

**CITY OF REDDING, CALIFORNIA
COUNCIL POLICY**

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| LATE FEES AND UTILITY DEPOSITS | 92-405 | 1404 | 09/15/92 | 1 |

BACKGROUND

Due to a dramatic increase in bankruptcies and the number of past due accounts in recent years, it is fiscally responsible and appropriate that the City Council adopt a policy governing utility deposits and late charges.

PURPOSE

The purpose of this policy is to provide uniform and consistent guidelines for the assessment of late charges on past due utility accounts and the payment of utility deposits.

POLICY

- I. Late Charges:
 - A. All residential utility accounts, where payment is not received by the due date of the monthly utility bill, will be assessed a late charge as determined by action of the City Council. This charge will be applied to any unpaid past due balance when the Late Notice is generated, providing ten (10) additional days and allowing an additional five (5) days for mailing (in compliance with Public Utilities Code (PUC) Section 10010.1). If payment is not received by the due date of this notice, a Final Disconnection Notice will be mailed to the customer and the account will be assessed the corresponding fee.
 - B. All commercial utility accounts, where payment is not received by the due date of the monthly utility bill, will be assessed a late charge to any unpaid past due balance or the current Late Notice charge as determined by action of the City Council. The late charge will be assessed at the time the Late Notice is generated. If payment is not received by the due date of this notice, a Final Disconnection Notice will be mailed to the customer and the account will be assessed the corresponding fee.
 - C. All late fees may be subject to increase as approved annually by the City Council.

A customer may request a hearing with a Customer Service Supervisor to review the customer's payment history. The review shall include consideration of whether the customer has been assessed the appropriate late charge or whether the late charge should be waived for any given month. The determination by the Supervisor may be appealed to the Customer and Field Services Manager, or designee.

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II. Deposits:

- A. New commercial accounts may be required to pay a deposit of twice the estimated average aggregate bill, but not less than the current minimum deposit requirement as established by the Electric Utility Director. The deposit may be amortized for a maximum of four (4) installments. It will be waived for a commercial account operating a like business within the previous twelve to eighteen (12-18) months, if one of the following occurs.
 - 1. The customer of record presents a valid letter of credit from another utility.
 - 2. The customer of record has previously established and maintained a good payment history with Redding's Utilities for a like business.
 - 3. The customer of record authorizes the Customer and Field Services Division to run a credit scoring report. The customer must also agree to pay a subsequent fee for such report and have a qualifying credit score.

- B. New residential accounts may be required to pay a deposit of twice the estimated average aggregate utility bill, but not less than the current minimum deposit requirement. The deposit may be amortized for a maximum of four (4) installments. It will be waived for a residential account if one of the following occurs:
 - 1. The new customer presents a valid letter of credit from another utility for services received in the previous twelve (12) months.
 - 2. The new customer has previously established and maintained a good payment history with Redding's Utilities within the past eighteen (18) months.
 - 3. The new customer authorizes the Customer and Field Services Division to run a credit scoring report. The customer must also agree to pay a subsequent fee for such report and have a qualifying credit score.
 - 4. A current City of Redding customer meeting the City's credit criteria has signed an Account Payment Guaranty form agreeing to be co-responsible for utility charges during the time credit is being established for the primary customer.

- C. Utility accounts scheduled for disconnection after the expiration of the Final Disconnection Notice will be required to pay any outstanding or additional required deposit to avoid service disconnection or to reconnect utility service.

- D. Utility accounts with a combination of three (3) or more Returned Payment Notices and/or

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Final Disconnection Notices within a twelve (12) month period will be assessed the appropriate deposit on file for that account.

- III. Customers may earn interest on the deposit amount required by the City in the following manner:
 - A. A customer may provide the City with a certificate of deposit in the amount of the required utility deposit.
 - B. A customer may present the City with a savings passbook in the amount of the required utility deposit.
- IV. After maintaining a good credit rating for twelve (12) months, effective after the full deposit is paid, utility deposits will be applied to the customer's utility account, certificates of deposits or passbooks will be returned to the customer, and any Account Payment Guaranty agreements will be terminated.
- V. A customer may request a hearing with a Customer Service Supervisor to review the customer's payment history, the estimated deposit amount, or whether the deposit payment may be amortized. The determination by the Supervisor may be appealed to the Customer and Field Services Manager, or designee.

Amended on 4-6-93 by Resolution No. 93-115
 Amended on 9-7-97 by Resolution No. 97-153
 Amended on 8-3-99 by Resolution No. 99-108
 Amended on 6-15-09 by Resolution No. 2009-64