

CHAPTER 12.

CUSTOMER DEPOSITS FOR UTILITY SERVICES: DISCONNECTING OF SERVICE.

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CHAPTER 12.

CUSTOMER DEPOSITS FOR UTILITY SERVICES: DISCONNECTING OF SERVICE.

Rule R12-1 DECLARATION OF PUBLIC POLICY.

The Utilities Commission, hereinafter referred to as the "Commission," declares that it is in the public interest that any utility requiring a deposit from its customer shall fairly and indiscriminately administer a reasonable policy reflected by written regulations, in accord with these rules, for the requirement of a deposit for connecting utility service, or for an existing customer to continue or to reconnect service. A cash deposit to establish, maintain or reestablish service shall be required only in compliance with these rules, and to avoid, to the extent practicable, the creation of a burden arising from uncollectible bills which would have to be borne ultimately by all the utility's ratepayers. Any utility requiring a deposit shall apply a deposit policy in accord with these rules in an equitable and nondiscriminatory manner to all applicants for service and to all customers throughout the service area without any different application in any part thereof, and such deposit policy shall be predicated upon the credit risk of the individual without regard to the area in which he lives.

(NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-2. ESTABLISHMENT OF CREDIT BY CUSTOMER.

(a) Each utility may require an applicant for service to satisfactorily establish credit which will be deemed established if:

- (1) The applicant owns the premises to be served or other real estate within the county, unless the applicant is an unsatisfactory credit risk; or
- (2) The applicant demonstrates that he is a satisfactory credit risk by appropriate means including, but not limited to, references which may be quickly and inexpensively checked by the utility; or
- (3) The applicant has been a customer of the utility for a similar type of service within a period of twenty-four consecutive billings preceding the date of application and during the last twelve consecutive billings for that prior service has not had service discontinued for nonpayment of bill or had more than two occasions in which a bill was not paid when it became due; provided, that the average periodic bill for such previous service was equal to at least fifty per centum of that estimated for the new service; and provided further, that the credit of the applicant is unimpaired; or
- (4) The applicant furnishes a satisfactory guarantor to secure payment of bills for the service requested in a specified amount not to exceed the amount of the cash deposit prescribed in Rule R12-4 of these rules; or
- (5) The applicant makes a cash deposit to secure payment of bills for service as prescribed in Rule R12-4 of these rules.

(b) The establishment of credit under the provisions of this rule, or the reestablishment of credit under the provisions of Rule R12-3 of these rules, shall not relieve the applicant for service or customer from compliance with the reasonable regulations of the utility including, but not limited to, the prompt payment of bills and the rules for discontinuance of service for the nonpayment of bills due for service furnished.

(NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-3. REESTABLISHMENT OF SERVICE.

(a) An applicant for service who previously has been a customer of the utility and whose service has been discontinued by the utility during the last twelve months of that prior service, because of nonpayment of bills, may be required to reestablish credit in accordance with Rule R12-2 of these rules; *except* that an applicant for residential service shall not be denied service for failure to pay such bills for classes of nonresidential service.

(b) Subject to the additional requirements of Rule R12-17 for telephone utilities, a customer who fails to pay a bill within a reasonable period after it becomes due and who further fails to pay such bill within five (5) days after presentation of a discontinuance of service notice for non-payment of bill (regardless of whether or not service was discontinued for such nonpayment) may be required to pay such bill, together with a reasonable reconnection charge, if service was discontinued after notice as provided in Rule R12-8, and reestablish his credit by depositing the amount prescribed in Rule R12-2 of these rules in case the conditions of service or basis on which credit was originally established have materially changed.

(c) A customer may be required to reestablish his credit in accordance with Rule R12-2 of these rules in case the conditions of service or basis on which credit was originally established have materially changed.

(NCUC Docket No. M-100, Sub 28, 5/6/70; NCUC Docket No. P-100, Sub 140, 4/3/00.)

Rule R12-4. DEPOSIT; AMOUNT; RECEIPT; INTEREST.

(a) No utility shall require a cash deposit to establish or reestablish service in an amount in excess of two-twelfths of the estimated charge for the service for the ensuing twelve months; and, in the case of seasonal service, in an amount in excess of one-half of the estimated charge for the service for the season involved (except that in the case of seasonal natural gas customers, the cash deposit may not be in an amount in excess of one-third of the estimated charge for the service for the season involved). Each utility, upon request, shall furnish a copy of these Rules to the applicant for service or customer from whom a deposit is required, and such copy shall contain the name, address, and telephone number of the Commission.

(b) Upon receiving a cash deposit, the utility shall furnish to the applicant for service or customer, a receipt showing: (i) the date thereof; (ii) the name of the applicant or customer and the address of the premises to be served or served; (iii) the service to be furnished or furnished; and (iv) the amount of the deposit and the rate of interest to be paid thereon.

(c) Each utility shall pay interest on any deposit held more than ninety (90) days at the rate of eight percent per annum. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to the customer by deducting such interest from the amount of the next bill for service following the accrual date. A utility shall pay interest on a deposit beginning with the 91st day after it is collected and continuing until such deposit is lawfully tendered back to the customer by first-class mail, or to his legal representative or until it escheats to the State, with accrued interest.

(d) Nothing in this rule shall preclude a natural gas utility from exercising reasonable discretion in waiving or extending the deposit requirement to prevent undue hardship to an applicant or customer.

(NCUC Docket No. M-100, Sub 28, 5/6/70; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 9/7/78; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 12/17/79; NCUC Docket No. M-100, Sub 86, 9/12/80.)

Rule R12-5. REFUND OF DEPOSIT.

(a) Upon discontinuance of service, the utility shall promptly and automatically refund the customer's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills for service furnished by the utility. A transfer of service from one premises to another within the service area of the utility shall not be deemed a discontinuance within the meaning of these rules.

(b) On one stated date each calendar year, each utility company shall review its customers deposit accounts and shall automatically refund the deposit of any customer who has paid his bills for service for the preceding twelve consecutive bills without having had service discontinued for nonpayment of bill or had more than two occasions in which a bill was not paid when it became due, and the customer is not then delinquent in the payment of his bills.

(c) The utility shall promptly return the deposit, plus accrued interest, at any time upon request, if the customer's credit has been otherwise established in accordance with Rule R12-2 of these rules.

(d) At the option of the utility, a deposit, plus accrued interest, may be refunded, in whole or in part, at any time earlier than the times hereinabove prescribed in this rule.

(NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-6. RECORD OF DEPOSIT.

Each utility holding a cash deposit shall keep a record thereof until the deposit is refunded. The record shall show: (a) the name and current billing address of each depositor; (b) the amount and date of the deposit; and (c) each transaction concerning the deposit.

(NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-7. APPEAL BY APPLICANT OR CUSTOMER.

Each utility shall direct its personnel engaged in initial contact with an applicant for service or customer, seeking to establish or reestablish credit under the provisions of these rules, to inform him, if he expresses dissatisfaction with the decision of such personnel, of his right to have the problem considered and acted upon by supervisory personnel of the utility. Each utility shall further direct such supervisory personnel to inform such an applicant or customer, who expresses dissatisfaction with the decision of such supervisory personnel and requests governmental review, of his right to have the problem reviewed by the Commission and shall furnish him the name of the Commission official to be contacted and his address and telephone number. Any customer who is not satisfied as to his deposit requirement by informal complaint to the Commission may file a written complaint with the Commission to be served on the utility under the procedure of Rule R1-9.

(NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-8. DISCONTINUANCE OF SERVICE FOR NONPAYMENT.

No utility shall discontinue service to a customer or impose toll denial for nonpayment of bill without first having diligently tried to induce the customer to pay the same and until after at least five (5) calendar days' written notice of discontinuance of service to the customer. The written notice may be given by first-class mail, or by other delivery to the premises served, or by other legal means of service of process, and the five (5) days' notice period shall begin to run from the day following deposit of the notice in the post office or from the day of otherwise delivery of the notice to the premises served, or from the day of other legal service. Provided, however, that in the case of any customer who has a record of abuse of or excessive use of metered or toll service for which the customer's deposit would not furnish security for such five (5) days' notice period, service may be discontinued after 24-hour notice. Further provided, that in the case of any residential telephone customer who has a record of abuse of or excessive use of toll service for which the customer's deposit would not furnish security for such five (5) days' notice period, local service may not be discontinued but toll service may be globally denied after 24-hour notice. A report of all such service disconnections or toll denials made on such 24-hour notice under this proviso shall be filed with the Utilities Commission within thirty (30) days after the discontinuance of service.

(NCUC Docket No. M-100, Sub 28, 5/6/70; NCUC Docket No. P-100, Sub 140, 4/3/00.)

Rule R12-9. UNIFORM BILLING PROCEDURE.

(a) Declaration of Policy. – No ‘penalties,’ ‘discounts’ or ‘net-and-gross’ rate differentials shall be imposed upon North Carolina consumers for regulated services offered by public utilities subject to the jurisdiction of this Commission, for the reason that those rate differentials are confusing and misleading, and the monthly rates of 5% or 10% heretofore charged are arbitrary and unreasonable. This Commission recognizes, however, that there are interest, finance, or service costs directly attributable to customers who excessively delay payment of utility bills, and considers that it is appropriate for a utility to attempt to recoup a portion of those costs by applying such interest, finance or service charges as may be reasonable and lawful.

(b) Billing Date. -- All bills for utility services are due and payable as of the billing date, or if not received by said billing date, upon receipt. The billing date shall be printed on the bill and the bill shall be placed, postage prepaid, in the U.S. Mail (or if the mail is not used, delivered to the customer) prior to or no later than the billing date.

(c) Past Due or Delinquent Bills. -- The past due or delinquent date is the first date upon which the utility may initiate disconnect proceeding under N.C.U.C. Rule R12-8. The past due or delinquent date shall be disclosed on the bill and shall be not less than fifteen (15) days after the billing date. In the event the utility fails to place the bill in the mail (or deliver it as in paragraph (b) above) prior to or on said billing date, the consumer shall have the right to require that the utility adjust the billing date by the number of days by which the postmark (or delivery as in paragraph (b) above) exceeds the original billing date.

(d) Finance charges. -- No interest, finance, or service charge for the extension of credit shall be imposed upon the consumer or creditor if the account is paid within twenty-five (25) days from the billing date. No utility shall apply a late payment, interest, or finance charge to the balance in arrears at the rate of more than 1% per month. The bill shall clearly state the interest rate or the amount that would be due if not paid within the allowed amount of time, including the interest, finance or service charge. All utilities which are required to file tariffs and which apply an interest, finance, or service charge must file tariff provisions to that effect. All utilities must apply the appropriate interest, finance, or service charge on a uniform basis.

(e) Acceleration of Past Due or Delinquent Date in Rare Cases and with Good Cause -- If a utility with good cause determines that the credit rating of a customer has been jeopardized by unusually extensive use of a metered or toll service, such as long distance telephone service, or by other factors which indicate the likelihood that the customer cannot pay his outstanding bill, and for which the customer’s deposit, if there be one, does not furnish adequate security, the utility may accelerate the past due or delinquent date and proceed with disconnect or toll denial procedures under N.C.U.C. Rule R12-8 and R12-17; provided, however, that it must state to the customer in writing its cause for so doing and file a copy of said statement with the Commission.

(NCUC Docket No. M-100, Sub 39, 11/24/72; NCUC Docket No. M-100, Sub 39, 10/19/73; NCUC Docket No. P-100, Sub 72, 5/23/96; P-100, Sub 140, 4/3/00; 4/5/00; NCUC Docket No. P-100, Sub 72b, 01/02/04; P-100, Sub 140a, 08/16/07.)

Rule R12-10. DISCONNECTION OF RESIDENTIAL CUSTOMER'S NATURAL GAS SERVICE.

(a) The date after which the bill is due, or the past due after date, shall be disclosed in the bill and shall not be less than twenty-five (25) days after the billing date. Payment within this twenty-five day period will either maintain or count toward establishment of the customer's credit with the utility.

(b) For purposes of this rule, payment shall be defined as delivery of the amount due to a company business office or designated payment agency during regular business hours by 5:00 p.m. on the twenty-fifth (25th) day, unless such day is a Saturday, Sunday, or legal holiday in which event the last day for payment runs until the end of the next day which is not a Saturday, Sunday, or legal holiday.

(c) Those natural gas customers from whom deposits are required under the provisions of Commission Rules R12-2 or R12-3 and who receive their largest bills seasonally (such as customers who use natural gas for heating) may be considered seasonal customers in determining the amount of deposit under Rule R12-4. The deposits collectible from such customers shall not exceed one-third of the estimated charge for service for the season involved. For purposes of this provision the heating season shall be the calendar months October through March.

(d) Each gas utility shall file tariffs with the Commission to impose charges, not to exceed the charges allowed by G.S. 25-3-506, for checks tendered on a customer's account and returned for insufficient funds. This charge shall apply regardless of when the check is tendered.

(e) Each gas utility, through its meter reader, office, or designated payment agency is authorized to collect payment by cash or check for bills past due and in arrears, and for current bills once the meter reader has left the office with a list of customers whose service is to be disconnected, unless the day on which the meter reader has left the office with such list is prior to the third day preceding the past due date of the current bill of any customer whose service is to be disconnected, in which case the utility is authorized only to collect payment for bills past due and in arrears.

"Current bill" is defined as a bill rendered but not past due. "Bill in arrears" is defined as a bill rendered and past due.

(f) Each gas utility operating under the jurisdiction of the North Carolina Utilities Commission shall revise its billing procedures to conform to the following approximate schedule with respect to all customers:

Approximate Billing Cycle Day	Standard Procedure
1	Service begins.
30	Meter read.
35	Bill mailed.
60	Meter read for second month's service.
65	Bill marked showing charge for second month's service and arrears separately; if arrears is shown on bill, notice enclosed in conformity with subsection (h) of this rule also stating: "Arrears must be paid within 10 days after billing date to avoid disconnection of service. CONTACT THE UTILITY IMMEDIATELY TO DISCUSS CREDIT ARRANGEMENTS IF FULL PAYMENT IS NOT POSSIBLE. NO OTHER NOTICE WILL BE MAILED."
75	Review of accounts to determine whether customer has taken necessary action to avoid disconnection. Supervisory approval given to final disconnect orders.
76	Field representative visits home to notify customer, receive payment or defer disconnection in accordance with Rule R12-10(i)(2), make satisfactory credit arrangements, agree to defer action because of death or illness, or disconnect service. Customer has immediate recourse to the utility for reconnection action.

(g) No disconnects will be made prior to their being personally reviewed and ordered by a supervisor.

