for nonpayment, or was found to have engaged in theft, diversion of energy, or tampering with Company facilities, during the previous 12 months; and (T)
- 4) The Company has determined that the condition which necessitated the deposit no longer impedes the Nonresidential Customer's ability to demonstrate creditworthiness and that no new condition or material change would require a deposit. (T)

Prior to refunding the deposit, when a Nonresidential Customer has multiple accounts or one account that includes other products and services, the Company may review such accounts and contractual obligations to determine if unpaid past due balances are owed to the Company. The Company will not review any Residential electricity service accounts. The Company will first apply the refundable deposit and accrued interest to any such past due amounts. Any remaining balance, at the Customer's option, shall be refunded or credited to any account or contractual commitment for which products and/or services were provided. (T)  
(C)  
(C)  
(C)  
(C)

In the event the Nonresidential Customer moves to a new address within the Company's Service Territory and the Company is holding a deposit in accordance with this rule, the deposit, plus accrued interest, will be transferred to the new account. (T)

(M)

- J. **Interest Accrual for Nonresidential Deposits** (T)(M)  
Nonresidential Customer deposits will accrue interest at a rate prescribed by order (T)  
of the Commission and set forth in Schedule 300. If a deposit is held beyond 12  
months, accrued interest will be paid by a credit to the Nonresidential Customer's (T)  
account on the next bill for service following the anniversary of the accrual date.  
Interest will be prorated on deposits held by the Company for less than a full 12  
months.
- K. **Delinquent Accounts** (T)  
When a Nonresidential service account is voluntarily closed, the Company will (T)  
refund the Nonresidential Customer deposit with interest accrued at the rate listed (T)  
in Schedule 300, except that such refund will first be applied to reduce or eliminate  
any unpaid balance(s) on the Nonresidential Customer's account(s) and under (T)  
any contractual obligations it has with the Company. (C)
- The Company is under no obligation to draw on deposits to cure delinquency of an  
active Nonresidential Customer's account. (T)(M)

RULE E (Concluded) (M)