

Arizona Bankruptcy Attorney: Bankruptcy, Utilities & Keeping the Lights On

By Bankruptcy Attorney John Skiba

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If you are in danger of having one of your utilities shut off, such as power, water, sewer, etc., the filing of a bankruptcy can help you to keep the utility company from disconnecting service and even discharge past due amounts. Utility companies are treated differently under the Bankruptcy Code due to the fact that in most cases they are a monopoly. While a typical unsecured creditor, such as a credit card company, can deny you a new credit card with their company, if utility companies were permitted to do that it may turn into a situation where a person who has filed for bankruptcy can no longer get service to their home.

In section 366 of the Bankruptcy Code it states that a utility company cannot disconnect, alter, or refuse you service because you have filed for bankruptcy. However, there is a time limit on this. The utility company can require that within 20 days of your bankruptcy filing that you provide them with an “adequate assurance of payment” – or in other words a deposit. This is something you and your bankruptcy attorney can work out, but generally a relatively modest deposit will enable you to keep the service connected (assuming you make the payment going forward).

Bankruptcy attorney John Skiba offers a free bankruptcy consultation where your specific situation can be discussed. He can be reached at (480) 464-1111.