

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet RR-6
Cancels First Revision of Sheet RR-6

GENERAL RULES AND REGULATIONS

(continued)

Rule 6. Deposits and other Security: General.

The Company may require a deposit or other security from a Customer or known Applicant for reasons set forth in **Rule 2** and for other reasons as set forth in this **Rule 6, Rule 6A, Rule 6B, or Rule 6C**. A low-income Residential Customer, as defined in OAR 860-021-0180, will not be charged a deposit. The requirements for a Residential Customer or known Applicant are set forth in **Rule 6A**. The requirements for a Non-Residential Customer or Applicant are set forth in **Rule 6B** and **Rule 6C**. For builders, contractors, property developers, and property managers, when a deposit or other security is required the provisions applicable to Non-Residential service shall apply. (C)
(N)
(N)
(C)

Where a deposit or deposit installment amount is billed and due and payable along with a Customer's bill for regular monthly gas usage, the amount paid by Customer shall first be applied toward payment of the amount due for the deposit, as set forth in **Rule 7**. (D)

In the event a Customer pays a deposit or additional deposit amount, with a check or draft for payment that is returned or not honored by the respective financial institution, the Company may disconnect service for nonpayment of the deposit as set forth in **Rule 11**.

In the event a Customer concurrently terminates service at a current address and applies for service at a new address within the Company's service area, any deposit held by the Company for service at the current service address, plus accrued interest, will be applied to the new service address. Nothing precludes the Company from requiring an additional deposit under the terms set forth in **Rule 6A, Rule 6B, or Rule 6C**. If such Customer notified the Company of the change of address subsequent to the issuance of the closing bill for service at the terminated service address, then the Customer may be required to pay a new deposit as required by these rules.

Deposits will accrue interest at a rate prescribed by order of the Commission. Interest shall be computed from the date the deposit is paid (if paid in installments, from the date of the first payment) to the date of refund or application of the entire deposit amount to the Customer's account, or if applicable, to the end of any one Year period. Interest will be prorated on deposits held by the Company for less than a full Year.

The Company will review default deposit amounts with any change in billing rates. The default deposit amounts may be revised if a change in customer rates results in an increase or decrease of \$10.00 or more to the average Residential Customer's monthly bill, or \$25.00 or more to the average Schedule 3 small Commercial Customer's monthly bill.

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NORTHWEST NATURAL GAS COMPANY

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Second Revision of Sheet RR-6.1
Cancels First Revision of Sheet RR-6.1

GENERAL RULES AND REGULATIONS

(continued)

Rule 6. Deposits and other Security: General (continued).

Except where provided otherwise in this or any other applicable Schedule of this Tariff P.U.C. Or. 25, deposits will be held by the Company for one Year. At the end of one Year, the Company will review the account to determine if Customer has met the conditions for establishing satisfactory credit, which are described in **Rule 2**. If a Customer has not established satisfactory credit, the deposit may be held on the account for a subsequent Year, with interest. Any interest accrued for the prior Year will be applied as a bill credit on the Customer's next regular monthly bill.

If Customer has met the conditions for establishing satisfactory credit, the deposit plus accrued interest will be refunded or credited to Customer. If there are any other current or prior accounts for such Customer, the Company may review such accounts to determine if there is any unpaid past-due balance owing to the Company. Prior to refunding or crediting a deposit amount, the Company may first apply the refundable deposit and accrued interest, to such past due amounts. Any remaining balance shall be refunded or credited to the account for which the deposit was held.

The Company may provide other arrangements for the refunding and/or crediting of deposits under this rule where good cause exists.

Upon voluntary termination of service, any deposit amount held on account of a Customer shall be refunded or credited to the Customer in the manner set forth in **Rule 16**.

The Company's acceptance of a deposit or other security shall not relieve a Customer from complying with the Rules and Regulations established by the Commission, including but not limited to the prompt payment of bills and the Disconnection of Service for non-payment.

(C)

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Cancels Second Revision of Sheet RR-6A

GENERAL RULES AND REGULATIONS

(continued)

Rule 6A. Deposits and Surety Agreements: Residential.

