

**RULE 4  
CUSTOMER DEPOSITS AND OTHER SECURITY**

**GENERAL**

The Company may require a deposit or other form security from an applicant or customer for reasons set forth in Rule 3 and this Rule.

Paying a deposit or providing some other form of security does not excuse a customer from complying with Cascade's tariffs or other regulations on file with the Commission, such as the obligation to pay bills promptly.

**RESIDENTIAL DEPOSITS REQUIREMENTS AND SURETY AGREEMENTS**

1. An applicant or customer may be required to pay a deposit when the applicant or customer:
  - a. Is unable to establish credit as outlined in Rule 3;
  - b. Received the same type of service from any Oregon energy utility within the prior 24 months and owed a balance when service was terminated; or
  - c. Was previously terminated for theft of service by any Oregon utility, found to have tampered with the meter, or diverted service.
  
2. A deposit required under these rules shall not exceed one-sixth the amount of reasonable estimated billing for one year at rates then in effect. This estimate shall be based upon the use of service at the premise during the prior year or upon the type and size of the customer's equipment that will use the service.
  
3. Any additional or subsequent deposit may be required as a condition of continued service if any of the following are true:
  - a. If the customer remodels, adds gas appliances or moves, and the anticipated usage will be at least 20 percent greater than that upon which the prior deposit was based;
  - b. The customer gave false information to establish an account and/or credit status; or
  - c. The customer has stolen service, tampered with the meter, or diverted service.
  
4. In lieu of paying a deposit, a residential customer may provide the Company with a written surety agreement from a responsible party. A responsible party must be a current Cascade customer who is able to meet the requirements for establishing credit per Rule 3. The written surety must secure payment equal to two months average usage. If the customer, whose account is secured with a surety agreement, is disconnected for non-payment, the Company may require that the responsible party who signed the surety agreement pay the amount specified in the surety agreement.

(continued)

**RULE 4  
CUSTOMER DEPOSITS AND OTHER SECURITY**

**DEPOSIT PAYMENT ARRANGEMENTS FOR RESIDENTIAL SERVICE**

1. When Cascade requires a deposit, the customer 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 shall be the greater of \$30 or one-third the deposit.
2. Where an installment payment of a deposit is made together with a payment for gas service, the amount paid shall 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 shall pay within five days one-third of the total deposit, or at least \$30, whichever is greater. The remainder of the deposit is due under the terms of Subsection 1. 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 customer enters into an installment agreement for payment of a deposit under Subsection 1 of these rules, Cascade shall provide written notice explaining its deposit requirements. The notice shall specify the date each installment payment shall be due and shall include a statement printed in boldface type informing the person that service will be disconnected if payment is not received when due. The notice shall also set 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. If a customer fails to abide by the terms of a deposit installment agreement, the Company may disconnect service after a five-day notice. The notice shall contain the information and shall be served in the manner set forth in Rule 5.
6. Where good cause exists, Cascade may provide more liberal arrangements for payment of deposits than those set forth in this rule. Cascade shall keep a written record of the reasons for such action.
7. Should disconnection for nonpayment of a deposit occur, the person disconnected shall be required to pay the full amount of the deposit, and any applicable reconnection fee, disconnect visit charge, late-payment fee, and one-half the past due amount before service is restored. The balance of the past-due amount shall 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.

(continued)

**RULE 4**  
**CUSTOMER DEPOSITS AND OTHER SECURITY**

**NONRESIDENTIAL DEPOSIT REQUIREMENTS**

1. Deposit Requirement - Nonresidential (Seasonal and Non-seasonal Service). A deposit may be required equal to one-sixth the estimated annual usage at the service address if an applicant or customer:
  - a. Does not satisfy the credit-screening criteria set forth in Rule 3.
  - b. Owes a bill that is overdue by thirty (30) days or more;
  - c. Was previously exempted from paying a deposit based upon false information given at the time of application;
  - d. Is involved in a bankruptcy action, liquidation, bulk sale or financial reorganization;
  - e. Is adding incremental demand at a premise with an existing service account; or
  - f. The non-residential customer is past due on commitments to creditor such as real estate mortgages or lease agreements, commercial loans, other utility bills and trade accounts.

**DEPOSIT PAYMENT ARRANGEMENTS FOR NON-RESIDENTIAL SERVICE**

1. An applicant for nonresidential service who is required to pay a deposit shall pay the deposit in full prior to receiving service. An applicant for nonresidential service may also fulfill the deposit requirement with an irrevocable letter of credit, surety bond (performance bond) or some other form of guarantee acceptable to the Company.
2. An existing nonresidential customer is considered to be an applicant for purposes of satisfying the deposit requirement. An existing nonresidential customer, if required to pay or supplement a deposit, is required to pay the full amount within 10 days of the date of the notice from the Company that such a deposit is required. This notice will also serve as the notice of disconnection required under OAR 860-021-0505.
3. If service is 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, disconnect visit charge, late payment fee and past due account balance before service is restored.

**INTEREST ON DEPOSITS FOR RESIDENTIAL AND NONRESIDENTIAL SERVICE**

1. Customer deposits shall accrue interest at the rate established in Schedule 200, which is a rate based upon the effective interest rate for new issues of one-year Treasury Bills issued during the last week of October as determined by the Commission in Docket No. UM 779. This interest rate, rounded to the nearest percent, shall apply to deposits held during January 1 through December 31 of the subsequent year. (C)  
(C)

(continued)

**RULE 4  
CUSTOMER DEPOSITS AND OTHER SECURITY**

**INTEREST ON DEPOSITS FOR RESIDENTIAL AND NONRESIDENTIAL SERVICE (continued)**

2. Upon payment of a deposit, Cascade shall furnish a receipt showing the date, name of the applicant or customer, the service address, the amount of deposit, a statement that the deposit will accrue interest at the rate prescribed by the Commission, and an explanation of the conditions under which the deposit will be refunded.
3. If the deposit is held beyond one year, accrued interest will be paid through a credit to the customer's account. If held less than one year, interest will be prorated. Cascade shall keep a detailed record of each deposit received until the deposit is credited or refunded.

**REFUND OF DEPOSITS FOR RESIDENTIAL AND NONRESIDENTIAL SERVICE**

1. Upon termination of service, a customer's deposit plus accrued interest, shall first be applied to any unpaid balance on the customer's account and any remaining balance will be refunded to the customer.
2. Cascade may continue holding a deposit until such time as credit is satisfactorily established or reestablished. For purposes of this rule, credit shall be considered to be established or reestablished if one year after a deposit is made:
  - a. The account is current;
  - 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 reestablished, the deposit plus any accrued interest shall be promptly credited to the customer's account or refunded at the customer's request.
4. In the event the customer moves to a new address within Cascade's service area, the deposit, plus accrued interest, will be transferred to the new account.
5. Unless otherwise specified by the customer, Cascade shall mail deposit refunds to the customer's last known address. Valid claims for refunds received within one year of the date service was terminated shall be promptly honored. Funds held beyond one year will be disposed of in accordance with ORS 98.316.