

# RISK DEPOSIT COVER

► **What you need to know.**

Registered Utilities Service providers abide by the Municipal Bylaws for the implementation, reviewing and upholding of the risk deposit requirements.

## WHY DEPOSIT

### WHY THE NEED FOR RISK DEPOSITS?

- As with renting a property, buying a car, or placing an order for a product or service, **deposits are required to ensure service or receipt of a product.**
- Risk deposit requirements is an **industry norm.**
- Post-paid utilities accounts are received by the client, after service or product was provided, thus the client already had the **benefit** of the service.
- Post-paid accounts are historical in nature, being presented to clients four to six weeks after the service was already used.
- **Risk deposits safeguard the client and the service provider, mitigating risk and responsibility for possible payment on a final account.**
- Risk deposit requirements may vary from municipality to municipality and are reviewed annually.

## HOW MUCH

### THE BASICS OF RISK DEPOSIT REQUIREMENTS, FOR RESIDENTIAL HOUSEHOLDS IN THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY, AS PER THE BYLAWS ARE AS FOLLOW:

- **Minimum amount** to be charged as a risk deposit for a new single phase post-paid electricity consumer with post-paid water services is R1 713,00.
- The amount comprises an **electricity deposit** of R1 090,00 plus a **water deposit** of R623,00.
- The initial minimum risk deposit will be **used for any new or temporary connection.**
- Once the three-month consumption figures are available, the **deposit will be adjusted** to twice the value of the average monthly electrical and water consumption.
- No deposit for electrical power consumption is payable by consumers who are supplied by means of prepaid electrical metering.

*Unfortunately, risk deposit reviews are an unpleasant yearly occurrence.*

*The risk deposit adjustment (if necessary) is done yearly after the municipal tariff increases take effect (1<sup>st</sup> of July every year).*

## THE CALCULATION

### HOW DOES MIDCITY UTILITIES CALCULATE THE RISK DEPOSIT INCREASE OR REQUIREMENT ON RESIDENTIAL CONSUMERS?

- We use the **Municipal Bylaws** as the guidance.
- With new clients, we apply the minimum prescribed risk deposit requirements.
- The risk deposit on new clients is **reviewed** after completion of a three-month billing period.
- On clients who have been with MidCity Utilities for longer than six months, we use historic account information (consumption) to calculate what the risk deposit should be, also considering the tariff increase, consumption, and any fixed charges.
- The calculated requirement is measured against the risk deposit already on the consumers account and an adjustment is made should the risk deposit requirement be higher than what is held currently.
- The risk deposit to be held should also be equal to at least two months consumption.





## REDUCTION

### HOW CAN I REDUCE THE RISK DEPOSIT REQUIREMENT OR EFFECT?

- Request a **payment arrangement**, to settle risk deposit increase over a three-to-six-month period (must be applied for in writing / email).
- Complete a **debit order** permission form – we would then only require one month's average account as a risk deposit.
- **Change over to prepaid electricity if on post-paid electricity.**
- After changeover to prepaid electricity, request a review of the risk deposit requirement.
- **Reduce monthly consumption** on electricity and water.
- Check your water **usage** and if considered too high, check for water leaks, and fix it as soon as possible.
- The reduction in risk deposit requirement can be used for your account payment or refunded.



## USAGE

### CAN MY RISK DEPOSIT BE USED AGAINST MY CURRENT ACCOUNT?

- If the client is not vacating the premises, the risk deposit cannot be used to settle a current or arrears account.
- All MidCity Utilities Accounts are due and payable on the 4th of every month.
- After monthly statements have been issued, on or around the 22nd of every month, we send out sms notices.
- Reminders of accounts due are also sent out on month end.
- Clients who have not made payment on the 5th of the month, are reminded again, before the credit control collection process and costs start.

*Extract from the Municipal Bylaws:*  
[https://www.tshwane.gov.za/?page\\_id=6924](https://www.tshwane.gov.za/?page_id=6924)



#### Deposits

The minimum amount to be deposited by a consumer with the City of Tshwane in respect of electricity consumption in terms of its Electricity By-law and Regulations will include a water deposit in cases where a water deposit is also payable.

For single-phase residential consumers, the amount comprises an electricity deposit of R1 090,00 plus a water deposit of R623,00.

For all other consumers, the deposit will be calculated on the estimated consumption for two months.

The deposit stated in Item 10.1 above will initially be used for any new connection, including a connection for temporary occupation. Once the three-month registered consumption figures are available, the



## REFUND

### IS MY RISK DEPOSIT REFUNDABLE?

- **Yes, it is.**
- When a consumer vacates a premises, they must inform the utilities service provider and complete a "Discontinuation of services" form.
- **The risk deposit will be transferred to the consumer's final account.**
- The risk deposit will be offset against the final account to be issued and if the account is in credit, a **refund will be done within 21 days.**
- Client must ensure that all supporting documentation is submitted for a refund to be done.
- Any debit balance on the account, after the risk deposit was transferred, remains payable by the account holder.

deposit will be adjusted to twice the value of the average monthly electricity and water consumption.

Where any deposit amounts to more than R34 108,02 the Chief Financial Officer may, at his/her own discretion, accept an approved guarantee for the deposit amount.

The status quo with regard to existing deposits will be maintained and deposits will only be recalculated if the electricity supply has to be disconnected due to non-payment. If such recalculations should take place, it will be done in accordance with Items 10.1 to 10.3 above.

No deposits for electrical power consumption are payable by consumers who are supplied by prepaid metering.

Contact us to improve your life today...  
**THE SAVVY WAY**

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