Deposits.

A deposit may be required from a Residential known Applicant or Customer as a condition of new or continued service as set forth in **Rule 2**. (C)

A low-income Residential Customer, as defined in OAR 860-021-0180, will not be charged a deposit. (N)

The deposit for any Schedule 4 Residential Multi-Family Applicant or Customer is \$20.00.

The deposit for any other Residential known Applicant or Customer account will not exceed one-sixth of the estimated annual billing at the service address based on twelve months of normal usage history at the premise, rounded to the nearest dollar. If the Company has no record of prior gas service at the service address, or if there is less than 12 months of normal usage history at the service address, the default deposit will be based on installed gas-fired equipment as follows: (C)

Installed Gas-Fired Equipment	Deposit Amount
Space and Water Heat	\$ 125.00
Space Heat Only	\$ 100.00
No Space Heat	\$ 40.00

Deposits will be refunded or credited to Customers as set forth in **Rule 6**. Except as provided otherwise in this or any other applicable Schedule of this Tariff P.U.C. Or. 25, deposits are typically due prior to or at the time that service is activated or reactivated. At the Company's discretion, a deposit or additional deposit amount may be billed with the first monthly bill following the date of notice that a deposit is required.

A deposit or additional deposit may be required from a Residential Customer following the Company's receipt of notification that such Customer is named as a debtor party to a bankruptcy filing. Such a deposit shall be separate and apart from any additional surety amount ordered by the bankruptcy court.

The Company may also require an additional deposit from a Residential Customer that moves to a new residence and the anticipated bill at the new residence will be at least 20 percent greater than the basis of an existing deposit. The Company will provide written notice to the Customer of such action at the time that the additional deposit amount is billed.

A Residential Customer that is required to pay an additional deposit amount must pay the deposit in full, or make deposit payment arrangements, within five (5) Business Days from the date of notice that the additional deposit is required. If a deposit installment arrangement is already in place, the existing installment payments will be adjusted for the additional deposit amount. In no event will two installment payments be required for the same account within a single bill period.

Any known Applicant or Customer may pay a deposit, or additional deposit, of more than \$30 in up to three (3) consecutive installments. A deposit that is more than \$30 but equal to or less than \$60 may be paid in two consecutive installments. If a deposit is paid in installments, the first payment equal to the greater of \$30.00 or one-third of the total deposit amount will be immediately due. The remaining payments will be billed and due with the subsequent two monthly bills. Except for the last payment, installment payments will not be less than \$30.00. (C)

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GENERAL RULES AND REGULATIONS

(continued)

Rule 6A. Deposits and Surety Agreements: Residential (continued).

Deposits (continued).

When a Residential known Applicant or Customer agrees to a deposit installment plan, the Company will provide the Customer with documentation showing the total deposit amount and the date that each installment payment is due. The notice will include a statement that the deposit will accrue interest at the rate prescribed by the Commission, an explanation of the conditions under which the deposit will be refunded, information on how to obtain financial assistance, and a statement that service will be disconnected if the payments are not received by the Company when due. (C)

Failure to pay a deposit or to abide by the terms of a deposit installment plan is cause for Disconnection of Service. Service may be disconnected after written notice is issued not less than five (5) calendar days prior to the date of the scheduled disconnection, except that if the deposit is deemed unpaid because the payment was returned or not honored by the respective financial institution, notice of disconnection will be made as set forth in **Rule 6**. Before service will be restored, the full deposit amount, plus one-half of any past due amount for gas service, plus the applicable reconnection fee and late payment fee, shall first be paid. The balance of the past due amount shall be paid due with the subsequent bill after service is restored. An existing Time Payment Plan may continue upon payment of all past-due installments, along with the full deposit and other applicable fees. (C)

Surety Agreements.

In lieu of paying a deposit, a Residential known Applicant or Customer may obtain a written surety agreement from a qualifying third person ("the Surety"). The Surety must be a current Customer of the Company who meets all of the conditions of provision (A) as set forth in **Rule 2**. The Surety will have the right to receive and discuss with the Company the account of the benefiting Customer and will be sent a duplicate of any notices of disconnection (5-day notice) issued on the benefiting Customer's account. (C)

The surety agreement must secure payment in an amount equal to two months' average usage at the benefiting Customer's service address. Nothing precludes the Surety from voluntarily paying more than this amount if the surety agreement is invoked.

