

Sponsored by: Wilde
Introduction Date: November 18, 2025
Public Hearing/Enactment Date: December 16, 2025

CITY OF WHITTIER, ALASKA
ORDINANCE 2025-004

AN ORDINANCE OF THE CITY COUNCIL OF WHITTIER, ALASKA ADOPTING A
NEW CHAPTER 13.12.025 OF THE WHITTIER MUNICIPAL CODE ENTITLED
“WATER AND SEWER UTILITY SERVICE DEPOSIT”

WHEREAS, the City of Whittier (the “City”) seeks to ensure the financial stability and efficient operation of its water and sewer utility system by maintaining adequate protections against unpaid customer bills; and

WHEREAS, establishing a customer deposit requirement provides a reasonable and equitable means of securing payment for services rendered, particularly for new or high-risk accounts, or for accounts that have an out-sized impact on the revenues of the utility; and

WHEREAS, unpaid or delinquent accounts create a financial burden on the utility and, by extension, on other ratepayers who must absorb the cost of uncollected revenues; and

WHEREAS, implementing a uniform deposit policy promotes fairness, accountability, and fiscal responsibility while ensuring the City’s ability to invest in the maintenance and improvement of the community’s water and sewer infrastructure; and.

WHEREAS, to qualify for termination of service, a customer will have utilized three months’ of utility service without payment, thus establishing a reasonable basis for a two-month deposit for standard residential and commercial customers, with allowance for Special Deposit provisions for large volume customers.

NOW, THEREFORE, THE WHITTIER CITY COUNCIL ORDAINS:

[ADDED LANGUAGE BOLD AND UNDERLINED; DELETED LANGUAGE STRICKEN THROUGH]

Section 1. Whittier Municipal Code section 13.12.025 **Establishment of a Water and Sewer Utility Service Deposit** is hereby established to read as follows:

13.12.025 Water and Sewer Utility Service Deposit

A. *Purpose.* In order to secure payment for utility services furnished by the City, each applicant for utility service shall, as a condition of service initiation, post a deposit in accordance with the following provisions.

B. *Residential Customers.* Except as otherwise provided herein, each residential customer shall pay a deposit equal to two (2) months’ average monthly charges for the service location (“site

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48 average monthly charges”) as determined by the City based on the preceding twelve (12) months
49 of service (or, if fewer than twelve months, the best available data).

50
51 *C. Commercial/Non-Residential Customers.* Except as otherwise provided herein, each
52 commercial or non-residential customer shall pay a deposit equal to two (2) months’ average
53 monthly charges for the service location, based on the preceding twelve (12) months of service or
54 projected twelve (12) month usage for new service, (or the best available data) unless, because of
55 their high volume utilization or the financial exposure they impose on the utility, they are deemed
56 by the City Manager, to warrant a Special Deposit Requirement.

57
58 *D. Seasonal Commercial Customers Exception.* If a commercial or non-residential customer
59 operates only on a seasonal basis, the deposit requirement shall be equal to two (2) months’
60 average charges based only on the operating season and the premises’ prior service history (i.e.,
61 site average monthly charges during its prior operating season), unless the property’s intended
62 use is changed or, because, due to their high volume utilization or the financial exposure they
63 impose on the utility, they are deemed by the City Manager to warrant a Special Deposit
64 Requirement.

65
66 *E. Special Deposit Requirement for Large-Volume Customers*
67 Notwithstanding the standard customer deposit requirements applicable to residential and
68 commercial customers, the Utility reserves the right to require a special deposit from any
69 customer whose anticipated or actual water and/or sewer usage, payment history, or operational
70 characteristics create a higher-than-normal financial exposure for the Utility.

71 1. *Applicability.*
72 This provision applies to any single customer or facility that, in the aggregate of their
73 accounts:
74 a. Exceeds a monthly average usage during their operational season, of 20,000 gallons; **or**
75 b. Represents more than 10% of the Utility’s total monthly billed consumption or revenue
76 during any portion of the year; **or**
77 c. Operates under conditions where discontinuation of service or collection enforcement
78 may be impracticable or delayed; **or**
79 d. Otherwise presents a unique financial or operational risk as determined by the City
80 Manager.