(h) Gas service to a residential customer shall not be terminated for nonpayment of a delinquent account until the utility has given such customer at least 10 days' written notice that his service is subject to termination. This notice of proposed termination shall, at a minimum, contain the following information:

- (1) A clear explanation of the reasons which underlie the proposed termination.
- (2) The date of the proposed termination, which shall not be less than 10 days from the date of issuance of such notice.
- (3) A statement advising the customer that gas service will not be terminated if, prior to the proposed termination date, the customer is able to establish that he is unable to pay his account in full and he agrees to enter into a reasonable installment agreement with the utility designed to bring the account into balance not later than six months from the date of such agreement. Approved finance charges will apply to the balance in arrears. This installment agreement shall encompass both the sum of the outstanding balance and also the estimated charges for gas usage which is reasonably projected to occur during the period of the agreement.

Estimated charges shall be based upon an analysis of the customer's past usage.

- (4) Statements advising the customer that he should first contact the utility with any questions he may have regarding his bill and that in cases of dispute, a proposed termination action may thereafter be appealed informally to the Commission either by calling the Public Staff-North Carolina Utilities Commission, Consumer Services Division at (919) 733-9277 or by appearing in person or by writing the Public Staff-North Carolina Utilities Commission, Consumer Services Division, 4326 Mail Service Center, Raleigh, NC 27699-4326.
 - (5) A statement advising the customer that he may desire to call his local social service agency to determine what federal, state, or private assistance may be available.
 - (6) With respect to bills rendered between November 1 and March 31 of every year and in conformity with the policy considerations expressed by Congress in the Public Utility Regulatory Policies Act (PURPA) of 1978, the notice of proposed termination shall also contain a statement that no termination shall take place without the express approval of the Commission if the customer can establish all of the following:
 - (a) That a member of the customer's household is either certifiably handicapped or elderly (65 years of age or older), or both.
 - (b) That the customer is unable to pay for such service in full or in accordance with subsection (h)(3) of this rule.
 - (c) That the household is certified by the local social service office which administers the Energy Crisis Assistance Program or other similar programs as being eligible (whether funds are then available or not) to receive assistance under such pro-grams.
- (i) Personal Contact Prior to Termination.
- (1) At least 24 hours prior to a proposed service termination, the utility shall, in good faith, attempt to contact a customer to whom a written disconnect notice has been mailed (as well as any third party who may have been designated by the customer to receive notice pursuant to subsection (j) of this rule), either by telephone or by visit to the customer's premises. The purpose of this personal contact shall be to attempt to personally inform the customer and his designated representative that termination of service is imminent, and to fully explain all alternatives to termination which may be available to the customer under this rule.

- (2) Immediately prior to the actual termination of service, the utility's representative shall attempt to personally contact the customer on the premises. At that time, the utility's representative shall either receive payment from the customer, or postpone termination for another 24 hours if the customer is prepared to pay but the utility has determined that its representatives should not be required to accept payments from customers on the premises; make satisfactory credit arrangements; agree to postpone termination during the period November 1 to March 31 if the customer qualifies for postponement under subsection (h)(6) of this rule; or, in the absence of any of the arrangements or circumstances listed above, terminate service. If personal contact cannot be made by the utility, a notice indicating that service has been terminated shall be left in a conspicuous place at the residence where such service was terminated. Such notice shall specify that the customer may have immediate recourse to the utility in order to arrange for reconnection of service.
 - (3) The utility shall fully document its efforts under this subsection to personally contact the customer and any designated third party representative.
- (j) Each gas utility shall offer its residential customers the opportunity to designate a third party to receive a copy of any proposed termination notice which may be mailed to the customer. Each residential customer shall be given notification of this option at the time service is initiated and at least once annually thereafter. Notice of the availability of this option shall be given in writing, either by mailing a copy of such notice as a bill insert or by means of a separate mailing, to all residential customers. Such notice shall clearly indicate that this duplicate notification process will not obligate the third party to pay the customer's bill.
- (k) Informal Appeal of Termination Action.
- (1) Any residential customer may informally appeal the decision of a utility to terminate service by notifying the Consumer Services Division of the Public Staff-North Carolina Utilities Commission. Such notification may be made by the customer either in person, in writing, or by telephone.
 - (2) Upon receipt of any such appeal, the Consumer Services Division of the Public Staff shall immediately notify the utility that such an informal appeal as been filed. If service has not been terminated as of the time an appeal is filed, the utility shall not terminate the customer's service without securing express approval from the Commission or its designated representative. If service has already been terminated by the time the customer files his appeal with the Public Staff, the Commission may order the utility to restore service upon such terms as are deemed just and reasonable pending resolution of the appeal.

(3) If the matter cannot be resolved informally, the customer shall then have the right to file a formal complaint with the Commission pursuant to Rule R1-9 and to request a hearing thereon.

(l) Residential gas service shall not be terminated on Fridays, on weekends, on state or federal holidays, or on days before state or federal holidays. If a disconnection occurs, the customer shall have immediate recourse to the utility regardless of the time of day.

(m) Each gas utility shall establish an internal procedure whereby the utility will endeavor to identify by a special code a customer whose household is known to have an individual residing therein who is either chronically or seriously ill, handicapped, or on a life support system. The purpose of assigning such code shall be to identify that account for careful handling whenever service to such account becomes subject to termination as a result of nonpayment of a delinquent bill.

(n) Nothing in this rule shall preclude a natural gas utility from exercising reasonable discretion in waiving or extending the times provided herein pertaining to termination of service, particularly when such waiver or extension would result in the prevention of undue hardship in those cases where termination of service would be especially dangerous to health or where the customer or a member of the customer's household is elderly or handicapped.

(NCUC Docket No. M-100, Sub 61, 11/17/75; NCUC Docket No. M-100, Sub 61, 11/18/75; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 9/7/78; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 9/21/78; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 2/23/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 3/7/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 3/15/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 11/14/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 11/20/79; NCUC Docket Nos. M-100, Sub 28A, M-100, Sub 61A, 6/18/98; NCUC Docket No. M-100, Sub 128, 04/10/00.)

Rule R12-11. DISCONNECTION OF RESIDENTIAL CUSTOMER'S ELECTRIC SERVICE.

(a) The date after which the bill is due, or the past due after date, shall be disclosed on the bill and shall not be less than twenty-five (25) days after the billing date. Payment within this twenty-five day period will either maintain or count toward improvement of the customer's credit code classification. Payment of a bill after the specified due date could result in the lowering of a customer's credit code relating to one which permits the utility to disconnect on an earlier date.

(b) For purposes of this rule, payment shall be defined as delivery of the amount due to a company business office or designated payment agency during regular business hours by 5:00 p.m. on the twenty-fifth (25th) day, unless such day is a Saturday, Sunday, or legal holiday in which event the last day for payment runs until the end of the next day which is not a Saturday, Sunday, or legal holiday.

(c) Those electric customers from whom deposits are required under the provisions of Commission Rules R12-2 or R12-3 and who receive their largest bills seasonally (such as customers who use electricity for heating) may be considered seasonal customers in determining the amount of deposit under Rule R12-4. The deposits collectible from such customers shall not exceed one-half ($\frac{1}{2}$) of the estimated charge for service for the season involved. For purposes of this provision the heating season shall be the calendar months October through March.