The Company must receive a signed surety agreement before service will be activated or reactivated. If the gas service is active, the known Applicant or Customer will have five (5) Business Days in which to submit the signed surety agreement, Gas Service will be disconnected without further notice if the signed surety agreement or other acceptable security is not received. (C)

In the event a Customer for whom a surety agreement is in effect is disconnected for nonpayment, the Company may collect from the Surety the amount of the two months' average usage at the benefiting Customer's service address. The payment made by the Surety will be applied to the benefiting Customer's balance due.

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GENERAL RULES AND REGULATIONS

(continued)

Rule 6A. Deposits and Surety Agreements: Residential (continued).

Surety Agreements (continued).

The same surety agreement may be used to secure the Customer's account for reconnection of service following a disconnection, provided the Surety fulfilled any obligations under the surety agreement if it was invoked, and provided the Surety has not given prior notice to the Company of termination of the surety agreement.

A surety agreement may be terminated by the Surety at any time upon five (5) Business Days advance written notice to the Company.

A surety agreement may be terminated by the Company at any time upon five (5) Business Days notice to the Customer and to the Surety if the Company finds that the Surety no longer meets the qualifications described in this General Rule.

A surety agreement will automatically terminate when the benefiting Customer has established satisfactory credit as described in **Rule 2**. If the benefiting Customer has not established satisfactory credit by the end of one Year, the surety agreement will continue to be held as security on the benefiting Customer's account provided the surety agreement is not otherwise terminated as provided in this General Rule.

In the event a surety agreement is terminated for any reason other than establishment of credit, the Customer will have five (5) Business Days in which to either pay the required deposit or make deposit payment arrangements, or obtain a written surety agreement from another qualifying Customer. Failure to provide sufficient replacement security is cause for Disconnection of Service without further notice.

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GENERAL RULES AND REGULATIONS

(continued)

Rule 6B. Deposits and other Security: Non-Residential.

A deposit may be required from a Non-Residential Applicant or Customer as a condition of new or continued service as set forth in **Rule 2**.

A Non-Residential Customer may also be required to pay a deposit, or to pay an additional deposit, in the following circumstances:

- a) Upon the filing of an insolvency proceeding, including but not limited to bankruptcy, receivership, liquidation, bulk sale, or financial reorganization, naming the Customer or any principals of the corporation, partnership, or Non-Residential entity, as a debtor party to the filing;
- b) When Customer's bill has or is expected to increase by 50% or more due to a change in billing rates, a change in rate schedule, or a change in gas usage at the service address;
- c) When Customer is issued two or more final disconnection notices (also known as a 5-day notice) within a consecutive 12-month period; or
- d) When Customer was found by the Company to have committed theft, diversion of service, or tampering with utility facilities.

Any deposit or additional deposit collected by the Company under order of the bankruptcy court pursuant to Title 11 of the Bankruptcy Code and, in particular, 11 USC § 366, will be held separate from any deposit collected under this **Rule 6B**, and will be refunded following the final ruling of the bankruptcy court.

The Company may also require the receipt of other security, which may include, but is not limited to an irrevocable letter of credit, surety bond (performance bond) or some other form of guarantee acceptable to the Company.

Except for seasonal Applicants or Customers, the amount of the deposit for any one Non-Residential account will not exceed one-sixth of the estimated annual billing at the service address based on twelve months of normal usage history at the premise, rounded to the nearest dollar. If the Company has no record of prior gas service at the service address, if there is less than 12 months of normal usage history at the service address, or if the usage history at the service address was for a different business purpose, the Company may require a default deposit in the amount of \$200.00. The default deposit will not apply to a Non-Residential Customer whose natural gas usage is expected to exceed 90 therms per month based on the square footage of heated space, or the type of gas-fired equipment and the expected use of such gas-fired equipment.

