

ESTABLISHMENT AND REESTABLISHMENT OF CREDIT

RULE AND REGULATION 6

A. ESTABLISHMENT OF CREDIT FOR RESIDENTIAL SERVICE

The Applicant's credit with CPAU shall be established upon CPAU verification of either of the following:

- a) a Deposit as required by Rule and Regulation 7 (Deposits); or,
- b) if the Applicant has been a Customer of CPAU within the prior 24 months.

B. ESTABLISHMENT OF CREDIT FOR COMMERCIAL SERVICE

The Applicant's credit will be established upon a Deposit as required by Rule and Regulation 7 (Deposits);

C. REESTABLISHMENT OF CREDIT

1. An Applicant who has been a Utilities Customer and whose service has been discontinued for any reason, including failure to pay Utility bills, may be required to reestablish credit before service is resumed, by making a cash deposit and by paying all outstanding past due bills. Applicants for residential service may not be denied service for failure to pay outstanding past due bills for commercial classes of service.
2. A Customer whose utility service is terminated for non-payment will be required to pay reconnection fees (Utility Rate Schedule C-1), all outstanding past due bills, and provide a new cash deposit (Rule and Regulation 7, Deposits) prior to the reestablishment of Service.
3. A Customer may be required to reestablish credit in accordance with this section if the conditions of service or basis on which credit was originally established have, in the opinion of CPAU, materially changed.
4. If a Customer files for bankruptcy protection under Chapter 7, Chapter 11, or Chapter 13, the Customer shall be required to re-establish credit.

D. CUSTOMER CREDIT RATING SYSTEM

1. CPAU Creditworthiness Ratings are based on the Customer or responsible party's payment history. Adequate Creditworthiness is a requirement for service for the Applicant or responsible party of the Account. The creditworthiness of an Applicant or responsible party



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is established by the Applicant's or Customer's CPAU payment history and determines when a security deposit is required to maintain the Account in good standing. New Applicants begin service with an "Excellent" Creditworthiness rating. Failure to pay in full or late payments automatically results in erosion of Creditworthiness ratings. Similarly, continued good payment history over time improves the rating. Creditworthiness ratings are established and maintained by the City of Palo Alto for internal use only and are not reported to external credit reporting agencies.

CREDITWORTHINESS RATING

Credit Worthiness Status	Maximum Points Allowed
Excellent	0 - 23
Good	24 - 43
Average	44 - 75
Below Average	76 - 999

2. Creditworthiness status is updated in the CPAU billing system manually or automatically for different business transactions including: a payment returned for insufficient funds, issuance of a payment delinquency notice (10 Day Past Due, 48-Hour Disconnection) or when an uncollected account balance is written-off as Bad Debt.
3. Creditworthiness points are adjusted or eliminated by the City of Palo Alto if erroneous Charges for a past-due notice or returned payment are corrected by CPAU.

(END)