(d) Each electric utility shall file tariffs with the Commission to impose charges, not to exceed the charges allowed by G.S. 25-3-506, for checks tendered on a customer's account and returned for insufficient funds. This charge shall apply regardless of when the check is tendered.

(e) Each electric utility, through its meter reader, office, or designated payment agency is authorized to collect payment by cash or check for bills past due and in arrears, and for current bills once the meter reader has left the office with a list of customers whose service is to be disconnected, unless the day on which the meter reader has left the office with such list is prior to the third day preceding the past due date of the current bill of any customer whose service is to be disconnected, in which case the utility is authorized only to collect payment for bills past due and in arrears.

"Current bill" is defined as a bill rendered but not past due. "Bill in arrears" is defined as a bill rendered and past due.

(f) Each electric utility operating under the jurisdiction of the North Carolina Utilities Commission shall immediately revise, where necessary, its billing procedures to conform to the following approximate schedules:

A. Customers beyond their first twelve months of service with "good credit established."

Approximate Billing Cycle Day	Standard Procedure
1	Meter read.
5	Bill mailed.
31	Meter read.
35	Second bill mailed, showing 1-month prior account balance and current bill.
61	Meter read.
65	Third bill mailed with a reminder notice.
79	Disconnect notices prepared in conformity with subsection (l) of this rule are reviewed by the utility before mailing to customers. Seven days allowed to make credit arrangements.
89	Review of accounts to determine if customer has taken necessary action to avoid disconnection. Supervisory approval given to final disconnect orders.
91	Meter read and the field representative makes the effort to notify the customer, receive payment or defer disconnection in accordance with Rule R12-11(m)(2), make satisfactory credit arrangements, agree to defer action because of death or illness, or disconnects. Field representative may require payment of all past due portions of bill, consistent with the rules set forth above. Customer has immediate recourse to the utility for reconnection action.

- B. All customers within their first twelve months of service and customers beyond their first twelve months of service with "good credit not established" will have delinquency started on the 35th rather than the 65th day. The billing schedule will then be approximately as follows:

Approximate Billing Cycle Day	Standard Procedure
1	Meter read.
5	Bill mailed.
31	Meter read.
35	Second bill mailed, showing 1-month prior account balance and current bill, and with a reminder notice.

49	Disconnect notices prepared in conformity with subsection (l) of this rule are reviewed by the utility before mailing to customers. Seven days allowed to make credit arrangements.
59	Review of accounts to determine if customer has taken necessary action to avoid disconnection. Supervisory approval given to final disconnect orders.
61	Meter read and the field representative makes the effort to notify the customer, receive payment or defer disconnection in accordance with Rule R12-11(m)(2), make satisfactory credit arrangements, agree to defer action because of death or illness, or disconnects. Field representative may require payment of all past due portions of bill, consistent with the rules set forth above. Customer has immediate recourse to the utility for reconnection action.

(g) The delinquency procedures for these customers will be as described above. This procedure ensures that no disconnect proceeding will be instituted prior to issuance of a second month's bill.

(h) No disconnects will be made prior to their being personally reviewed and ordered by a supervisor.

(i) The disconnect notice to the customer will state that the utility can be contacted within a 7-day period to discuss credit arrangements if payment of the bill is not possible.

(j) Each electric utility shall submit its system of residential customer credit code classification to the Commission for approval. With regard further to the classifications "good credit established" and "good credit not established," no customer shall be classified at a level below "good credit not established."

(k) Following approval by the Commission, each electric utility using a system of credit codes to classify its customers shall advise each customer of the method by which the code operates, the customer's present classification in the credit code, and at any time when a customer's classification changes.

(l) Electric service to a residential customer shall not be terminated for nonpayment of a delinquent account until the utility has given such customer at least 10 days' written notice that his service is subject to termination. This notice of proposed termination shall, at a minimum, contain the following information:

- (1) A clear explanation of the reasons which underlie the proposed termination.
- (2) The date of the proposed termination, which shall not be less than 10 days from the date of issuance of such notice.
- (3) A statement advising the customer that electric service will not be terminated if, prior to the proposed termination date, the customer is able to establish that he is unable to pay his account in full and he agrees to enter into a reasonable installment agreement with the utility designed to bring the account into balance not later than six months from the date of

such agreement. Approved finance charges will apply to the balance in arrears. This installment agreement shall encompass both the sum of the outstanding balance and also the estimated charges for electric usage which is reasonably projected to occur during the period of the agreement. Estimated charges shall be based upon an analysis of the customer's past usage.

- (4) Statements advising the customer that he should first contact the utility with any questions he may have regarding his bill and that in cases of dispute, a proposed termination action may thereafter be appealed informally to the Commission either by calling the Public Staff-North Carolina Utilities Commission, Consumer Services Division at (919) 733-9277 or by appearing in person or by writing the Public Staff-North Carolina Utilities Commission, Consumer Services Division, 4326 Mail Service Center, Raleigh, NC 27699-4326.
 - (5) A statement advising the customer that he may desire to call his local social service agency to determine what federal, state, or private assistance may be available.
 - (6) With respect to bills rendered between November 1 and March 31 of every year and in conformity with the policy considerations expressed by Congress in the Public Utility Regulatory Policies Act (PURPA) of 1978, the notice of proposed termination shall also contain a statement that no termination shall take place without the express approval of the Commission if the customer can establish *all* of the following:
 - (a) That a member of the customer's household is either handicapped or elderly (65 years of age or older), or both.
 - (b) That the customer is unable to pay for such service in full or in accordance with subsection (l)(3) of this rule.
 - (c) That the household is certified by the local social service office which administers the Energy Crisis Assistance Program or other similar programs as being eligible (whether funds are then available or not) to receive assistance under such programs.
- (m) Personal Contact Prior to Termination.
- (1) At least 24 hours prior to a proposed service termination, the utility shall, in good faith, attempt to contact a customer to whom a written disconnect notice has been mailed (as well as any third party who may have been designated by the customer to receive notice pursuant to subsection (n) of this rule), either by telephone or by visit to the customer's premises. The purpose of this personal contact shall be to attempt to personally inform the customer and his designated representative that termination of service is imminent, and to fully explain all alternatives to termination which may be available to the customer under this rule.

- (2) Immediately prior to the actual termination of service, the utility's representative shall attempt to personally contact the customer on the premises. At that time, the utility's representative shall either receive payment from the customer, or postpone termination for another 24 hours if the customer is prepared to pay but the utility has determined that its representatives should not be required to accept payments from customers on the premises; make satisfactory credit arrangements; agree to postpone termination during the period November 1 to March 31 if the customer qualifies for postponement under subsection (l)(6) of this rule; or, in the absence of any of the arrangements or circumstances listed above, terminate service. If personal contact cannot be made by the utility, a notice indicating that service has been terminated shall be left in a conspicuous place at the residence where such service was terminated. Such notice shall specify that the customer may have immediate recourse to the utility in order to arrange for reconnection of service.
 - (3) The utility shall fully document its efforts under this subsection to personally contact the customer and any designated third party representative.
- (n) Each electric utility shall offer its residential customers the opportunity to designate a third party to receive a copy of any proposed termination notice which may be mailed to the customer. Each residential customer shall be given notification of this option at the time service is initiated and at least once annually thereafter. Notice of the availability of this option shall be given in writing, either by mailing a copy of such notice as a bill insert or by means of a separate mailing, to all residential customers. Such notice shall clearly indicate that this duplicate notification process will not obligate the third party to pay the customer's bill.
- (o) Informal Appeal of Termination Action.
- (1) Any residential customer may informally appeal the decision of a utility to terminate service by notifying the Consumer Services Division of the Public Staff-North Carolina Utilities Commission. Such notification may be made by the customer either in person, in writing, or by telephone.
 - (2) Upon receipt of any such appeal, the Consumer Services Division of the Public Staff shall immediately notify the utility that such an informal appeal has been filed. If service has not been terminated as of the time an appeal is filed, the utility shall not terminate the customer's service without securing express approval from the Commission or its designated representative. If service has already been terminated by the time the customer files his appeal with the Public Staff, the Commission may order the utility to restore service upon such terms as are deemed just and reasonable pending resolution of the appeal.
 - (3) If the matter cannot be resolved informally, the customer shall then have the right to file a formal complaint with the Commission pursuant to Rule R1-9 and to request a hearing thereon.

