

CHAPTER 24. SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS.

Subchapter F. CUSTOMER SERVICE AND PROTECTION.

§24.159. Service Applicant and Customer Deposit.

- (a) **Deposit on Tariff.** Deposits may only be charged if listed on the utility's approved tariff.
- (1) **Residential service applicants.** If a residential service applicant does not establish credit to the satisfaction of the utility, the residential service applicant may be required to pay a deposit that does not exceed \$50 for water service and \$50 for sewer service.
 - (2) **Commercial and Nonresidential service applicants.** If a commercial or nonresidential service applicant does not establish credit to the satisfaction of the utility, the service applicant may be required to make a deposit. The required deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings.
 - (3) **Commercial and Nonresidential customers.** If actual monthly billings of a commercial or nonresidential customer are more than twice the amount of the estimated billings at the time service was established, a new deposit amount may be calculated and an additional deposit may be required to be made within 15 days after the issuance of written notice.
- (b) **Customers not disconnected.** Current customers who have not been disconnected for nonpayment or other similar reasons in §24.167 of this title (relating to Discontinuance of Service) shall not be required to pay a deposit.
- (c) **Applicants 65 years of age or older.** No deposit may be required of a residential service applicant who is 65 years of age or older if the applicant does not have a delinquent account balance with the utility or another water or sewer utility.
- (d) **Interest on deposits.** Each utility shall pay a minimum interest on all customer deposits at an annual rate at least equal to a rate set each calendar year by the Public Utility Commission of Texas in accordance with the provisions of Texas Civil Statutes, Article 1440a. Payment of the interest to the customer shall be made annually if requested by the customer, or at the time the deposit is returned or credited to the customer's account. Inquiries about the appropriate interest rate to be paid each year a deposit is held may be directed to the commission
- (e) **Landlords/tenants.** In cases of landlord/tenant relationships, the utility may require both parties to sign an agreement specifying which party is responsible for bills and deposits. This agreement may be included as a provision of the utility's approved service application form. The utility shall not require the landlord to guarantee the tenant's customer deposit or monthly service bill as a condition of service. The utility may require the landlord to guarantee the payment of service extension fees under the utility's approved tariff if these facilities will remain in public service after the tenant vacates the leased premises. If the landlord signs a guarantee of payment for deposits or monthly service bills, the guarantee shall remain in full force and effect until the guarantee is withdrawn in writing and copies are provided to both the utility and the tenant.
- (f) **Reestablishment of credit or deposit.** Every service applicant who has previously been a customer of the utility and whose service has been discontinued for nonpayment of bills, meter tampering, bypassing of meter or failure to comply with applicable state and municipal regulations or regulations of the utility shall be required, before service is resumed, to pay all amounts due the utility or execute a deferred payment agreement, if offered, and may be required to pay a deposit if the utility does not currently have a deposit from the customer. The burden shall be on the utility to prove the amount of utility service received but not paid for and the reasonableness of any charges

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for such unpaid service, as well as all other elements of any bill required to be paid as a condition of service restoration.

(g) **Records of deposits.**

- (1) The utility shall keep records to show:
 - (A) the name and address of each depositor;
 - (B) the amount and date of the deposit;
 - (C) each transaction concerning the deposit; and
 - (D) the amount of interest earned on customer deposit funds.
- (2) The utility shall issue a receipt of deposit to each service applicant or customer from whom a deposit is received.
- (3) A record of each unclaimed deposit shall be maintained for at least seven years, during which time the utility shall make a reasonable effort to return the deposit or may transfer the unclaimed deposit to the Texas Comptroller of Public Accounts. If not already transferred, after seven years, unclaimed deposits shall be transferred to the Texas Comptroller of Public Accounts.

(h) **Refund of deposit.**

- (1) If service is not connected, or after disconnection of service, the utility shall promptly and automatically refund the service applicant's or customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund deposits plus accumulated interest at any time prior to termination of utility service. The utility's policy for refunds to current customers must be consistent and nondiscriminatory.
- (2) When a residential customer has paid bills for service for 18 consecutive billings without being delinquent, the utility shall promptly refund the deposit with interest to the customer either by payment or credit to the customer's bill. Deposits from customers who do not meet this criteria may be retained until service is terminated.

- (i) **Transfer of service.** A transfer of service from one service location to another within the service area of the utility shall not be deemed a disconnection within the meaning of this section, and no additional deposit may be demanded unless permitted by this subchapter.