Household Rule #1

Brenda lives in an apartment with her children. The account for electricity is in the name of her ex-partner Bob. Bob moved out of the apartment over a year ago, but as part of their agreement concerning finances, he pays the electric bill at the apartment where Brenda and the kids live. The account is still in Bob’s name, and the bills get mailed to Bob’s new address.

Due to circumstances beyond his control, Bob suddenly and unexpectedly stopped paying the bill. A disconnection notice was mailed to Bob, but he was not at his home to receive it and subsequently did not notify Brenda, who lives at the service address. Brenda became aware of the pending disconnection by a call from the utility. Brenda advised the company about Bob’s situation, and why he couldn’t pay the bill. Brenda and her new partner, who lives with her at the service address, want to establish an account in one of their names to avoid disconnection.

How would your company apply the Household Rule to this scenario? What are the options that your company could offer to the residents at the service address?

The group that worked on this scenario came up with the following solution, which CAPI would mostly support, with the exceptions listed below [in brackets]:

Q. How would your company apply the Household Rule to this scenario?

A. The Household Rule does not apply because Bob does not live at the service address.

Board rule 3.302(F) states: “A company shall not disconnect or refuse service to a customer due to a delinquent bill owed by another person unless a person owing a delinquent bill, resulting from service to that household, resides in the same household.” This rule also means that Bob is responsible for the charges up to the point that service is turned off for non-payment, or when Brenda and/or her partner have the account put into his/her/both name(s).

Q. What are the options that your company could offer to the residents at the service address?

A. 1. Have the account go into Brenda’s name, or have the account go into both their names. [CAPI would also support having the new account be just in Brenda’s partner’s name.]

2. Require a security deposit [CAPI would say that because this will be a new account, whomever takes it over should be given the opportunity to provide proof of creditworthiness instead of paying a deposit]. Board rule 3.203 (Grounds for Requiring a Deposit) states:

Utilities … shall limit collection of deposits for service to primary residences to situations where the applicant or existing customer presents a credit risk. Existing customer may be required to pay a deposit only after they have been disconnected for non-payment of valid charges, pursuant to Board rule 3.300. Utilities … may collect a deposit in the absence of proof from an applicant of creditworthiness.

3. Offer the new applicant the option of going on a budget payment plan.

Household Rule # 2

Frank and Jane live together. They have two children, Sam and Mary, both of whom are minors. Frank and Jane have an electric account in both their names. Frank moves out; the bill hasn’t been paid for several months and the balance is $500. He also had a prior account that was left unpaid and those charges were transferred to the current account; some of the $500 is from Frank’s prior account although most of those charges have been paid. Service is turned off for non-payment after notice is sent and neither Frank nor Jane respond.

Jane is able to establish a new account after Frank moves out in Sam’s name. Again, the bill goes unpaid for several months (med notes have been provided) and the balance on the new account is $150. The electric company discovers that Sam is Jane and Frank’s minor child and closes the account because it was established fraudulently.

How does the Household Rule apply in this situation? What should the company do if Jane wants to get a new account established in her name?

Q. How does the Household Rule apply in this situation?

A. Board rule 3.302(F) states, “A company shall not disconnect or refuse service to a customer due to a delinquent bill owed by another person unless a person owing a delinquent bill, resulting from service to that household, resides in the same household.” The remaining unpaid charges in Frank’s former account that were transferred to the joint account in Frank and Jane’s name would be removed (if the utility transferred them over) from the account established in Sam’s name, because those charges were incurred when the household was different than what it is now.

However, once the utility closes the account in Sam’s name, the $150 (along with the remaining balance from the jointly held account) would be applied to Jane’s new account. The reason is that Jane and Sam belong to the same household, and Jane’s name was on the jointly held account with Frank, so she would be responsible for both sets of charges.

Q. What should the company do if Jane wants to get a new account established in her name?

A. Because Jane has already demonstrated that she is a credit risk by fraudulently establishing an account in her minor child’s name, CAPI would support the requirement that she pay a deposit. However, if paying the deposit in full is not affordable, Jane has the option of paying the deposit in thirds. Board rule 3.202(A)(5) requires that the utility “for an account which serves a primary residence, offer the ratepayer for whom the payment presents a burden the opportunity to pay a deposit, at a minimum, in three equal payments with one third due immediately, one third due within thirty days, and the final third due within sixty days.”

With regard to the charges being transferred to Jane’s new account, those charges would need to be billed and Jane should be given the opportunity to establish a payment arrangement for them if she doesn’t pay the bill when due and the utility sends a disconnection notice. One option that could be given her is to go on a budget payment plan (this could be offered to her immediately upon establishing the account), with the ability to spread the delinquency out over the next 12 months. The utility, if it chooses to, could also include the remaining 2/3 of the deposit amount with the delinquent balance that is being paid over the next 12 months. Board rules would not prohibit this, although CAPI would support the utility if it chose not to do this.