

GENERAL RULES AND REGULATIONS
 (continued)

Rule 3. Deposits.

A deposit may be required from a Residential or Non-Residential Customer or Applicant that:

- (a) failed to establish a satisfactory credit history, or otherwise demonstrate that they are a satisfactory credit risk in accordance with **Rule 2**;
- (b) within any 12 month period was disconnected for failure to pay amounts owing to any electric or gas utility;
- (c) has an unpaid overdue balance owing to any electric or gas utility for similar class of service;
- (d) received three or more delinquency notices served upon them by any electric or gas company during the most recent 12 months; or
- (e) is a residential customer initiating or continuing service to a residence where a prior customer still resides and where any balance for such service to that prior customer is past due or owing to the Company.

The amount of the deposit shall not exceed one-sixth of the estimated annual billing at the service address based on actual 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, a default deposit may apply. For Non-Residential Customers, the default deposit may also apply if the usage history at the service address was for a different business purpose. The default deposit will not apply to a Non-Residential Customer whose natural gas usage is expected to exceed 78 therms per month based on square footage of heated space, or the type of gas-fired equipment and the expected use of such gas-fired equipment.

Installed Gas-Fired Equipment	Default Deposit Amount
RESIDENTIAL:	
Space and Water Heat	\$ 100.00
Space Heat Only	\$ 75.00
No Space Heat	\$ 40.00
NON-RESIDENTIAL	
Space and Water Heat	\$ 200.00

The Company will review default deposit amounts with any change in billing rates. The default 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.

A Residential Customer that is unable to pay a deposit may enter into payment arrangements as set forth in the WUTC Credit Rules. At the Company's discretion, a Non-Residential Applicant or Customer may enter into payment arrangements for payment of a deposit.

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GENERAL RULES AND REGULATIONS
(continued)

Rule 3. Deposits (continued).

If the deposit is not paid in full prior to receiving service; the deposit may be paid in three installments, with 50 percent of the deposit amount paid prior to receiving service and the remaining amount paid in equal payments over the Customer's next two regular billing months following the initial payment date until the deposit is paid in full. The Company will furnish a receipt upon payment of a deposit, and will hold the deposit until credit is satisfactorily established or re-established.

Where an installment payment of a deposit is made together with a payment for utility service, the amount paid shall first be applied toward payment of the amount due for deposit.

Periodic review and adjustment of a deposit amount may be made by Company when necessary to reflect a change in rates, to more accurately reflect usage, to reflect a change in residence, or to reflect a change in credit worthiness.

Any deposit or additional deposit amount required after service is established is due and payable not earlier than 5:00 p.m. of the sixth business day after written notice of the deposit requirement is mailed or delivered to the customer. Failure to pay a deposit or to abide by the terms of a deposit payment arrangement is cause for disconnection of service. Before service will be restored, the customer shall be required to pay one-half the deposit amount plus the applicable reconnection fee.

Deposits will accrue interest at a rate prescribed by WAC 480-90-113 and WAC 480-90-118 of the Washington Administrative Code. Interest shall be computed from the date the deposit payment(s) are made to the date of refund or total application of the deposit to the current account, and shall be compounded or paid annually. If a deposit is held beyond one year, accrued interest will be paid by a credit to the customer's account on the next bill for service following the anniversary of the accrual date. Interest will be prorated on deposits held by the Company for less than a full year. In the event the customer moves to a new address within the Company's service area, the deposit, plus accrued interest, will be transferred to the new account. Deposits will be refunded to customers on terms provided in the WUTC Credit Rules.

The Company may provide more liberal arrangements for payment of deposits under this rule where good cause exists.

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GENERAL RULES AND REGULATIONS
(continued)

Rule 3. Deposits (continued).

Special Deposit for Anticipatory Breach or Other Circumstances (Non-Residential).

A deposit, bond, letter of credit, or other equivalent security may be required, in the amount of the charges for one-sixth of the estimated annual usage of a non-residential customer at the 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 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 notify a customer from whom a deposit has been required under this section that the customer may dispute the requirement by appealing to the Commission as provided in the WUTC Credit 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 discontinue service 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.