BRAINERD PUBLIC UTILITIES
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Customer Deposits

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Latest Revision/Effective Date: June 30, 2026

Original Adoption Date: January 1, 1986

I. Purpose

The purpose of this policy is to establish consistent standards for customer deposits, promote fair and equitable utility billing practices, reduce the risk of uncollectible accounts, and ensure compliance with applicable laws governing utility customer deposits.

II. Scope

This policy applies to all residential and commercial utility accounts served by Brainerd Public Utilities (BPU) and governs the circumstances under which customer deposits may be required, collected, maintained, transferred, applied, and refunded.

III. Definitions

Commercial Customer: A customer receiving utility service for commercial, industrial, governmental, institutional, or other non-residential purposes.

Customer: Any person, business, organization, governmental entity, or other legal entity that applies for, receives, or is responsible for utility service provided by BPU.

Customer Deposit: A sum of money required by BPU as security for payment of utility charges and compliance with the terms and conditions of utility service.

Customer of Record: The person or entity legally responsible for establishing utility service and paying all charges associated with a utility account.

NSF Transaction: A payment returned by a financial institution due to insufficient funds or other payment processing issues that prevent the payment from being successfully completed.

Residential Customer: A customer receiving utility service primarily for household, domestic, or personal use.

Satisfactory Credit History: A customer payment history that demonstrates timely payment of utility bills and compliance with BPU credit requirements.

Unsatisfactory Payment History: A customer payment history that includes more than one penalty charge within the previous twelve (12) months, the issuance of delinquent or disconnection notices, non-sufficient funds (NSF) transactions, or other indicators that the customer presents an increased risk of nonpayment.

Utility Credit Reference: Documentation or information obtained from a utility provider that is used by BPU to evaluate a customer's payment history and creditworthiness for utility service.
Utility Bad Debt: Any unpaid utility charges, fees, penalties, or other amounts owed to BPU that remain outstanding after reasonable collection efforts have been exhausted.

IV. Policy Statement

BPU requires customers to establish and maintain satisfactory credit as a condition of receiving utility service. To protect the financial integrity of the utility and its customers, BPU may require a deposit when a customer does not meet established credit requirements, has an unsatisfactory payment history, has previously incurred a utility bad debt, has filed bankruptcy while a customer of BPU, has been disconnected for nonpayment, or otherwise meets the deposit criteria established by this policy.

When a deposit is required, the customer shall provide the required deposit in accordance with this policy. Deposits shall be administered consistently and applied, maintained, transferred, and refunded in accordance with applicable law and BPU procedures.

The determination of whether a deposit is required and the amount of the deposit shall be made by BPU in accordance with the standards established in this policy.

V. Procedures

A deposit may be required to establish or maintain utility service. BPU shall require a deposit when a utility credit reference is not returned to BPU within ten (10) days of the application for service, when a utility credit reference indicates an unsatisfactory payment history, when the customer has previously left an unpaid balance or demonstrated an unfavorable payment history with BPU, when the customer has filed bankruptcy while a customer of BPU, when utility service has been disconnected for nonpayment, or when an existing deposit is determined to be insufficient based on the customer's payment history or account activity. For purposes of this policy, an unsatisfactory payment history includes more than one penalty charge within the previous twelve (12) months, the issuance of delinquent or disconnection notices, or any non-sufficient funds (NSF) transactions.

For residential customers, the required deposit shall equal two (2) times the average monthly bill based on the previous twelve (12) months of usage. If twelve months of billing history is not available, BPU shall estimate the average monthly bill based on a comparable account and multiply that amount by two. A minimum residential deposit of fifty dollars ($50) shall be required.

For commercial customers, the required deposit shall equal the highest monthly bill during the previous twelve (12) months, rounded to the nearest ten dollars ($10). If twelve months of billing history is not available, BPU shall estimate the highest monthly bill based on a comparable account. A minimum commercial deposit of one hundred dollars ($100) shall be required.

Deposits for new customers shall be billed on the customer's first utility bill. Customers who have been disconnected for nonpayment or who have an outstanding bad debt with BPU shall be required to pay the deposit before utility service is established or restored.

All customer deposits shall earn interest at the rate established annually by the Minnesota Department of Commerce pursuant to applicable state law. Interest shall be credited to the customer's account annually in December and upon final settlement of the account.

A customer deposit shall be refunded when the customer has paid utility bills in full and on time for at least eleven (11) of twelve (12) consecutive months. Deposits and accrued interest shall be applied as a credit to the customer's account. When a customer closes an account, the deposit and accrued interest shall be applied to the final bill. Any remaining balance shall be refunded to the customer of record. Refund amounts less than five dollars ($5) shall not be refunded.

A deposit may be transferred from one customer to another residing at the same service location upon completion of a deposit transfer form approved by BPU. Deposit transfers shall only be made with the authorization of the customer whose deposit is being transferred.

VI. Roles and Responsibilities

Business Office Support Specialist: Responsible for establishing new customer utility accounts, obtaining and reviewing customer application information, identifying accounts that may be subject to deposit requirements under this policy, requesting required credit references or supporting documentation, and initiating the deposit process when applicable.

Billing Representative: Responsible for calculating required deposit amounts in accordance with this policy, applying deposit charges to customer accounts, maintaining deposit records, processing deposit transfers, applying deposits and accrued interest to final bills when applicable, and issuing deposit refunds in accordance with policy requirements.

Business Office Supervisor: Responsible for overseeing the administration of customer deposits, ensuring consistent application of this policy, providing guidance on deposit determinations and exceptions, reviewing disputed deposit requirements when necessary, and monitoring compliance with applicable laws, regulations, and BPU policies.

VII. Compliance and References

Customer deposits shall be administered in accordance with Minnesota Statute § 325E.02. Deposits eligible for interest shall earn interest at the rate annually established by the Minnesota Department of Commerce, and deposits shall be returned or applied in accordance with applicable state law and this policy.

VIII. Associated Forms and Attachments

Credit Reference Form.

IX. Review and Update Schedule

This policy shall be reviewed as necessary, to ensure compliance with applicable laws and regulations, alignment with utility billing and collection practices, and continued protection of the financial interests of Brainerd Public Utilities and its customers.

Revised: December 06, 2005; January 30, 2007; June 30, 2026

X. Approval and Authority

The Brainerd Public Utilities Commission has the authority to approve, amend, and repeal this policy. Upon approval by the Commission, the policy shall be implemented, administered, and enforced by the Finance Manager or their designee.