81 2. *Amount of Deposit.*
82 The special deposit shall be established based on not less than three (3) months of the
83 customer’s average total billings, or an amount sufficient to reasonably protect the
84 Utility’s financial interests, as determined by the City Manager. Alternatively, a
85 commercial customer who is able to post a payment/performance bond naming the City
86 of Whittier as an additional insured, equal to the three (3) months’ average operational
87 period charges, may elect to do so in lieu of making a cash deposit, so long as the bond
88 includes a provision to automatically notify the City in the event of cancellation, and in
89 the event the bond is no longer in effect, the commercial customer has fifteen (15)
90 calendar days in which to replace the bond with a cash deposit, or risk termination of
91 utility service.

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- 92 3. Review and Adjustment.
93 The special deposit amount may be reviewed periodically and adjusted to reflect changes
94 in consumption, billing amounts, or risk exposure, in the sole discretion of the City.
95 4. Refund.
96 The deposit shall be refundable in accordance with the Utility’s general deposit refund
97 policies, provided the customer has demonstrated satisfactory payment history for a
98 period of not less than twenty-four (24) consecutive months.
99

100 F. *Calculation Methodology.*

- 101 1. The “site average monthly charges” shall mean the sum of all applicable base charges,
102 usage charges, service fees and other standard monthly utility charges for the last twelve (12)
103 months (or for the prior operating season in the seasonal case), divided by the number of
104 months (or season months) the service was active, as recorded in the City’s utility billing
105 system.
106 2. In the absence of twelve months’ prior service at the site, or in the case of new construction
107 or change in use, the City may estimate the expected average monthly charges or base the
108 deposit on a similarly-located customer of like use, or such other methodology as the City
109 Manager deems reasonable.
110

111 G. *Interest, Refund and Application of Deposit.*

- 112 1. Deposits held under this section may earn interest at the rate and on the terms established
113 by the City and shall be held in a separate deposit account or fund.
114 2. Upon termination of service, discontinuation at customer request, or transfer of service to a
115 new account at the same location, the deposit shall be applied to unpaid utility charges. Any
116 remaining balance shall be refunded or credited to the customer within the City’s standard
117 billing-cycle timeframe.
118 3. The deposit requirement may be waived, reduced or refunded after a customer has
119 demonstrated satisfactory payment history (e.g., twenty-four (24) consecutive months of
120 continuous service with timely payments and no late or partial payments) as determined by
121 the City’s utilities policy.
122

123 H. *Adjustment of Deposit.* The City reserves the right to require an increased deposit if service
124 usage significantly increases, or the customer’s payment history warrants additional security.
125

126 I. *Delinquency and Service Termination.* If service is disconnected for nonpayment, the deposit
127 may be applied to the delinquent balance and, if the remaining deposit is insufficient, the City
128 may require additional deposit before restoring service.
129

130 J. *Implementation.* The City shall adopt by resolution a schedule and/or formula for deposit
131 calculation consistent with this section and review it periodically for equity and cost coverage.
132

133 **Section 2. Classification.** This ordinance is a permanent code ordinance.
134

135 **Section 3. Severability.** If any provision of this ordinance or any application thereof to any person

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136 or circumstances is held invalid, the remainder of this ordinance and the application
137 to other persons or circumstances shall not be affected thereby.
138

139 **Section 4. Effective Date.** This ordinance shall become effective upon adoption. The
140 customer deposit requirement will not be applied retroactively except in the case of customers with
141 Special Deposit Requirements, and otherwise takes effect upon request for any and all changes to
142 a customer account or service including, but not limited to: new owner, additional owner, change
143 in responsible party, service turn-on, service turn-off, new service, service upgrade, etc.
144

145 **PASSED AND APPROVED** by a duly constituted quorum of the Whittier City Council
146 on this 16th day of December, 2025.
147

151 **Victor Shen**
152 Mayor

153 AYES:

154 NOES:

155 ABSENT:

156 ABSTAIN:
157

158
159 ATTEST:
160
161

162 **Shelby Carlson**
163 City Clerk
164

(City Seal)