

BRAINERD PUBLIC UTILITIES

POLICY 2005-9

Adopted 01/01/86

Revised 12/06/05

Revised 01/30/07

CUSTOMER DEPOSITS

CUSTOMERS SUBJECT TO A DEPOSIT

To establish credit with Brainerd Public Utilities (BPU), a deposit may be required at the time of application for service. A deposit will be required from customers for the following reasons:

- **A utility credit reference is not returned to the BPU business office within 10 days from the date of application for service.**
- **A utility credit reference indicates a less than favorable credit history. A favorable credit history would indicate no more than one (1) penalty can be charged to an account within a 12 month period. No delinquent notices or disconnection notices can be issued and the account cannot have any NSF checks.**
- **Any customer that was a previous BPU customer and left a bad debt or had an unfavorable credit history.**
- **Any customer who has filed bankruptcy while being a customer of BPU.**
- **Any customer who is disconnected for non-payment of bill.**
- **Any customer who has an existing deposit that is not sufficient and/or has not established a good credit history while being served by BPU.**

DEPOSIT AMOUNT

Residential Customers - The deposit will equal a two (2) month average billing based on the previous 12 months of bills. If there is no previous year's billing available, there will be an estimate made based on an account of similar size to establish an average monthly bill and then doubled to satisfy the required deposit. A minimum deposit of \$50 will be required.

Commercial Customers - The deposit will equal the highest monthly bill charged for the previous 12 months, rounded to the nearest ten (10) dollars. If there is no previous year's billing available, there will be an estimate made based on an account of similar size to establish an estimated highest monthly billing which will then be considered the required deposit. A minimum deposit of \$100 will be required.

Deposits for new customers will be billed with their first monthly bill. Exceptions include being disconnected for non-payment of a customer's utility bill or having a bad debt with BPU. The deposit will then have to be paid before utility service is allowed.

INTEREST ON DEPOSITS

All deposits will earn interest at a rate that is set by the MN Department of Commerce each year in December [MN Statute 325E.02(b)]. Interest will be credited to the customer's account annually in December and/or when a customer moves and a final billing is done.

REFUNDING OF DEPOSITS

All customers who have paid their bill on time and in full for at least 11 of 12 consecutive months will have their deposit refunded. The deposit will be refunded to only the primary name on the account. Deposits and any accrued interest are credited to the customer's 13th month's billing. When a customer moves out of their residence and a final billing is done, the deposit will be applied to their final bill. If the customer's final bill is less than their deposit, the remaining balance will be mailed to them. Any refund less than \$5 will not be returned to the customer.

TRANSFER OF DEPOSITS

A deposit can be transferred from one person to another residing at the same service location by coming into BPU and filling out a deposit transfer form.