

Customer Deposit Policy

Purpose:

This deposit policy is intended to assist in collection of all utility charges to minimize future rate increases. Deposits shall be collected in advance of providing utility services to cover utility charges billed in arrears. This policy is effective for all new accounts established after July 1, 2010.

Customers Responsible for Paying Deposits:

- i. Any person requesting water and/or sewer service who has an unpaid utility bill outstanding or previously charged off by the Roanoke Rapids Sanitary District (District), will be required to repay this amount, plus pay a deposit per section ii or iii below; and
- ii. Any person requesting water and/or sewer service for residential property who does **NOT** provide *evidence of satisfactory credit* will be required to pay an initial deposit amount **according to the current Fee Schedule**. The District reserves the right to increase this amount based on delinquent history of an individual customer; and
- iii. Any person requesting water and/or sewer service for commercial, industrial, or institutional property may be required to pay a deposit equivalent to 90 days of anticipated utility service as computed by District staff.
- iv. Any person whose deposit is applied for non-payment shall be required to pay an associated service restoration deposit according to the most current Tap Fees, Deposits, and Penalties Schedule (Fee Schedule).

Evidence of Satisfactory Credit:

- i. Letter from prior water/sewer utility attesting that within the prior twenty-four months customer had no returned checks, no more than three late payments; provided they were paid no more than thirty days late, and no disconnections for nonpayment.
- ii. Prior utility account with the Roanoke Rapids Sanitary District that had no returned checks, no more than three late payments, and no disconnections for nonpayment during the final twenty-four months of service. (Bk. 13, Pg. 133)
- iii. Credit report from one of three major credit reporting agencies revealing no more than three late payments to any creditor during the prior twenty-four month period.
- iv. Any equivalent documentation satisfactory to the Finance Director that utility bills will be paid in their entirety by the due dates.

Deposit Administration:

- i. District will apply the deposit, in the form of a credit, to a Customer account provided all bills had been paid on time, no returned checks, no more than three late payments, and no disconnections for nonpayment during the first twenty-four months of service or otherwise Satisfactory Credit.
- ii. Any deposit held by District when a customer terminates service will be applied to the final bill. Any amounts remaining will be refunded by a District check mailed, after the 20th of the following month, to the forwarding address supplied by the customer when notice of termination was given. The deposit is to remain on the customer's account until District applies the amount to the customer account, either at the final bill or after timely payment has been made for at least two years. No amounts may be used to offset a late payment or for the purposes of implementing delinquent collections procedures. If water service is discontinued for non-payment after the deposit has been credited to the account, the entire amount of current and past due charges and a new deposit are to be paid before service is reinstated.
- iii. No interest shall be paid to customers on amounts used as deposits.
- iv. Any increase in the computation of deposit amounts as set forth above must be based on the likelihood and magnitude of loss to District from nonpayment. There will be no discrimination between customers based on age, gender, race, religion, income, or any other distinction prohibited by law.
- v. Deposits held by District prior to July 1, 2010 shall remain on account until service is terminated.
- vi. Customers shall have access to the deposit policy at the District's business office or District's website.

Waive Security Deposit with Bank Draft:

- i. Any new customer that agrees to sign up for bank draft during the application process may have their deposits waived.
- ii. Existing customers with Satisfactory Credit may have their deposits waived if:
 - i. Opening a new account and signing up with bank draft, or;
 - ii. Converting an existing account to bank draft (deposit may be credited upon request), or;
 - iii. Currently on bank draft (deposit may be credited upon request)
- iii. Connection fees will not be waived for bank draft customers, or any other purposes.
- iv. In the case of a returned bank draft fee:
 - i. A Return Bank Draft fee will be charged; and,
 - ii. A Delinquency Fee will be charged if bill is not paid in full by Due Date.
 - iii. After three returned bank drafts in a rolling two-year period, Customer shall be
 - Charged a Return Draft Fee
 - Removed from bank draft
 - Required to establish a deposit
 - Required to pay by certified funds until Satisfactory Credit has been established for one year. After Satisfactory Credit has been reestablished, they will be eligible to pay by bank draft, no longer required to pay by certified funds and their deposit will be credited to their account.
 - Required to establish two-years of satisfactory credit before their deposit will be credited to their account if they elect to pay by check, cash, or credit after one year instead of returning to bank draft payment option.

