

AVISTA CORPORATION
dba Avista Utilities

RULE NO. 7

DEPOSITS

A. Deposit Payment Arrangements-Residential Service

1. When a deposit is required by the Company, the consumer may pay the deposit in full or elect to pay the deposit in three installments. The first installment is due immediately; the remaining installments are due 30 days and 60 days after the first installment payment. Except for the last payment, installments will be the greater of \$30 or one-third of the deposit.
2. Where an installment payment of a deposit is made together with a payment for utility service, the amount paid will first be applied toward payment of the amount due for deposit.
3. In the event a consumer is required to pay an additional deposit, the customer will pay one-third of the total deposit, or at least \$30, whichever is greater, within five days. The remainder of the deposit is due under the terms of section A.1. above. If the customer has an existing deposit installment agreement, the remaining installment payments will be adjusted to include the additional deposit; however, two installment payments cannot be required within the same 30-day period.
4. Where a consumer enters into an installment agreement for payment of a deposit under Section A.1. of this rule, the Company will provide written notice explaining its deposit requirements. The notice specifies the date each installment is due and includes a statement printed in boldface type informing the person that utility service will be disconnected if payment is not received when due. The notice also sets forth the name and telephone number of the appropriate unit within the Department of Human Services or other agencies which may be able to help the customer obtain financial aid.
5. Except in compliance with section "F" of this rule, if a customer fails to abide by the terms of a deposit installment agreement, the Company may disconnect service after providing a 5-day notice. The notice contains the information set forth in Rule 8, Sections C.1., 2., 3., 5., 6. and 7. and will be served in the manner set forth in Rule 8, Section D.

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By Kelly Norwood, Vice President, State & Federal Regulation

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RULE NO. 7 (continued)

DEPOSITS

6. Should disconnection for nonpayment of a deposit occur, the person disconnected will be required to pay the full amount of the deposit, any applicable reconnection fee, late payment fee and one-half the past due amount before service is restored. The balance of the past-due amount must 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 fees.

B. Payment of Deposit - Nonresidential Service

An applicant for nonresidential service, who is required to pay a deposit, shall pay the deposit in full prior to receiving service. An applicant may also fulfill the deposit requirement with an irrevocable letter of credit, surety bond (performance bond), or some other form of guaranty acceptable to the Company.

1. If service is subsequently disconnected for nonpayment of a deposit, the customer disconnected will be required to pay the full amount of the deposit, plus any applicable reconnection fee, late-payment fee, and past-due amount before service is restored. Written notice of disconnection for nonpayment of a deposit will be provided nonresidential customers five (5) days before service disconnection. The procedures in Rule 11, Section E. will be used in issuing the notice of disconnection.

C. Refund of Deposits for Residential and Non-Residential Service

1. A customer's deposit, plus accrued interest, shall be promptly refunded when service is terminated, provided that refunds due shall first be applied to any unpaid balance on the customer's account.
2. The Company may continue holding a deposit until such time as credit is satisfactorily established or re-established. For purposes of this rule, credit shall be considered to be established or re-established if one year after a deposit is made:

- a. The account is current;

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RULE NO. 7 (continued)

DEPOSITS

- b. Not more than two five-day disconnection notices were issued to the customer during the previous 12 months; and
- c. The customer was not disconnected for nonpayment during the previous 12 months.
- 3. After satisfactory credit has been established or re-established, the deposit plus any accrued interest will be promptly refunded or credited to the customer's account. A customer is entitled to a refund upon request.
- 4. In the event the customer moves to a new address within the Company's service area, the deposit, plus accrued interest, will be transferred to the new account.
- 5. Deposits plus accrued interest can be refunded or credited, in whole or in part, to the customer's account at any time provided that procedures followed by the Company are non-discriminatory.
- 6. Unless otherwise specified by the customer, the Company will mail deposit refunds to the customer's last known address. Valid claims for payment of refunds will be promptly honored by the Company if received within one year of the date service is terminated. Funds held beyond one year will be disposed of in accordance with ORS 98.316.

D. Interest on Deposits for Residential and Non-Residential Service.

- 1. Each year, the Commission shall establish an annual interest rate that must be paid on customer deposits. The Commission will base the rate upon consideration of the effective interest rate for new issues of one-year Treasury Bills issued during the last week of October, the interest rate on the most recent issuance of one-year Treasury Bills, or the effective interest rate for the average yield of Treasury Bills of the closest term issued during the last week of October. This interest rate applies to deposits held during January 1 through December 31 of the subsequent year. The current interest rate is 0.1%.
- 2. Upon payment of a deposit, the Company will provide the customer documentation showing the date, name of the applicant or customer, the service address, amount of deposit, a statement that the deposit accrues interest at the rate prescribed by the Commission, and an explanation of the conditions under which the deposit will be refunded.

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Patrick Ehrbar, Director of Regulatory Affairs

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RULE NO. 7 (continued)

DEPOSITS

3. If the deposit is held beyond one year, accrued interest will be paid by a credit to the customer's account. If held less than one year, interest will be prorated. The Company will keep a detailed record of each deposit received until the deposit is credited or refunded.
- E. Where good cause exists, the Commission or the Company may provide more liberal arrangements for payment of deposits than those set forth in this rule. The Company keeps a written record of the reason for such action.
- F. In the event that a check, or draft for payment of an Applicant deposit is not honored by the Applicant's respective financial institution, the debt shall be deemed unpaid. The application for service shall be denied, and the Applicant shall be considered to have not acquired customer status. The Company will attempt to notify the Applicant of the failed payment, and the Applicant shall have one business day in which to make valid payment. If a valid payment is not received, and the gas service has already been activated, service may be discontinued without further notice.

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