

CITY OF REDDING, CALIFORNIA

Council Policy

SUBJECT	Resolution Number	Policy Number	Effective Date	Page
LATE FEES AND UTILITY DEPOSITS	92-405	1404	09/15/92	1

BACKGROUND

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

PURPOSE

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

POLICY

I. Late Fees:

- A. All residential utility accounts will be assessed a late fee of \$12.00, to be applied to any unpaid delinquent balance when the 10 day delinquent notice is created.
- B. All commercial utility accounts will be assessed a late fee of 6% to be applied to any unpaid delinquent balance at the time the 10 day delinquent notice is created.

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 fee or whether the late fee should be waived for any given month. The determination by the customer service supervisor may be appealed to the Director of Customer Service.

II. Deposits:

- A. New commercial accounts may be required to pay a deposit of twice the estimated average aggregate bill, but not less than \$100. The deposit will be waived for a commercial account operating a like business within the previous 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 credit history with the Redding's utility for a like business.

CITY OF REDDING, CALIFORNIA

Council Policy

SUBJECT	Resolution Number	Policy Number	Effective Date	Page
LATE FEES AND UTILITY DEPOSITS	92-405	1404	09/15/92	2

3. The customer of record authorizes Redding's Customer Service Division to run a credit scoring report, and agrees to pay a subsequent fee for such report.
- B. New residential accounts may be required to pay a deposit of twice the estimated average aggregate utility bill, but not less than \$50. The deposit 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 12 months.
 2. The new customer has previously established and maintained a good credit history with Redding's utility within the past 18 months.
 3. The new customer authorizes Redding's Customer Service Division to run a credit scoring report, and agrees to pay subsequent fee for such report.
 4. An adult, meeting Redding's credit criteria has signed a Bill Guarantee form agreeing to be co-responsible for utility charges during the time credit is being established for the primary customer.
- C. Utility accounts turned off for nonpayment of account will be required to pay a deposit, all fees and penalties assessed, and the entire delinquent balance.
- D. Utility accounts with three (3) or more returned checks in a twelve-month period and no deposit is currently held by the City.
- E. Accounts delinquent three (3) or more times in the last twelve months and no deposit is currently held by the City. (For this purpose, a customer will be considered delinquent when a Final Notice has been received.)
- F. If no deposit is currently held and a customer's utility credit rating has been declined to the point that the Director of Customer Service determines that it is in the best interest of the utility to require a deposit.
- III. Interest may be earned 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.

CITY OF REDDING, CALIFORNIA

Council Policy

SUBJECT	Resolution Number	Policy Number	Effective Date	Page
LATE FEES AND UTILITY DEPOSITS	92-405	1404	09/15/92	3

IV. After maintaining a good credit rating for twelve months, utility deposits will be applied to the customer's utility account, certificates of deposits or passbooks will be returned to the customer, and any Bill Guarantee agreements will be canceled.

V. A customer may request a hearing with a customer service supervisor to review the customer's payment history or the estimated deposit amount. The review shall include consideration of whether the customer shall be permitted to amortize the payment of the deposit over a reasonable period of time. The determination by the customer service supervisor may be appealed to the Director of Customer Service.

Amended on 4-6-93 by Resolution No. 93-114

Amended on 9-7-97 by Resolution No. 97-153

Amended on 8-3-99 by Resolution No. 99-108