(p) Residential electric service shall not be terminated on Fridays, on weekends, on state or federal holidays, or on days before state or federal holidays. If a disconnection occurs, the customer shall have immediate recourse to the utility regardless of the time of day.

(q) Each electric utility shall establish an internal procedure whereby the utility will endeavor to identify by a special code a customer whose household is known to have an individual residing therein who is either chronically or seriously ill, handicapped, or on a life support system. The purpose of assigning such code shall be to identify that account for careful handling whenever service to such account becomes subject to termination as a result of nonpayment of a delinquent bill.

(r) Nothing in this rule shall preclude an electric utility from exercising reasonable discretion in waiving or extending the times provided herein pertaining to termination of service, particularly when such waiver or extension would result in the prevention of undue hardship in those cases where termination of service would be especially dangerous to health or where the customer or a member of the customer's household is elderly or handicapped.

(NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 11/14/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 11/20/79; NCUC Docket Nos. M-100, Sub 28A, M-100, Sub 61A, 6/18/98; NCUC Docket No. M-100, Sub 128, 04/10/00.)

Rule R12-12 DEFINITIONS.

For purposes of the rules set forth in this Chapter, the following definitions shall apply:

(a) “Advertising” means the commercial use, by a public utility, of any media, including newspaper, printed matter, bill insert, radio, television, social media, or other means of communication, in order to transmit a message to a substantial number of members of the public or to such public utility’s customers.

(b) “Political advertising” means any advertising for the purpose of influencing public opinion with respect to legislative, administrative, or electoral matters, or with respect to any issue of public importance.

(c) “Promotional advertising” means any of the following: (1) advertising for the purpose of encouraging any person to select or use the service or additional service of any utility or the selection or installation of any appliance or equipment designed to use such utility’s service, where such appliance, equipment, or service would promote or encourage indiscriminate and wasteful consumption of energy contrary to subsection (d)(5) of this rule, (2) advertising intended to enhance the utility’s image or to achieve other objectives not related to the provision of utility service and, (3) advertising intended to compete with other utility service providers for additional customers or load.

(d) “Lobbying” means (1) influencing or attempting to influence legislative or executive action through direct communication or activities with a designated individual, or that individual’s immediate family, (2) developing goodwill through communications or activities, including the building of relationships, with a designated individual, or that individual’s immediate family, with the intention of influencing current or future legislative or executive action, or (3) obtaining the services of another person, including through membership in a trade or other organization, to engage in any of the activities identified in (1) or (2). For purposes of this subsection, the definitions of words and terms in G.S. 120C-100 shall apply, unless modified by these rules.

“Lobbying” does not include communications or activities as part of a business, civic, religious, fraternal, personal, or commercial relationship which is not connected to legislative or executive action, or both. In addition, “lobbying” shall not include a utility’s participation in judicial or quasi-judicial proceedings in any federal or state court or judicial or quasi-judicial administrative tribunal or commission, or in any other administrative or regulatory proceedings before this Commission, before the Federal Energy Regulatory Commission, or before any other state regulatory agency or commission whose jurisdiction is comparable to this Commission’s jurisdiction.

For purposes of this definition, “designated individual” means a public servant, a state, local, or federal legislative or executive official or that official’s employing agency, and any such official’s or agency’s employee or agent.

(e) “Charitable contribution” means money, services, or a thing of value donated to an organization, affiliate of a utility, or other person that is religious, charitable, educational, scientific, or literary in purpose.

(f) “Political contribution” means money, services, or a thing of value donated to an elected public official, a candidate for public office, a political party, or an entity that provides money, property, services, or other things of value for the purpose of supporting the election or re-election of an elected public official or a candidate for public office.

(g) The terms “political advertising” and “promotional advertising” as defined hereinabove do not include —

- (1) advertising which informs electric, or natural gas consumers how they can conserve energy or can reduce peak demand for energy, or water or sewer consumers how they can conserve water,
- (2) advertising required by law or regulation, including advertising required under part 1 of title II of the National Energy Conservation Policy Act,
- (3) advertising regarding service interruptions, safety measures (including utility location services), or emergency conditions,
- (4) advertising concerning employment opportunities with such public utility,
- (5) advertising which promotes the use of energy efficient appliances, equipment or services, or appliances, equipment, or services that conserve water, or
- (6) any explanation or justification of existing or proposed rate schedules or billing practices or notifications of hearings thereon.

(h) “Bill insert” means any written or printed matter included and distributed with a utility bill, other than (1) the bill itself, (2) the envelope or other container for the bill, and (3) any written or printed matter explaining or otherwise directly related to the bill or to the account for which the bill is rendered.

(NCUC Docket No. M-100, Sub 80, 10/14/80; 10/31/80; NCUC Docket No. M-100, Sub 150, 08/10/2021.)

**Rule R12-13 ADVERTISING, LOBBYING, CHARITABLE CONTRIBUTIONS,
AND POLITICAL CONTRIBUTIONS BY ELECTRIC, NATURAL
GAS, WATER AND SEWER UTILITIES.**

(a) Except as may otherwise be permitted by this Rule, in ascertaining reasonable operating expenses pursuant to G.S. 62-133, no electric, or natural gas, water, or sewer utility shall be permitted to recover from its ratepayers any direct or indirect expenditure made by such utility for nonutility advertising, or any of the following as defined in Rule R12-12: lobbying, a charitable contribution, political advertising, promotional advertising, or a political contribution. In every application for a change in rates, the utility shall certify in its prefiled testimony that its application does not include costs for lobbying, political or promotional advertising, a political contribution, or a charitable contribution. Further, if the utility seeks to recover costs based on an exception under Rule R12-12(g), or under subsections (d) or (e) of this Rule, the utility shall include prefiled testimony stating the amount claimed and the basis for the exception. The utility shall maintain detailed records sufficient, and no less than what would be maintained in the absence of such certification, to allow the Commission and parties to determine whether the utility has complied with this subsection, including the executive branch agencies contacted, the individuals contacted at the executive branch agencies, the subjects of discussion, and the amount of person-hours spent in preparation for and in the discussions.

(b) Political and promotional advertisements as defined by Rule R12-12 and other nonutility advertisements shall be accompanied by the following statement or a statement substantially to the following effect:

THIS MESSAGE IS NOT PAID FOR BY THE CUSTOMERS OF (the electric or natural gas utility sponsoring the advertisement).

This statement shall be so located and of such size so as to be readily visible or audible to those individuals who may be exposed to the advertisement or communication.