ROANOKE RAPIDS SANITARY DISTRICT

Customer Deposit Policy FAQ

Why is a deposit needed?

To enable collection of all utility charges, which helps keep rates from unfairly increasing for those customers who do pay their bills.

Who must pay a deposit and how much?

- iv. Any person requesting water and/or sewer service who has an unpaid utility bill outstanding or previously charged off by the Roanoke Rapids Sanitary District, will be required to repay this amount, plus pay a deposit per section ii or iii below; and
- v. Any person requesting water and/or sewer service for residential property that does **NOT** provide *evidence of satisfactory credit* will be required to pay an initial deposit amount **according to the current Tap Fees, Deposits and Penalties Schedule**.
- vi. The District reserves the right to increase this amount based on delinquent history of an individual customer; and
- vii. Any person requesting water and/or sewer service for commercial, industrial, or institutional property may be required to pay a deposit equivalent to 90 days of anticipated utility service as computed by District staff.

What is evidence of satisfactory credit?

- i. Letter from prior water/sewer utility attesting that within the prior twenty-four months customer had no returned checks, no more than two late payments; provided they were paid no more than thirty days late, and no disconnections for nonpayment.
- ii. Prior utility account with the Roanoke Rapids Sanitary District that had no returned checks, no more than two late payments of between 1 and 30 days, and no disconnections for nonpayment during the final twenty-four-month months of service.
- iii. Credit report from one of three major credit reporting agencies revealing no more than two late payments to any creditor during the prior twenty-four-month period.
- iv. Any equivalent documentation satisfactory to the Finance Director that utility bills will be paid in their entirety by the due dates.

When will I get my deposit back?

The District will apply the deposit to a Customer account provided all bills had been paid on time for at least two years. You will see the credit on your utility bill when this is done.

Any deposit held by the District when a customer terminates service will be applied to the final bill. Any amounts remaining will be refunded by a District check mailed to the forwarding address supplied by the customer when notice of termination was given.

Will I get interest paid on my deposit?

No. There is no legal requirement that a local government to pay interest on funds held as a utility deposit.

Can I be billed for my deposit or pay in installments?

No. The deposit must be paid before the utility service is turned on. The purpose of the deposit is to cover utility charges, which are billed in arrears, if the first or subsequent bill is not paid.

Do you have a sliding scale for deposits based on income or ability to pay?

No. North Carolina law prohibits any discrimination within a class of customers, such as residential customers. Rates and deposits cannot vary according to ability to pay, disability, or age for the same reason rates and deposits must be the same regardless of race, religion, national origin, and gender.

Can someone else pay the deposit for me?

Yes. The District can accept payment from a third party, such as a church or relative that is directed to be applied to your account. However, once paid, the funds are considered to be paid by you and will be applied to any unpaid utility charges incurred by you. If the deposit remains after you terminate the account, the deposit will be refunded to you, not the third party.

If I am late in paying my utility bill will the deposit be used to satisfy the debt, so my service won't be cut off?

No. Your water or sewer may be cut off even with the deposit. RRSd bills in arrears, which means you are sent a bill AFTER you use the water. The deposit is designed to cover the cost of services for the regular billing period plus the thirty days you must pay your bill. Therefore, your water may be turned off if your bill is not paid on time. You will need to pay your bill in full, as the District will retain your deposit until you terminate your account or until the District is satisfied with your payment history.

If I declare bankruptcy, what will happen to my deposit?

Your deposit will be retained to be used in the event you do not pay your utility bill, and any amounts remaining after your final bill has been paid may be refunded to you. Under federal bankruptcy law, a local government may recover or set off against a pre-petition utility services deposit without notice or leave of the bankruptcy court.

Where can I get additional information about the customer service deposit?

- i. Call 252-537-9137.
- ii. Go to www.rrsd.org