

# Hope Water & Light Utility Deposits Policy

Hope Water & Light (HWL) Residential Security Deposits Policy will comply with **Section 4. Deposits** of the Arkansas Public Service Commission (“APSC”) General Service Rules (“GSR”) Revised 11/5 and, as amended). **Exception: GSR 4.01A and GSR 4.01c** will not apply. HWL deposits will be determined by using a computerized software service to aid in identifying and evaluating the credit risk of new residential applicants for utility service.

**If an applicant does not want to provide a social security card or does not have one available, the applicant’s utility deposit will be equal to two times the average monthly bill for the residential customer class that the applicant is seeking services for.**

The computerized software service will issue a credit rating which will provide HWL the information necessary to determine the amount of residential deposit that will be required for the applicant. The residential deposit requirements will be determined as follows:

Green Light	No deposit required
Yellow Light	One times the average monthly bill for customer class
Red Light	Two times the average monthly bill for customer class

## Exceptions

- (1) If HWL discovers that an applicant has used the services without authorization or tampered with the equipment, it may charge that applicant a total deposit of not more than six (6) average bills, plus the potential damage to utility equipment. HWL may not charge this deposit if the customer has received more than two (2) years cumulative service since HWL discovered the unauthorized use or tampering.
- (2) If HWL has proof of misrepresentation by the applicant relevant to the conditions under which the applicant obtained utility service, it may charge that applicant a total deposit of not more than twice the maximum bill. HWL will not charge this deposit if the customer has received more than two (2) years cumulative service since HWL discovered the misrepresentation.
- (3) In accordance with the United States Bankruptcy Code, U.S.C.A. Title 11 Paragraph 366, the utility may require an applicant to furnish adequate assurance of payment in the form of a deposit or other security.
- (4) If the applicant has previously left HWL’s service owing a bill and that bill is unpaid at the time of application, HWL may require a deposit equal to twice the maximum billing.

## **Conditions**

HWL may only require a new deposit or an increase in the amount of a deposit from a customer for the following reasons:

- (1) The customer failed to pay a bill before the close of business on the shut-off date within the last twelve (12) months;
- (2) The customer gave HWL two (2) or more checks which were returned unpaid for reasons other than bank error in the last twelve (12) months;
- (3) The customer did not pay bills by the close of business on the due date two (2) times in a row or any three (3) times in the last twelve (12) months;
- (4) During the last twenty-four (24) months, the customer misrepresented his/her identity or other facts relevant to the conditions under which the customer obtained or continued utility service;
- (5) The customer used service without authorization, tampered with utility equipment during the last two (2) years;
- (6) The customer used more service than the estimate on which HWL based the deposit. HWL will not charge any additional deposit after the first twelve (12) months of service unless the customer moves the service to a new location or expands the business or scope of operation at the original location;
- (7) In accordance with the United States Bankruptcy Code, U.S.C.A. Title 11 Paragraph 366, HWL will require a customer to furnish adequate assurance of payment in the form of a deposit or other security. This deposit may be in addition to all other deposits posted with HWL before the bankruptcy filing.
- (8) The amount of the deposit may be subject to an increase to two (2) times the average monthly utility bill for the residential location that the customer resides if they meet any of the above situations.

## **Written Notice**

HWL shall explain in writing the reason for charging any new or additional deposit, the amount of the deposit, when the deposit must be paid, and the consequences of failing to pay the additional deposit.

## **Payment Procedures**

Some circumstances which call for additional deposits may be paid in two equal installments on the customers' next two (2) bills.

## **Receipts**

HWL shall give customers receipts for their deposits upon customer request.

## **Guaranty in Place of a Deposit**

Requirements

- (1) Residential Customers

In lieu of a deposit, HWL shall accept the written guaranty of a qualified third party residential customer (“Guarantor”) to pay an amount equal to the deposit. If a third party residential customer meets the following conditions, he/she is qualified to act as a Guarantor on **one** residential account;

- (a) The Guarantor presently has no deposit on file on his own account;
- (b) The Guarantor has had service for at least twelve (12) months;
- (c) The Guarantor has not paid late more than two times in the last twelve (12) months;  
and
- (d) The Guarantor has not had service suspended for failure to pay in the last twelve (12) months.

### **Liability**

- (1) The liability of a Guarantor shall be limited to the amount required for a deposit when the guaranty was made, or a revised amount allowed and agreed to by the Guarantor.
- (2) The guaranty shall end when a deposit would be refunded or when the Guarantor’s account is closed.
- (3) HWL shall provide the Guarantor a copy of the Guaranty Agreement Form which clearly states the amount of the Guarantor’s liability and which has been signed by the Guarantor and the utility.

### **Interest Payment on Deposits**

- (A) HWL shall pay interest annually on deposits equal to the Federal Discount Rate in effect as of July 1 of each year.
- (B) Interest shall not accrue on any deposit after the date the utility has made and documented a good faith effort to return the deposit to the depositor.

### **Returning Deposits**

- (A) If a residential customer has paid all bills by the due date for the last twelve (12) months, HWL will refund the deposit. Utilities are not required to refund deposits on business or commercial accounts until the account is closed. Refunds may be made through a credit on the next billing cycle.  
Exceptions:
  - (1) Fraud or Tampering  
If the reason for requiring a deposit is unauthorized use of service or tampering with utility equipment, a utility does not have to refund the deposit until an account is closed.
  - (2) Bankruptcy  
If the deposit was subject to the jurisdiction of the United States Bankruptcy Courts, the utility shall comply with the United States Bankruptcy Code in refunding or retaining the deposit.
- (B) When an account is closed, HWL shall apply any deposit and accrued interest to the amount due. HWL shall promptly refund any balance due the depositor.