(c) Expenditures made by an electric, natural gas, water, or sewer utility for the types of advertising described in Rule R12-12(g) will generally be deemed to be reasonable operating expenses, provided however, that the Commission shall not be precluded from determining, on a case-by-case basis, the extent to which such expenditures may have exceeded a reasonable level or amount.

(d) Expenditures made by an electric, natural gas, water, or sewer utility for advertising of a type or nature other than that described in subsections (b), (c), or (g) of Rule R12-12 or for other nonutility advertising shall be considered by the Commission to represent reasonable operating expenses, in whole or in part in the Commission's determination, to the extent that it can be established, on a case-by-case basis, that —

- (1) the advertising is primarily of benefit to the using and consuming public, or

- (2) the advertising enhances the ability of the public utility to provide efficient and reliable service.

(e) Expenditures made by an electric, natural gas, water, or sewer utility for lobbying activities directed at executive branch agencies or designated individuals at executive branch agencies may be considered by the Commission to represent reasonable operating expenses, in whole or in part in the Commission's discretion, to the extent, but only to the extent, that it can be established, on a case-by-case basis, that —

- (1) the lobbying activity is conducted primarily for the benefit of the using and consuming public, or
- (2) the lobbying activity is conducted primarily for the purpose of enhancing the ability of the public utility to provide efficient and reliable service to its customers.

(NCUC Docket No. M-100, Sub 80, 10/14/80; NCUC Docket No. M-100, Sub 150, 08/10/2021.)

Rule R12-14. ADVERTISING BY TELEPHONE COMPANIES.

(a) In ascertaining reasonable operating expenses pursuant to G.S. 62-133, no telephone company shall be permitted to recover from its ratepayers any direct or indirect expenditure made by such utility for political advertising as defined in Rule R12-12 or for nonutility advertising.

(b) Political advertisements as defined by Rule R12-12 and other nonutility advertisements shall be accompanied by the following statement or a statement substantially to the following effect:

THIS MESSAGE IS NOT PAID FOR BY THE CUSTOMERS OF (the telephone company sponsoring the advertisement).

This statement shall be so located and of such size so as to be readily visible or audible to those individuals who may be exposed to the advertisement or communication.

(c) Expenditures made by a telephone company for advertising of a type or nature other than that which may be defined as political or nonutility in nature shall be considered by the Commission on a case-by-case basis in order to determine the extent to which such expenditures may represent reasonable operating expenses for rate-making purposes.

(NCUC Docket No. M-100, Sub 80, 10/14/80.)

Rule R12-15. BILL INSERTS FOR ELECTRIC AND NATURAL GAS UTILITIES.

(a) Each electric and natural gas utility shall maintain records and accountings adequate to identify all costs and expenses reasonably allocable to the preparation, printing and distribution (including any incremental mailing, handling, and distribution costs) of each bill insert other than bill inserts constituting one or more of the classes of advertising described in Rule R12-12(d). Such records and accountings, together with copies of the bill insert to which they relate, shall be retained by the public utility for a period of at least three years from the date on which the bill insert was last disseminated by the public utility and shall be subject to inspection by members of the Commission, the Commission Staff, and the Public Staff.

(b) In ascertaining reasonable operating expenses pursuant to G.S. 62-133, no electric or natural gas utility shall be permitted to recover from its ratepayers any direct expenditure made by such utility which is specifically identifiable with the preparation, printing, and distribution of bill inserts containing political or promotional advertising as defined in Rule R12-12 or other nonutility advertising. Nor shall any of the incremental or additional mailing, handling, and distribution costs incurred in conjunction with the preparation, printing, and distribution of political, promotional, or nonutility bill inserts be charged to the ratepayers of the public utility distributing such bill inserts. Such direct and incremental costs are not properly includable as a just and reasonable operating expense of an electric or natural gas utility and shall be assigned to a nonoperating (or nonutility) expense account or accounts when incurred.

(c) Nothing in this rule shall preclude the Commission from examining and determining, on a case-by-case basis, the extent to which any portion of the joint mailing, handling, and distribution costs incurred by an electric or natural gas utility in conjunction with the preparation, printing, and distribution of political, promotional, or nonutility bill inserts should be excluded as an operating expense of the utility disseminating such bill inserts. Nor shall the Commission be precluded from determining, on a case-by-case basis, the extent to which any portion of the costs incurred in conjunction with the preparation, printing, and distribution of bill inserts of a type other than that which may be defined as political, promotional, or nonutility in nature may have exceeded a reasonable level or amount for rate-making purposes.

(d) Bill inserts containing either political or promotional advertisements as defined by Rule R12-12 or other nonutility advertisements shall be accompanied by the following statement or a statement substantially to the following effect:

THIS MESSAGE IS NOT PAID FOR BY THE CUSTOMERS OF (the electric or natural gas utility distributing the bill insert).

This statement shall be so located and of such size so as to be readily visible to those individuals who may be exposed to the bill insert.

(NCUC Docket No. M-100, Sub 80, 10/14/80; 10/31/80.)

Rule R12-16. BILL INSERTS FOR TELEPHONE COMPANIES.

(a) Each telephone company shall maintain records and accountings adequate to identify all costs and expenses reasonably allocable to the preparation, printing and distribution (including any incremental mailing, handling, and distribution costs) of each bill insert other than bill inserts constituting one or more of the classes of advertising described in Rule R12-12(d). Such records and accountings, together with copies of the bill insert to which they relate, shall be retained by the public utility for a period of at least three years from the date on which the bill insert was last disseminated by the public utility and shall be subject to inspection by members of the Commission, the Commission Staff, and the Public Staff.

(b) In ascertaining reasonable operating expenses pursuant to G.S. 62-133, no telephone company shall be permitted to recover from its ratepayers any direct expenditure made by such utility which is specifically identifiable with the preparation, printing, and distribution of bill inserts containing political advertising as defined in Rule R12-12 or other nonutility advertising. Nor shall any of the incremental or additional mailing, handling, and distribution costs incurred in conjunction with the preparation, printing, and distribution of political or nonutility bill inserts be charged to the ratepayers of the public utility distributing such bill inserts. Such direct and incremental costs are not properly includable as a just and reasonable operating expense of a telephone company and shall be assigned to a nonoperating (or nonutility) expense account or accounts when incurred.

(c) Nothing in this rule shall preclude the Commission from examining and determining, on a case-by-case basis, the extent to which any portion of the joint mailing, handling, and distribution costs incurred by a telephone company in conjunction with the preparation, printing, and distribution of political or nonutility bill inserts should be excluded as an operating expense of the utility disseminating such bill inserts. Nor shall the Commission be precluded from determining, on a case-by-case basis, the extent to which any portion of the costs incurred in conjunction with the preparation, printing, and distribution of bill inserts of a type other than that which may be defined as political or nonutility in nature may have exceeded a reasonable level or amount for rate-making purposes.

(d) Bill inserts containing either political advertisements as defined by Rule R12-12 or other nonutility advertisements shall be accompanied by the following statement or a statement substantially to the following effect:

THIS MESSAGE IS NOT PAID FOR BY THE CUSTOMERS OF (the telephone company distributing the bill insert).

This statement shall be so located and of such size so as to be readily visible to those individuals who may be exposed to the bill insert.

(NCUC Docket No. M-100, Sub 80, 10/14/80; 10/31/80.)

Rule R12-17. DISCONNECTION, DENIAL, AND BILLING OF TELEPHONE SERVICE.