The deposit for a seasonal Applicant or Customer for any one account will not exceed the estimated ensuing season's billing for services provided by the Company.

Deposits will be refunded or credited to Customers as set forth in **Rule 6**.

Deposits are typically due in full prior to or at the time that service is activated or reactivated. However, at Company's discretion, a deposit may be billed with the first monthly bill following the service activation date.

(continue to Sheet RR-6B.1)

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GENERAL RULES AND REGULATIONS

(continued)

Rule 6B. Deposits and other Security: Non-Residential (continued).

A Non-Residential Customer that is required to pay a deposit to re-establish credit or to pay an additional deposit amount as set forth in this **Rule 6B** must pay the deposit or request deposit payment arrangements within ten (10) Business Days from the date of the notice that a deposit is required. Such notice may also serve as the notice of disconnection required under OAR 860-021-0505. At the Company's discretion, the deposit may be billed with the Customer's next regular monthly bill.

At the Company's discretion, a Non-Residential Applicant or Customer that cannot pay a deposit or additional deposit of \$30 or more in full, may make payment arrangements to pay the deposit in up to three (3) consecutive installments. A deposit that is more than \$30 but equal to or less than \$60 may be paid in two consecutive installments. If paid in installments, the first payment equal to or greater than \$30 or one-third of the total deposit amount shall be immediately due. The remaining amount will be billed and will be due and payable with the Customer's next regular monthly bills until the deposit is paid in full. Failure to abide by the terms of a deposit installment plan is cause for Disconnection of Service. Service may be disconnected after written notice is issued not less than five (5) calendar days prior to the date of the scheduled disconnection, except that if a deposit is deemed unpaid because the check or draft for payment was not honored by the respective financial institution, notice of disconnection will be made as set forth in **Rule 6**.

Failure to pay a deposit or deposit payment, or to provide any other required security, is cause for Disconnection of Service. If service is disconnected, the entire deposit, plus the past due account balance, plus the applicable reconnection fee and late payment fee must be paid before service will be restored.

(continue to Sheet RR-6C)

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GENERAL RULES AND REGULATIONS

(continued)

Rule 6C. Special Deposits and other Security: Non-Residential Anticipatory Breach or Other Circumstances.

This Rule is applicable only to Service Agreements or Special Contracts executed after July 1, 1991.

Irrespective of a Customer's credit standing, the Company may require one or any combination of a deposit, pre-payment, bond, letter of credit, or other security may be required, in the amount of the charges for one-sixth of the estimated annual usage at the Customer's service address, plus any fixed charges due upon Termination of Service where:

- (a) There is an anticipatory breach by a Customer of a Service Agreement or Special Contract, in the form of an overt communication of intention or an action which renders performance impossible or demonstrates a clear determination not to continue with performance; or
- (b) It is reasonably certain that a Customer will discontinue, disconnect, or terminate service entirely prior to fulfilling existing contractual obligations. Facts sufficient to establish such a reasonable certainty would include, but would not be limited to, the construction of a service connection to an alternative energy source; the installation of alternate fuel facilities, or other explicit acts, statements, or correspondence indicating an intent to discontinue service under existing contracts or otherwise to decline to comply with existing contractual obligations.

The Company shall give written notice to any Non-Residential Customer from whom a deposit or other security is required. Customers shall have ten (10) calendar days from the date of the notice to comply with such requirement. Such notice shall also serve as the notice of disconnection required under OAR 860-021-0505. Failure to comply with such requirement is cause for Disconnection of Service. If service is disconnected for non-compliance with a deposit or other security under this rule, the entire deposit, plus any past due account balance, plus the applicable reconnection fee and late payment fee must be paid before service will be restored.

The notice shall include a statement that the Customer may dispute the requirement by appealing to the Commission as provided in the Commission Rules. Pending resolution of the appeal, the Commission may require the Company to continue service upon such terms and conditions as the Commission finds reasonable. However, the Company may disconnect service thirty (30) days after the date of its request for a deposit unless the Customer has provided the deposit, or the Commission has concluded its proceedings on appeal with an order that the deposit shall not be required.

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