



BOROUGH OF PERKASIO

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October, 2009

Re: Disconnect/Delinquent Collection Policy for Rental Property Accounts with Perkasio
Borough Electric Dept.

Dear Landlord:

This letter is to advise you, as an owner of rental property in the Borough of Perkasio, of the Borough's policy for disconnecting delinquent electric accounts and collecting delinquent amounts. The letter is being sent to all owners of rental property in Perkasio, and is not intended to suggest there is any specific difficulty with you or your tenants. However, as the owner of a rental property in Perkasio Borough you are responsible for any electric utility charges that are not paid by your tenants.

New Accounts/Security Deposits

Either a property owner or a tenant may open a new electric account. The Borough requires a security deposit of \$300 for electrically heated homes or buildings, and a \$200 security deposit for all others. This security is due within three weeks from the start of service and may be waived if the account holder can demonstrate a good credit history with another utility company. The full security deposit, along with accrued interest earnings may be returned to the account holder after one year of timely payment of electric bills.

Disconnect Procedure

Bills are mailed near the end of each month. Payment is due by the 15th of the following month. If payment is not received, a disconnect notice is mailed to the account holder approximately three weeks after the payment due date. The notice states the amount overdue and specifies the date service will be terminated unless payment is made. The disconnect date is 40-45 days after the original payment due date. Prior to actual disconnection of service, an electric department representative stops by the property to notify anyone at home, or to leave a message on the door explaining how to have service restored. A \$50.00 fee is charged for reconnection. A security deposit also is required (\$300 electric heat; \$200 non-electric heat) to restore a disconnected service.

Service is not disconnected unless an account is delinquent more than one month. Also, the minimum delinquent amount required for a service disconnection is \$25.00. Given the 40-45 day time lag between the original payment due date and the actual service disconnection, there is more than another month of electric service provided and not yet delinquent, but at risk.

It is the Borough's policy to not disconnect service to any occupied residential property, regardless of the amount delinquent during the period beginning November 1st and continuing until the following April 15th. We aggressively pursue any accumulated delinquency in the Spring. Failure to pay the delinquent amount results in service disconnection.

Commercial electric accounts, both rental and owner occupied property, are subject to service disconnection throughout the year.

At the written request of the property owner, accompanied by a disconnect fee, service to a rental property will be disconnected. However, service will be disconnected only if the rental property is vacant. Otherwise, normal service disconnection procedures will apply.

Collection of Delinquencies for Rental Property Electric Accounts

If an account holder fails to pay delinquent charges for electric service, he or she will be able to establish a new account in Perkasio Borough only if payment of the delinquent amount is made within 15 days of opening the new account. If an account holding renter relocates to another residence in Perkasio without paying the final bill on the previous account, that final bill is paid from the security deposit or it is mailed to the new account address. If it is not paid, it is charged to the new account.

In the case of renters who: (1) vacate the rental property with a delinquent amount owing; (2) do not have an adequate security deposit to cover the owed amount; and (3) do not establish another account in Perkasio Borough; the Borough will attempt to collect the delinquent amount in one or more ways. These include continued in-house collection efforts, and filing of civil action against the account holder in District Court.

If all efforts to collect the debt from the account-holding renter are unsuccessful, the Borough will seek payment of the debt by the property owner. All municipal charges including utility charges, must be paid at or before settlement if the property is being sold. Therefore, if necessary, the Borough may also file a lien against the property that must be satisfied when the property is sold.

Perkasio Borough doesn't wish to contribute to the problem some landlords have experienced on being forced to pay delinquent electric charges accumulated by their tenants. On the other hand, you can understand the Borough's reluctance to disconnect service to residential properties, especially those that are electrically heated, during the coldest months of the year.

In order to minimize the risk that you as a landlord would become responsible for your tenant's unpaid electric utility charges, it is recommended that you take such measures as properly screening tenants, including credit references, and retaining adequate security deposits. Some landlords choose to have the electric utility accounts for rental properties in their name in order to insure regular payment by tenants. Landlords also are entitled to information on account balances for rental property they own. This information is available by written request.

As an added service to landlords, Perkasio Borough will mail duplicates of all monthly bills and any disconnect notices directly to the landlord of a rental customer for a first year charge of \$15.00 per account. The annual renewal charge is \$5.00 per account. To arrange for this service, call the Perkasio Borough Electric Department.

If you have any questions or comments about our policy, please feel free to contact the Borough Office or your elected representatives. We are open to your suggestions.

Sincerely,

Daniel P. Olpere
Borough Manager

wp/landlordltr