- (a) For purposes of this rule, the following definitions shall apply:
- (1) For purposes of this rule, “Local service” includes basic local exchange service (including extended area service [EAS]), expanded local calling (ELCA), and any other NCUC-regulated telephone service offered by a single corporate entity within a single LATA.
 - (2) “Charges for local service” include charges for local service, as defined in Rule R12-17(a)(1), the state sales tax and federal excise tax associated with local service, the subscriber line charge (SLC), the primary interexchange carrier charge (PICC) applied by and on behalf of the local carrier, the local number portability (LNP) charge, and state and federal universal service surcharges applied by and on behalf of the local carrier. “Charges for local service” do not include charges applied by the local carrier on behalf of another carrier or entity, the E911 and telecommunications relay service surcharges or other nonregulated charges, e.g., charges for intraLATA toll service, interLATA toll service, or operator service, charges for voicemail, Internet service, inside wiring, customer premises equipment, and wireless service.
 - (3) “Bundled local service” is a combination of local service, as defined above, and one or more other services, either regulated or nonregulated, which are offered either by a local service provider alone, or by a local service provider jointly with one or more other entities.
 - (4) “Toll denial” is the blocking of an end user’s ability to place intraLATA and interLATA toll calls. Such intraLATA and interLATA toll calls include all interexchange calls which are not included in an end user’s charges for local services. “Toll service” includes the provision of such interexchange calls, whether charged to the end user on a per call or flat fee basis. “Global toll denial” occurs when the local service provider blocks the end user’s access to toll services, whether offered by the local service provider or an interexchange carrier, by restricting dialing patterns that access toll services in accordance with Rule R12-17(d)(3). “Selective toll denial” occurs when access is blocked to one carrier’s toll facilities, but the end user is able to access another carrier’s facilities for completion of toll calls.
 - (5) “Unbundled MTS” is intraLATA measured toll service not provided on a significantly discounted or flat rate basis as part of a package with local service.
- (b) No telephone utility may disconnect local service or bundled local service to residence customers for nonpayment of past due charges except in accordance with these principles:
- (1) Local service may be disconnected for nonpayment of past due charges for local service provided by the telephone utility as a single corporate entity.
 - (2) Bundled local service may be disconnected for failure to pay the total past due charges for the service.

- (3) If a customer fails to pay the past due balance for bundled local service in full, a notice will be provided advising the customer of the total amount that needs to be paid to avoid disconnection. For telephone utilities who offer unbundled local service, the notice will provide instructions on how the customer may avoid discontinuation of basic local service if he is unable or unwilling to pay the full amount owed for the bundled local service; otherwise the customer's basic local service will be discontinued when the bundled local service is disconnected. When the account is paid in full, the customer may contact the telephone company and request reconnection of the bundle.
- (4) If the customer chooses to convert to unbundled local service, and if the regulated past due balance owed for local service or a surrogate amount has been paid in full or is sufficiently current, the telephone utility will continue to provide the customer with the customer's current local service. If toll service charges remain unpaid, global toll denial may be imposed, after appropriate notice under Commission rules. The notice of global toll denial will also advise the customer that the customer may subscribe to any local services, as defined in Rule R12-17(a)(1), offered by the utility.
- (5) If a customer's local service has been disconnected for nonpayment, the telephone utility will re-establish local service with the local service option of the customer's choice, provided that the customer pays the regulated past due balance owed for local service. This provision applies whether service was disconnected before or after implementation of this rule.
- (6) If the telephone utility does not provide local service on an unbundled basis, Rules R12-17(b)(3)-(5) will not apply, and the telephone utility may require the customer to pay the past due balance owed (excluding amounts billed by the telephone utility on behalf of third parties for service other than the bundled service) before bundled local service is restored.
- (7) A telephone utility may not disconnect a customer's local service, nor impose global toll blocking, for nonpayment of disputed charges.
- (8) If a residence customer under global toll denial incurs charges for toll service which are billed on the customer's local telephone bill, by abuse or fraud, which includes the obtaining, or attempting to obtain, or assisting another to obtain or to attempt to obtain, toll service message telecommunications service by rearranging, tampering with, or making connection with any facilities of the telephone utility, or by any trick, scheme, false representation, or false credit device, or by or through any other fraudulent means or device whatsoever, with intent to avoid the payment, in whole or in part, of the regular charge for such service, the telephone utility may discontinue the customer's local service.

(c) Partial payments to telephone utilities. In the absence of the customer's or agent's instruction to apply the payment otherwise, partial payments will be allocated as follows: first to local service, and second to other service, except that if a partial payment is within \$1.00 of the past due amount, the payment may be allocated first to past due local service and second to other past due service.

(d) Global toll denial for residential telephone customers.

- (1) A local service provider may impose global toll denial for failure to pay any of the following charges:
 - (A) Charges for unbundled interLATA toll service and unbundled intraLATA MTS (whether carried by the preferred interexchange carrier (PIC) or by using dial-around services (101XXXX));
 - (B) Charges for collect interLATA and intraLATA toll calls;
 - (C) Charges for interLATA and intraLATA toll service that is provided by a third party as part of a bundle offered jointly with the local service provider;
 - (D) Charges for toll calls made through 8XX toll-free numbers which result in charges for regulated services being billed back on the local service provider bill; or
 - (E) Charges for international calls to information service providers (ISPs) on the third occasion as addressed in Rule R12-17(g) below.
 - (2) A local service provider may not impose global toll denial for failure to pay charges for:
 - (A) Calls to 900 numbers and nonregulated charges other than toll services; or
 - (B) International calls to ISPs on the first and second occasion as addressed in Rule 12-17(g) below.
 - (3) When global toll denial is imposed, the local service provider may block the customer's ability to place interLATA and intraLATA toll calls. The customer's current local service will not be impaired and the utility will provide the customer with local service in accordance with Rule R12-17(b)(4). Further, the global toll denial mechanism may not block 8XX toll free numbers; except that a local service provider may choose, at its discretion, to block certain 8XX toll free numbers that result in toll charges being billed on the customer's local telephone bill. Local service providers may also provide, at their discretion, other blocking services to a customer when global toll blocking is imposed, such as blocking of all 8XX toll free numbers, if the customer affirmatively chooses such blocking services.
 - (4) Global toll denial will not block access to expanded local service or toll service that is included along with local service in a bundle of services for which the customer pays a flat monthly rate.
 - (5) Global toll denial includes billed number screening.
- (e) Regulated service may not be discontinued for failure to pay nonregulated charges, except in the case of nonregulated services included in bundled local service offered by a carrier which does not offer unbundled local service.
- (f) No telephone utility providing local telecommunications service or intrastate long distance service shall discontinue a customer's service for nonpayment of Designated Services. For purposes of this rule, the term "Designated Services" means 900 service, 976 service, or 500 or 700 service when such service is used in a 900-like manner. In such cases the telephone utility shall follow these procedures:

- (1) If the subscriber is willing to make payments, the telephone utility shall attempt to make reasonable arrangements for payment.
- (2) If the subscriber challenges the bill or is otherwise unwilling or unable to pay, the telephone utility shall remove the charges from the customer's bill on the first occasion and shall offer the subscriber free blocking of Designated Services. If the subscriber declines to allow the free blocking, the telephone utility must inform the subscriber in writing that any charges incurred after that date will result in blocking of Designated Services.
- (3) On the second occasion that the subscriber challenges the bill, or is unwilling or unable to pay, the telephone utility shall remove the charges from the subscriber's bill and shall impose free blocking of Designated Services on the subscriber.

