

- **Closed Accounts** - Customers who close their account with a balance that is less than their meter deposit; and
- **Active Accounts** - Customers with a credit balance on their account.

DWM processes approximately 45 refunds per day. Most refunds relate to meter deposits on terminated accounts. The Code of Ordinances Section 154-114 requires a fixed fee deposit based on the meter size for establishing new services with the DWM.

DWM's current refund practices are not in compliance with City Code (7D.2). On January 30, 2008, the Mayor approved an amendment to City of Atlanta, Code of Ordinances Part II, Chapter 154, Article III, Division 1, Section 154-114, Paragraph (f). The amendment calls for DWM to refund deposits or credits on closed accounts for water service and for other purposes within 60 days of account closing.

EXHIBIT 7.7:

Before Amendment	After Amendment
"When accounts are closed, the deposit credited to such accounts shall be applied to any unpaid balance. Any credit remaining after unpaid balances are satisfied may, at the customer's request, be refunded without interest or transferred without interest to another account to serve as a deposit or a portion of the required deposit for such new account."	"When accounts are closed, the deposit collected for such accounts shall be applied to any unpaid balance. Any funds remaining for the account after unpaid balances are satisfied shall be refunded within sixty (60) days without interest, or upon customer request, shall be transferred without interest to another account to serve as a deposit or a portion of the required deposit for such new account."

DWM staff involved in the refund process were unaware of the abovementioned change in City Code during interviews with KPMG. The account balance report dated February 10, 2009 listed 28,694 final billed customer accounts with outstanding credit balances totaling approximately \$4 million (dating back to August 1999). DWM has not refunded credit balances because the customers did not contact DWM to initiate the refund process. As of February 10, 2009 the median credit account balance is \$44.88 and the average credit account balance is \$138.60.