

# CITY OF SHELBY

## CUSTOMER UTILITY DEPOSIT POLICY

### 1.1 Deposit Requirement

The City of Shelby may require the customer to make an initial deposit, based on the current Schedule of Utility Deposits, as a guarantee of the payment for utilities used. The deposit for utility service is collected as security so that all bills will be paid in full by their due date. In some cases, the City will allow customers to provide alternative guarantees of payment or proof of credit worthiness in lieu of required deposit.

### 1.2 Residential Customer Deposit Alternatives

Any customer who must pay a deposit for residential utility service may choose one of the following:

- A. Pay initial cash deposit (See Current Schedule of Utility Deposits.)
- B. Have a guarantee agreement signed by a current City of Shelby residential utility customer who has good credit /payment history (as defined in Section 1.6) with the City. The guarantor will be responsible for the total bill if the customer does not pay his/her bill. The past due bill will be added to the guarantor's account and the guarantor will be notified of an impending disconnection.
- C. Customers who can provide a letter of credit reference (showing equivalent or similar service) from their previous utility provider may be exempt from this requirement. After service is established, if the customer's payment record does not at any time demonstrate a good credit/payment history as defined in Section 1.6, a security deposit may be required for continued utility service.
- D. If the customer is the sole record owner of the premises to be served or if the customer account is to be carried in the names of all of the record owners of the premises to be served, and the applicant's credit history is satisfactory as defined in Section 1.6, then a deposit will not be required to initiate service. The customer must provide a legible copy of the current instrument of title (deed, proof of inheritance) to the premises to be served which documents the identity of such owners. The City of Shelby reserves the right to check the applicant's credit references before waiving a security deposit. If the customer's credit record does not demonstrate a good credit/payment history as defined in Section 1.6, a security deposit may be required for initiation of utility service. After service is established, if the customer's payment record does not at any time demonstrate a good credit/payment history as defined in Section 1.6, a security deposit may be required for continued utility service.

### 1.3 Commercial/Non-Profit/Industrial Customers

Commercial/Non-Profit/Industrial Customers shall secure the utility charges at the time of application for service. Multiple accounts may require security deposits for each account.

**FOR DEPOSIT REQUIREMENTS UNDER \$2000.00**, payment may be in the form of:

- A. Initial Cash Deposit.
- B. Irrevocable bank letter of credit or a surety bond in the amount of the specified deposit, issued by an insurance company or bank authorized to do business in North Carolina.
- C. Jointly owned Certificate of Deposit for the amount of the specified deposit, held by the City of Shelby, with interest paid by a local financial institution directly to the customer.
- D. Have guarantee agreement signed by a current City of Shelby commercial utility customer who has good credit/payment history (as defined in Section 1.6) with the City. The guarantor will be responsible for the total bill if the customer does not pay their bill. The past due bill be added to the guarantor's account and the guarantor will be notified of an impending disconnection.

- E. If the customer is the sole record owner of the premises to be served, or the owner of a comparable business and can provide a letter of credit reference that displays an excellent credit history, then a deposit will not be required to initiate service. After service is established, if the customer's payment record does not at any time demonstrate a good credit/payment history as defined in Section 1.6, a security deposit may be required for continued utility service.

**FOR DEPOSIT REQUIREMENTS OVER \$2000.00**, the City requires surety bonds in the amount of the specified deposit, issued by an insurance company or bank authorized to do business in North Carolina. In the event that the customer purports to be unable to secure a surety bond and provides satisfactory documentation of two bond application refusals, the deposit requirements for under \$2000 will be accepted.

#### 1.4 Deposits and Service Disconnect

Notwithstanding the initial deposits specified in the above sections, any customer whose service is involuntarily terminated for non-payment, meter tampering or other reasons shall pay such deposit as required in the Schedule of Fees and Charges to protect the City of Shelby from loss of revenue. These deposits shall be held and refunded only as stated in this policy. Within ten (10) days of written notice, any customer who fails to make required cash deposits or provide surety bonds or irrevocable letter of credit when specified shall be subject to disconnection of service until such deposit has been provided.

#### 1.5 Deposit Refunds

Deposits may be refunded under the following circumstances.

- A. A deposit will be refunded promptly and automatically when service is voluntarily discontinued. All outstanding amounts on the final bill will be deducted from the deposit amount.
- B. The City of Shelby will return a customer's deposit when that customer has exhibited good credit as defined in Section 1.6.
- C. A deposit will not be refunded if the customer has another account with The City of Shelby that has a past due balance. The remaining deposit credit on the account will be transferred to the account which has a past due balance.

#### 1.6 Definition of Good Credit/Payment History

Good Credit/Payment History is defined as having no late payments, no returned checks and no involuntary disconnections in the most recent twelve month period. Payments are considered late at such time as the \$10.00 late penalty is applied to the outstanding bill.

Utilities Customer Services Policy Manual  
Article V, Section 1.

If social security number or Federal ID number are not provided, the required deposit will be twice the scheduled amount in the Customer Utility Deposit Policy.

Effective July 1, 2012

## CITY OF SHELBY

### SCHEDULE OF UTILITY DEPOSITS

WATER	RESIDENTIAL	\$30.00
	COMMERCIAL/INDUSTRIAL	TWO (2) MONTHS ESTIMATED BILL - PEAK USAGE MONTHS
SEWER	RESIDENTIAL	\$30.00
	COMMERCIAL/INDUSTRIAL	TWO (2) MONTHS ESTIMATED BILL - PEAK USAGE MONTHS
	RESIDENTIAL SEWER ONLY (no other utility services on account)	\$60.00
	COMMERCIAL SEWER ONLY (no other utility services on account)	TWO (2) MONTHS ESTIMATED BILL - PEAK USAGE MONTHS
ELECTRIC	RESIDENTIAL	\$120.00
	COMMERCIAL/INDUSTRIAL	TWO (2) MONTHS ESTIMATED BILL - PEAK USAGE MONTHS
GAS	RESIDENTIAL	\$140.00
	SMALL COMMERCIAL	\$140.00
	LARGE COMMERCIAL/INDUSTRIAL	TWO (2) MONTHS ESTIMATED BILL - PEAK USAGE MONTHS

If a social security number or federal tax ID number is not provided, the required deposit will be twice the scheduled amount.