

ELECTRIC TARIFF

RULES, REGULATIONS AND CONDITIONS OF SERVICE

20. DEPOSITS

(a) Credit requirements for permanent residential applicants.

(1) The Company may require a residential applicant for service to establish and maintain satisfactory credit as a condition of providing service.

(A) Establishment of credit shall not relieve any Customer from complying with the Company's requirements for prompt payment of bills.

(B) The credit worthiness of spouses established during shared service in the 12 months prior to their divorce will be equally applied to both spouses for 12 months immediately after their divorce.

(2) A residential applicant can demonstrate satisfactory credit using any one of the criteria listed in subparagraphs (A) through (C) of this paragraph.

(A) The residential applicant:

- (i) has been a Customer of any electric utility for the same kind of service within the last two years;
- (ii) is not delinquent in payment of any such electric utility service account;
- (iii) during the last 12 consecutive months of service was not late in paying a bill more than once;
- (iv) did not have service disconnected for nonpayment; and
- (v) is encouraged to obtain a letter of credit history from the applicant's previous electric utility.

(B) The residential applicant demonstrates a satisfactory credit rating by appropriate means, including, but not limited to, the production of:

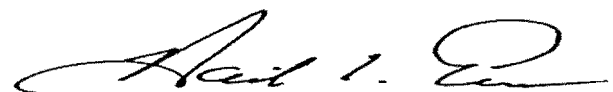
- (i) generally acceptable credit cards;
- (ii) letters of credit reference;
- (iii) the names of credit references which may be quickly and inexpensively contacted by the Company; or
- (iv) ownership of substantial equity that is easily liquidated.

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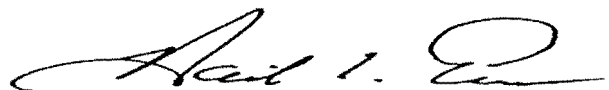
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- (C) The residential applicant is 65 years of age or older and does not have an outstanding account balance incurred within the last two years with the Company or another electric utility for the same type of utility service.
- (3) If satisfactory credit cannot be demonstrated by the residential applicant using these criteria, the applicant may be required to pay a deposit pursuant to subsection (c) of this section.
- (b) **Credit requirements for non-residential applicants.** For non-residential service, if an applicant's credit has not been demonstrated satisfactorily to the Company, the applicant may be required to pay a deposit.
- (c) **Initial deposits.**
- (1) A residential applicant or Customer who is required to pay an initial deposit may provide the Company with a written letter of guarantee pursuant to subsection (j) of this section, instead of paying a cash deposit.
- (2) An initial deposit may not be required from an existing Customer unless the Customer was late paying a bill more than once during the last 12 months of service or had service disconnected for nonpayment. The Customer may be required to pay this initial deposit within ten days after issuance of a written termination notice that requests such deposit. Instead of an initial deposit, the Customer may pay the total amount due on the current bill by the due date of the bill, provided the Customer has not exercised this option in the previous 12 months.

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(d) Additional deposits.

- (1) An additional deposit may be required if:
- (A) the average of the Customer's actual billings for the last 12 months are at least twice the amount of the original estimated annual billings; and
 - (B) a disconnection notice has been issued for the account within the previous 12 months.

The Company may require that an additional deposit be paid within ten days after the Company has issued a written disconnection notice and requested the additional deposit.

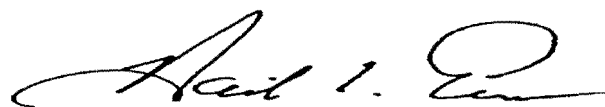
- (2) Instead of an additional deposit, the Customer may pay the total amount due on the current bill by the due date of the bill, provided the Customer has not exercised this option in the previous 12 months.
- (3) The Company may disconnect service if the additional deposit is not paid within ten days of the request, provided a written disconnection notice has been issued to the Customer. A disconnection notice may be issued concurrently with either the written request for the additional deposit or current usage payment.
- (e) **Deposits for temporary or seasonal service and for weekend residences.** The Company may require a deposit sufficient to reasonably protect it against the assumed risk for temporary or seasonal service or weekend residences, as long as the policy is applied in a uniform and nondiscriminatory manner. These deposits shall be returned according to guidelines set out in subsection (k) of this section.
- (f) **Amount of deposit.** The total of all deposits shall not exceed an amount equivalent to one-sixth of the estimated annual billing.

