S T A T E O F N E W Y O R K

4280

2011-2012 Regular Sessions

I N A S S E M B L Y

February 2, 2011

Introduced by M. of A. P. RIVERA -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public service law, in relation to prohibiting the public utilities from requiring residential service deposits and prepayment for services

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 36 of the public service law, as added by chapter 713 of the laws of 1981, is amended to read as follows:

S 36. Residential service deposits. [1. On and after January first, nineteen hundred eighty-two, no] NO utility corporation or municipality shall require any [new] residential customer[, other than a seasonal or short term customer,] to post a security deposit OR PREPAY ANY RATE OR CHARGES FOR SERVICE as a condition of receiving utility service. [In addition, no utility corporation or municipality shall after the first day of September, nineteen hundred eighty-two, or such earlier date as the commission may determine, require a current residential customer to post a security deposit other than such a customer who is delinquent according to standards set by the commission.] Deposits AND PREPAYMENTS held on the first day of September, [nineteen hundred eighty-two] TWO THOUSAND ELEVEN, or such earlier date as the commission may determine, shall be returned to the customer immediately, but not later than the next bill for service[; provided, however, that this provision shall not apply to deposits of delinquent customers. No utility corporation or municipality shall require any known recipient of public assistance, supplemental security income benefits or additional state payments to post a security deposit as a condition of receiving service.

2. Notwithstanding the provisions of subdivision one of this section, the commission, after investigation and hearing, may authorize any utility corporation or municipality to require and hold security deposits from residential customers or applicants for service upon a finding that

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD01018-01-1

the collection and maintenance of such deposits is cost effective to the utility as a whole without regard to cash flow and the availability of capital.

3. In any case where customer deposits are authorized by this section, a utility corporation or municipality may require a customer or applicant for service to deposit a reasonable sum of money according to the estimated quantity of such services necessary to supply the customer or applicant for service for two months, to secure payment for such services actually rendered, or for the rental of fixtures, instruments and facilities actually supplied. Every such utility corporation and municipality shall allow to every such customer or applicant for service interest on the sum deposited at a rate per annum to be prescribed from time to time and at least annually by the commission in light of current economic conditions and current charges paid for moneys borrowed by such utility, taking into account the expenses incurred by such utility in obtaining, handling, returning or crediting the sum deposited. Such interest shall be paid upon the return of the deposit, provided however, that whenever such deposit has been held for a period of one year, the interest shall be credited to the customer or applicant for service on the first billing for utility service rendered after the end of such period. If a customer or applicant for service is not delinquent in the payment of any billing during such one year period, the deposit shall be refunded promptly at the end thereof, without prejudice to the utility's or municipality's right to require a deposit thereafter in the event of a delinquency. All utility corporations and municipalities shall exempt from deposit requirements any customer or applicant for service who is sixty-two years of age or older, unless the customer or applicant for service is a bad credit risk according to standards set by the commission].

S 2. Section 92-b of the public service law, as amended by chapter 716 of the laws of 1985, is amended to read as follows:

S 92-b. Telephone deposits and payment plans for the elderly. 1. [The commission shall require all telephone corporations to exempt the dwelling units of all subscribing individuals who are sixty-two years of age or older from any cash deposit requirement except where the corporation can show that the subscriber is a bad credit risk according to standards set by the commission] NO TELEPHONE CORPORATION SHALL REQUIRE ANY RESIDENTIAL CUSTOMER TO POST A SECURITY DEPOSIT OR PREPAY ANY RATE OR CHARGE FOR TELEPHONE SERVICE AS A CONDITION FOR RECEIVING SUCH SERVICE. DEPOSITS AND PREPAYMENTS HELD ON THE FIRST DAY OF SEPTEMBER, TWO THOUSAND ELEVEN, OR SUCH EARLIER DATE AS THE COMMISSION MAY DETERMINE, SHALL BE RETURNED TO THE CUSTOMER IMMEDIATELY, BUT NOT LATER THAN THE NEXT BILL FOR SERVICE.

2. The commission shall require all telephone corporations to offer residential customers who are sixty-two years of age or older, as an alternative to monthly billing, a plan for payment on a quarterly basis, of charges for telephone service rendered by such corporations, provided that such customer's average annual billing is not more than one hundred fifty dollars. The commission may establish such terms and conditions for plans required under this section as it deems necessary or proper.

S 3. Section 117 of the public service law, as amended by chapter 713 of the laws of 1981, is amended to read as follows:

S 117. Consumer deposits. [Except as the right to require deposits is further limited by section thirty-six of this chapter, a] NO gas corporation, [an] electric corporation, [a] gas and electric corporation, [a] water corporation, [a] steam corporation, [a] telegraph corporation, [a]

telephone corporation or [a] municipality rendering equivalent utility services may[, unless prohibited by the commission,] require any person to whom such corporation or municipality shall supply gas, electric, water, steam, telegraph or telephone services to POST A deposit [a reasonable sum of money according to the estimated quantity of such services necessary to supply the same for two calendar months,] OR PREPAY ANY RATE OR CHARGE FOR SERVICE to secure payment for such services actually rendered, or for the rental of fixtures, instruments and facilities actually supplied[, but every such corporation and municipality shall allow to every such depositor interest at a rate per annum to be prescribed from time to time, at least annually, by the commission in the light of current economic conditions and current charges paid for other moneys borrowed by such corporation or municipality, and the expenses incurred by such corporation or municipality in obtaining, handling and returning or crediting the sum deposited, on the sum or sums so deposited, payable upon the return of the deposit or at earlier intervals as hereinafter prescribed. Whenever such deposit has been held for a period of one year, the interest accrued on such deposit shall be credited to the depositor on the first billing for utility service rendered after the next succeeding first day of October. If the depositor was not delinquent in the payment of any bill in such one year period, the deposit shall be refunded promptly at the end thereof, but without prejudice to the right to require a deposit thereafter in the event of a delinquency or where it can be shown that the financial condition of a business customer is such that it is likely that the customer may default in the future, and to retain such deposit for a prudent period; except that subject to such regulations as the commission may establish, if the deposit is for utility service rendered to a business, the deposit may be retained for a prudent period beyond such a one year period. No provider of utility services shall require of its customer within its service area a new security deposit where such customer was not required to post a security deposit or had a security deposit returned pursuant to this section and such customer establishes a new residence and continues service with the same provider of utility services]. DEPOSITS AND PREPAYMENTS HELD ON THE FIRST DAY OF SEPTEMBER, TWO THOUSAND ELEVEN, OR SUCH EARLIER DATE AS THE COMMISSION MAY DETERMINE, SHALL BE RETURNED TO THE CUSTOMER IMMEDIATELY, BUT NOT LATER THAN THE NEXT BILL FOR SERVICE.

S 4. This act shall take effect on the thirtieth day after it shall have become a law.