



BRAINERD PUBLIC UTILITIES

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Non-Sufficient Fund (NSF) Checks and ACH Payments

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Latest Revision/Effective Date: July 28, 2026

Original Adoption Date: December 30, 2008

I. Purpose

To establish clear, consistent guidelines for handling dishonored payments and to ensure prompt financial recovery for services rendered.

II. Scope

This policy applies to all Brainerd Public Utilities (BPU) customers, account holders, and check issuers who pay for utility services via paper check, Automated Clearing House (ACH) electronic transfer, or eChecks.

III. Definitions

Automated Clearing House (ACH) Payment: An electronic transfer of funds between a customer's financial account and BPU, including one-time and recurring bank withdrawals.

Automatic Payment: A payment authorized by the customer to be withdrawn automatically from a financial account or charged to a credit or debit card.

Customer: The individual or entity responsible for the utility account or payment of utility charges.

Dishonored Check: A check that is not accepted or paid by the financial institution on which it was drawn, including a check returned because of non-sufficient funds, a closed account, a stop-payment order, or another reason.

Electronic Check: An electronic payment that uses a customer's checking account and routing information to transfer funds to BPU.

Financial Institution or Payment Processor: A bank, credit union, card processor, electronic payment provider, or other entity responsible for processing a payment submitted to BPU.

Non-Sufficient Funds (NSF): A condition in which an account does not contain enough available funds to complete a payment submitted to BPU.

Payment Issuer: The individual or entity that submits or authorizes a payment to BPU, whether the individual or entity is the named utility account holder.

Recurring Card Payment: A credit or debit card payment authorized by the customer to be processed automatically on a recurring basis.

Restitution: Payment of the full amount of a returned payment and the applicable returned-payment service charge.

Returned Payment: Any check, ACH transaction, electronic check, automatic bank withdrawal, recurring card payment, or other payment that is returned, rejected, reversed, declined, or otherwise not collected by BPU.

Returned-Payment Service Charge: The charge assessed when a payment is returned or rejected, in the amount established by the current BPU Fee Schedule.

Service Address: The property or location at which BPU provides utility service associated with the customer's account.

Utility Deposit: An amount required by BPU as security for payment of future utility charges in accordance with applicable BPU policies.

IV. Policy Statement

Brainerd Public Utilities (BPU) requires customers to submit valid and collectible payment for utility services. A payment returned or rejected because of non-sufficient funds, a closed account, or another reason will be considered unpaid. This policy applies to checks, electronic checks, Automated Clearing House (ACH) payments, automatic bank withdrawals, and recurring credit or debit card payments.

V. Procedures

1. Returned Payment Notification

Upon receiving notice that a payment has been returned or rejected, BPU will notify the customer or payment issuer by regular mail. BPU may also provide notice electronically when contact information is available. Notices involving a dishonored check will include the applicable language required by Minnesota Statute § 609.535.

2. Payment Deadline

The customer must pay the full amount of the returned payment and the applicable returned-payment service charge within five business days after the notice is mailed. Payment arrangements will not be accepted until restitution is made.

3. Service Disconnection

If the required payment is not received within the five-business-day period, BPU may disconnect one or more utility services at the service address associated with the account. Any disconnection will be completed in accordance with BPU's Disconnection of Service Policy and applicable law.

4. Service Reconnection

Before disconnected utility service is restored, the customer must pay the following:

- The full amount of the returned payment;
- The applicable returned-payment service charge established in the current BPU Fee Schedule;
- The entire remaining balance due on the utility account;
- The applicable reconnection fee; and
- The required utility deposit, if a deposit is not already on file.

5. Repeated Returned Payments

If more than two payments are returned or rejected within any consecutive 12-month period, BPU will no longer accept personal checks, ACH transactions, or electronic checks for the account. All future utility payments must be made by cash or money order.

VI. Roles and Responsibilities

Financial Institution or Payment Processor

Provides notification to BPU when a payment is returned due to non-sufficient funds, a closed account, or another payment-processing issue.

BPU Billing Department

Processes returned payments, mails required notices, applies applicable fees, receives replacement payments, updates payment restrictions, tracks repeated returned payments, and directs service disconnection or reconnection when applicable.

BPU Field Staff

Disconnect and reconnect utility service as directed by the BPU Billing Department and in accordance with applicable BPU policies.

VII. Compliance and References

Minnesota Statute § 609.535: Governs the issuance of dishonored checks and legal remedies. All mailed notices must explicitly contain the legal language outlined in this statute.

VIII. Associated Forms and Attachments

- Standard BPU Dishonored Payment Notice Letter (including MN Statute § 609.535 disclosure language).
- Automatic Bill Payment Plan Enrollment

IX. Review and Update Schedule

This policy will be reviewed at the time of a law change under Minnesota states or as needed based on changes in City ordinance, code, or Commission direction.

X. Approval and Authority

The Brainerd Public Utilities Commission approved this policy on December 30, 2008.