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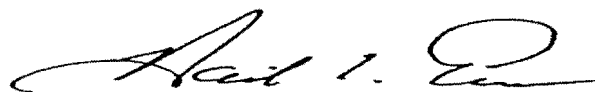
- (g) **Interest on deposits.** The Company shall pay interest on deposits at an annual rate at least equal to that set by the Commission on December 1 of the preceding year, pursuant to Texas Utilities Code §183.003 (Vernon 1998) (relating to Rate of Interest). If a deposit is refunded within 30 days of the date of deposit, no interest payment is required. If the Company keeps the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.
- (1) Payment of the interest to the Customer shall be made annually, if requested by the Customer, or at the time the deposit is returned or credited to the Customer's account.
 - (2) The deposit shall cease to draw interest on the date it is returned or credited to the Customer's account.
- (h) **Notification to Customers.** When a deposit is required, the Company shall provide the applicant or Customer written information about deposits by providing the "Your Rights as a Customer" brochure, which contains the relevant information.
- (i) **Records of deposits.**
- (1) The Company shall keep records to show:
 - (A) the name and address of each depositor;
 - (B) the amount and date of the deposit; and
 - (C) each transaction concerning the deposit.
 - (2) The Company shall issue a receipt of deposit to each applicant paying a deposit and shall provide means for a depositor to establish a claim if the receipt is lost.
 - (3) A record of each unclaimed deposit must be maintained for at least four years.
 - (4) The Company shall make a reasonable effort to return unclaimed deposits.

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(j) Guarantees of residential Customer accounts.

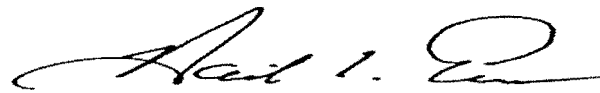
- (1) A guarantee agreement between the Company and a guarantor must be in writing and shall be for no more than the amount of deposit the Company would require on the applicant's account pursuant to subsection (f) of this section. The amount of the guarantee shall be clearly indicated in the signed agreement.
- (2) The guarantee shall be voided and returned to the guarantor according to the provisions of subsection (k) of this section.
- (3) Upon default by a residential Customer, the guarantor of that Customer's account shall be responsible for the unpaid balance of the account only up to the amount agreed to in the written agreement.
- (4) The Company shall provide written notification to the guarantor of the Customer's default, the amount owed by the guarantor, and the due date for the amount owed.
 - (A) The Company shall allow the guarantor 16 days from the date of notification to pay the amount owed on the defaulted account. If the sixteenth day falls on a holiday or weekend, the due date shall be the next workday.
 - (B) The Company may transfer the amount owed on the defaulted account to the guarantor's own service bill provided the guaranteed amount owed is identified separately on the bill as required by §25.25(c)(10) of the Commission's Substantive Rules (relating to the Issuance and Format of Bills).
- (5) The Company may disconnect service to the guarantor for nonpayment of the guaranteed amount only if the disconnection was included in the terms of the written agreement, and only after proper notice as described by paragraph (4) of this subsection, and §25.29(b)(5) of the Commission's Substantive Rules (relating to Disconnection of Service).

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(k) Refunding deposits and voiding letters of guarantee.

(1) If service is not connected, or is disconnected, the Company shall promptly void and return to the guarantor all letters of guarantee on the account or provide written documentation that the contract has been voided, or refund the Customer's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished. A transfer of service from one premise to another within the Texas service area of the Company is not a disconnection, and no additional deposit may be required.

(2) When the Customer has paid bills for service for 12 consecutive residential billings or for 24 consecutive non-residential billings without having service disconnected for nonpayment of a bill and without having more than two occasions in which a bill was delinquent, and when the Customer is not delinquent in the payment of the current bills, the Company shall promptly refund the deposit plus accrued interest to the Customer, or void and return the guarantee or provide written documentation that the contract has been voided. If the Customer does not meet these refund criteria, the deposit and interest or the letter of guarantee may be retained.

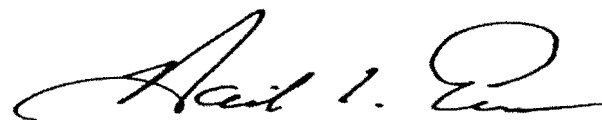
(l) **Re-establishment of credit.** Every applicant who previously has been a Customer of the Company and whose service has been disconnected for nonpayment of bills or theft of service (meter tampering or bypassing of meter) shall be required, before service is reconnected, to pay all amounts due the Company or execute a deferred payment agreement, if offered, and reestablish credit. The Company must prove the amount of utility service received but not paid for and the reasonableness of any charges for the unpaid service, and any other charges required to be paid as a condition of service restoration.

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