

Regulations of Connecticut State Agencies

TITLE 16. Public Service companies

Agency

Department of Public Utility Control

Subject

Security Deposits Required by Gas or Electric Companies

Section

§ 16-262j-1

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Security Deposits Required by Gas or Electric Companies

Sec. 16-262j-1. Security deposits

(a) **Definitions.** As used in this section:

(1) “Utility company” or “company” means gas or electric distribution company, electric supplier or other entity within the jurisdiction of the department of public utility control which provides utility service. Any companies under common ownership may be deemed by such companies to be one company for the purposes of this section;

(2) “Utility service” means gas, electric distribution, transmission or generation service provided by a company to a residential customer at retail rates;

(3) “Residential customer” means any person to whom a utility company has agreed to supply utility service at residential premises occupied by that person alone or with others as a single housekeeping unit;

(4) “Prospective residential customer” means any person who has requested or proposes to initiate utility service from a company as a residential customer;

(5) “New customer” means a prospective residential customer who has not been a residential customer of the company for at least two of the past three years;

(6) “Delinquent account” means a utility service bill which has remained unpaid for a period of more than thirty days from the date of receipt of a bill rendered by or on behalf of a utility company which bills upon a monthly basis; or a utility service bill which has remained unpaid for a period of more than sixty days from the date of receipt of a bill rendered by or on behalf of a utility company which bills on a bi-monthly or quarterly basis. Any subsequent bills for the same type of utility service for which a delinquent account exists shall be considered part of said delinquent account upon receipt thereof. No partial payment of any delinquent account shall affect the delinquent status of the amount remaining unpaid on such account;

(7) “A customer who lacks the financial ability to pay a security deposit” means:

(A) A person receiving local, state, or federal public assistance including but not limited to:

(i) Aid to the blind;

(ii) Aid to families with dependent children or temporary family assistance;

(iii) Old age assistance;

(iv) Aid to the disabled;

(v) Medicaid;

(vi) Supplemental security income; or

(vii) General assistance or state administered general assistance;

(B) A person whose sole source of financial support is derived from social security, veteran’s administration or unemployment compensation benefits;

(C) A person whose income falls below one hundred twenty five per cent of the poverty level as determined by the federal government in accordance with the income poverty guidelines from the regional office of family assistance, department of health, education, and welfare or its successor agency; or

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(D) A person whose circumstances threaten a deprivation of the necessities of life for himself or herself or dependent children of his or her household if payment of a security deposit is required; and

(8) "Department" means the department of public utility control or its successor.

(b) **Grounds for Security Deposit before Supplying Utility Service to Residential Customers: Notice of Requirement: Payment in Installments.** An applicant for utility service shall be given an explanation by the company, prior to the inquiry, that these questions are being asked only to determine credit standing.

(1) A company may require a security deposit from a new customer only as follows:

(A) If the new customer does not provide positive responses to at least three of the following six questions.

Questions:

(i) What are the employer's name, address and telephone number and the applicant's position;

(ii) What is the applicant's length of time with present employer? If the applicant has less than 18 months with present employer, previous employment or reason(s) for not being previously employed;

(iii) Whether the applicant owns or rents his place of residence? If renting, does the applicant have a written lease; if so, what is duration of the written lease? If no written lease, how long has the applicant lived at present and preceding residences; address of preceding residence;

(iv) Whether the applicant has any bank accounts. If so, types of accounts, banks at which located, and how long accounts have been maintained;

(v) Whether the applicant has credit cards, charge accounts, loans or other credit references; and

(vi) Whether the applicant has significant source of income other than from employment.

(B) The following responses to the respective questions are to be considered positive responses:

(i) Employment alone (position is not to be given any weight); or employment of a spouse who is living with applicant;

(ii) Employment by the present employer for 18 months; or employment for less than 18 months and only one other employer during that period; or employment by the present employer for less than 18 months and no previous employment because of attendance at high school, college or other educational or training program, or because of active military duty, illness or hospitalization;

(iii) Ownership of residence to be served; or one year or longer written lease of residence to be served; or occupancy of not more than two residences during past two years;

(iv) Possession of bank account (checking or savings) for at least one year, substantiated by the bank not to be overdrawn;

(v) Possession of national credit cards, such as Mastercard, Visa, Discover, or American Express (no gasoline company cards) in good standing; or active charge account with at

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least one major store in service area which will verify account; or extension of substantial credit by a bank or commercial concern which will verify account; or as customer receiving same type of utility service from another company for at least two of the past three years, no account delinquent three or more times and no termination or judgment for nonpayment of a delinquent account; and

(vi) Existence of other sources of more than nominal income, such as stocks, real estate, pension, alimony, welfare, etc.

(C) All answers shall be subject to verification by the company. Questions shall be asked in above order, and when three positive responses are provided, no further questions shall be asked. If an applicant refuses to respond to any question or part thereof, it shall be considered a negative response to that question.

(2) A company may require a security deposit from one other than a new customer only as follows:

(A) If the company has terminated the prospective residential customer's utility service during the past two years for any of the following reasons: (i) Non-payment of a delinquent account; (ii) failure to amortize an unpaid account balance in accordance with an agreement; (iii) fraud or misrepresentation; or (iv) failure to reimburse the company for damages due to intentional or negligent act of the customer;

(B) If the company has obtained a judgment against the prospective residential customer during the past two years for non-payment of a delinquent account;

(C) If the prospective residential customer has had a delinquent account for three consecutive months or two consecutive billing cycles whichever is more during the past two years; or

(D) If the prospective residential customer has an outstanding delinquent account.

(3) A company may not refuse to provide utility service where the customer lacks the financial ability to pay a security deposit.

(A) If a company has determined under subsection (b)(1) or (b)(2) of this section that a security deposit should be required from a customer, the company shall inform that customer that service will not be denied if the customer lacks the financial ability to pay, and shall provide him or her with a copy of this section.

(B) A company shall determine and notify a prospective customer whether a security deposit will be required within five working days after receiving a request for service and, if applicable, receipt of responses to the company's requests for verification of the customer's statements.

(C) The amount of the security deposit shall not exceed an amount equal to three twelfths (3/12) of a year's estimated billing. In order to standardize deposits, and/or for administrative purposes the company may submit, for department approval, a schedule of proposed standard deposits for specific user classes of customers.

(D) A company may, at its option, and by agreement, provide for installment payments of any security deposit as determined in subsection (b)(3)(A) of this section.

(4) Interest on any security deposit received from a customer for each calendar year shall

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be paid at the rate prescribed in section 16-262j of the Connecticut General Statutes. Interest shall accrue daily and shall be paid or credited to the customer's account annually. Accrued interest shall be paid upon return of the deposit if such return is made at other than the annual payment date of interest.

(Effective December 29, 1980; Amended August 5, 1997; Transferred from § 16-3-200, August 23, 2000; Amended August 23, 2000)