(g) No telephone utility providing local telecommunications service or intrastate long-distance service shall discontinue a customer's service for nonpayment of international calls to information service providers except as provided herein. In such cases, the telephone utility shall follow these procedures:

- (1) If the subscriber is willing to make payments, the telephone utility shall attempt to make reasonable arrangements for payment.
- (2) If the subscriber challenges the bill, or is otherwise unwilling or unable to pay, the telephone utility shall remove the charges from the subscriber's bill on the first occasion. The local carrier shall offer the subscriber free global toll denial.
- (3) If, after the first occasion, the subscriber incurs additional charges for international calls to information service providers and challenges the bill, or is unwilling or unable to pay, even in installments, the telephone utility shall remove the charges from the subscriber's bill. The local carrier shall offer the subscriber free global toll denial and shall advise the subscriber in writing that any additional charges incurred will not be removed and will result in imposition of global toll denial unless the charges are paid. If the IXC does its own billing and intends eventually to apply selective toll denial for nonpayment of such charges, the IXC shall advise the subscriber in writing that any additional charges incurred will not be removed and will result in imposition of selective toll denial unless the charges are paid.
- (4) If the subscriber incurs additional charges for international calls to information service providers after charges have been removed on two previous occasions, and after written notice as described above, and the subscriber refuses to pay the additional charges or to commit to and honor reasonable payment arrangements for the additional charges upon demand, the local carrier may impose global toll denial on the subscriber's lines and the IXC may impose selective toll denial.

- (h) Treatment of debts for telephone service that are more than three years old.
 - (1) No telephone utility may deny local service to a customer for nonpayment of charges that were incurred more than three years prior to the date of such denial, unless the utility filed and is actively pursuing a pending court action or has secured a valid court judgment for nonpayment of local charges within three years of the date when such charges were incurred. No telephone utility may deny bundled local service to a customer for nonpayment of charges that were incurred more than three years prior to the date of such denial; provided that the utility may deny bundled local service to a customer for nonpayment of charges for local or bundled local service if it filed and is actively pursuing a pending court action or has secured a valid court judgment against the customer for nonpayment of such charges within three years of the date when the charges were incurred.
 - (2) A telephone utility may deny unbundled toll service to customers for nonpayment to that utility of outstanding charges for unbundled toll service that are more than three years old only through selective toll denial. Provided, that this provision shall not impose an affirmative duty on the utility to suspend global toll denial on its own initiative after such three year period. However, if a customer requests that the utility suspend global toll denial after such time, the utility may not continue to impose global toll denial for nonpayment of such a debt. A telephone utility may impose global toll denial for debts that are more than three years old if the utility filed and is actively pursuing a pending court action or has secured a valid court judgment for nonpayment of such charges within three years of the date when such charges were incurred.
- (i) Disconnect notices, billing statements and bundled customer notification for telephone utilities.
 - (1) Disconnect notices.
 - (A) Local carriers.
 - (i) Disconnect notices for residence customers shall state clearly the minimum amount that must be paid in order to maintain local service and the minimum amount that must be paid in order to maintain both local and toll service.
 - (ii) Disconnect notices for residence customers who are subject to the imposition of global toll denial shall clearly describe the type of toll blocking that will be imposed if charges for toll services are not paid. The notice shall offer the customer the option of maintaining his or her choice of available local service options and shall inform the customer as to what local service will be provided by the carrier if the customer does not express a preference. The notice shall also advise the customer of his responsibility for paying for any calls that appear on his bill as a result of not blocking ELCA calls.

- (iii) For telephone utilities who offer unbundled local service, disconnect notices for residence customers will provide instructions on how the customer may avoid discontinuation of basic local service if he is unable or unwilling to pay the full amount owed for the bundled local service, and should specify the amount due to maintain local service; otherwise the customer's basic local service will be discontinued when the bundled local service is disconnected. For carriers that offer only bundled local service, disconnect notices shall clearly state the minimum amount that must be paid in order to maintain the bundled local service.
 - (B) IXCs. Disconnect notices shall clearly state the minimum amount that must be paid in order to maintain toll service.
 - (C) Periodic notification of disconnect policy. Carriers that bill customers for local service and IXCs that bill customers directly shall provide periodic notification of the disconnect policy established by this Rule to all customers through a bill insert or special mailing issued immediately after the implementation of these rules and annually thereafter.
- (2) Billing statements.
 - (A) Where the services of any provider other than the billing utility are stated, the name of the service provider offering the service and a toll-free contact number or numbers for the service provider shall be clearly and conspicuously identified. The toll-free contact number for the service provider may be a number of the company that handles the inquiry for the service provider.
 - (B) Language must appear on the bill clearly explaining the consequences of failing to pay particular charges shown on the bill. Such language must be prominently displayed either on the summary page of the bill or in close proximity to the specific charges to which it applies, or in a section dedicated to that purpose.
 - (C) Language, prominently displayed, must also appear on the bill clearly identifying either those charges for which nonpayment will not result in disconnection of local service or the amount that must be paid in order to prevent disconnection of local service.
 - (D) If a telephone utility bills for a bundle of services offered in part by a third-party provider, the name of the third-party provider, with the associated toll-free contact information, must be identified on the bill as a co-provider of the bundle. If the third-party provider is affiliated with the billing utility, and the billing utility is authorized and capable of responding to customer inquiries on behalf of the third-party provider, this requirement is not applicable.
 - (E) The billing format must be in accordance with the FCC's Truth in Billing regulations. Interested parties are free to seek additional billing format changes in the public interest.

(3) Bundled Customer Notification: Whenever a residence customer subscribes to bundled local service, concurrent with the customer's first billing statement, notification must be provided by a bill insert, bill message, or direct mail (including email when affirmatively selected by the customer) as set forth below, and a similar bill insert, bill message, or direct mail (including email when affirmatively selected by the customer) must be sent to the customer annually thereafter. The bill insert, bill message, or direct mail (including email when affirmatively selected by the customer) shall read as follows:

(A) For local carriers who offer unbundled local service:

You are a subscriber to a bundled local telephone service. **Please note** that if you do not pay your **entire** bill for bundled local service, **all** components of the bundled local service are subject to disconnection. However, before your bundled local service is disconnected, you will have the option of maintaining local service by paying the regulated past due balance owed for unbundled local service.

(B) For local carriers who offer only bundled local service:

You are a subscriber to a bundled local telephone service. **Please note** that if you do not pay your **entire** bill for bundled local service, **all** components of the bundled local service are subject to disconnection. You do not have the right to retain selected components of the bundled local service by paying for only those components.

(C) Modification of bill insert, bill message, or direct mail (including email when affirmatively selected by the customer) requirements may be requested to address jurisdictional conflicts and other legitimate issues on an individual basis.

(NCUC Docket No. P-100, Sub 140, 4/3/00; 4/13/00; 4/14/00; NCUC Docket No. P-100, Sub 72b, 01/02/04; 01/05/04; NCUC Docket No. P-100, Sub 140, 04/12/05; NCUC Docket No. P-100, Sub 140, 04/03/06; P-100, Sub 140, 08/27/07; NCUC Docket No. P-100, Sub 140, 02/28/08; NCUC Docket No. P-100, Sub 140, 04/09/08.)