

207 CMR 26.00 SECURITY DEPOSITS AND LATE PAYMENT CHARGES  
APPLICABLE TO NON-RESIDENTIAL CUSTOMERS

Section

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26.01: Applicability and Definitions

- (1) Applicability. 207 CMR 26.02 shall apply to telephone and telegraph companies, and 207 CMR 26.03 shall apply to local exchange carriers. For local exchange carriers, 207 CMR 26.03 shall not apply to billing associated with carrier access services. Excluded from 207 CMR 26.00 are residential accounts.

If any part of the terms and conditions of any company is in conflict with 207 CMR 26.00, such regulations shall be controlling.

- (2) Definitions. The following terms, as used in 207 CMR 26.00, shall have the following meanings:

Account: any agreement for service to a non-residential customer for which there is a separate bill rendered for such service whether or not such separate bill is rendered to the same location as any other bill by the same company.

Bill: a written statement from a company to a customer setting forth the amount of telephone or telegraph service consumed or estimated to have been consumed for the billing period set forth in the company's tariff and charges therefor.

Company: a telephone or telegraph company as defined in M.G.L. c. 159 except as provided in 207 CMR 26.01.

Customer: any non-residential user of telephone or telegraph service billed on a commercial or industrial rate as filed with the Department.

Department: the Department of Telecommunications and Cable.

Late Payment Charge: surcharge assessed by a company on the unpaid past due portion of the balance of a customer bill.

#### 26.02: Interest Rate Paid on Deposits

- (1) All cash or cash-equivalent security deposits held for more than six months from the date of deposit shall be paid interest thereon, commencing from the date of payment to the date of refund. The rate of interest shall be the equivalent of the rate paid on two-year, United States Treasury notes for the preceding 12 months ending December 31 of any year.
- (2) Such rate shall be the rate published during the first week of January in the Federal Reserve Statistical Release, G.13(415) Selected Interest Rates. The company shall determine said rate and file with the Department the rate to be paid on all security deposits within 15 days after such rate is reported in the Federal Reserve Statistical Release. This rate shall be the rate paid on all deposits held during the remaining calendar year or other applicable time period regardless of when such security deposit was paid during that period.
- (3) Said interest shall be compounded annually on December 31 and the accrued interest shall be applied toward a customer's bill during the next billing cycle, provided, however, that only deposits made by cash or cash equivalent shall be paid interest thereon. Deposits made by other acceptable means shall not be paid interest.

#### 26.03: Late Payment Charges on Unpaid Balance of Bills in Arrears

- (1) A company may assess a late payment charge on the unpaid past due portion of the balance of a customer bill.
- (2) For the purpose of calculating the late payment charge, a company may consider a portion of a balance past due when payment has not been received by the company for that portion of the balance within the period specified in the company's Terms and Conditions.
- (3) The late payment charge shall be calculated at an annual rate of interest which is the equivalent of the rate paid on two-year United States Treasury notes for the preceding 12 months ending December 31 of any year, plus 10%, *i.e.* 1000 basis points.
- (4) Such two-year United States Treasury note rate shall be the rate published during the first week of January in the Federal Reserve Statistical Release, G.13(415) Selected Interest Rates, or successor publication. A company shall determine said rate and file with the Department the rate to be charged on overdue portions of balances within 15 days after such rate is reported in the Federal Reserve Statistical Release. Revisions to the annual late payment charge rate shall become effective on February first of each year.

- (5) Each company shall notify its customers of changes in the late payment charge rate in the month a new rate becomes effective.

**REGULATORY AUTHORITY:**

207 CMR 26.00: M.G.L. c. 159, § 12.