Credit Policy for Commercial Accounts

**Purpose:** Review commercial accounts on an annual basis to ensure deposits held are adequate, based on customer’s actual usage and credit history, to minimize the City’s risk exposure for non-payment. Upon account review, deposits may be adjusted per the City of Columbia's Code of Ordinance, Chapter 27, Section 27-20(c).

**Definitions:**
The security deposits for commercial services in Section 27-20(c) of the City’s Code of Ordinance, as defined by the Finance Director or his designee.

*Initial Deposit* - Twice the estimated amount of a thirty (30) day bill for services being requested.
*Standard Deposit* - Twice the actual average usage.
*Required Deposit* - The amount required to minimize the City’s risk of non-payment based on actual usage and customer's credit history.

The City has defined the following credit rating standards for use to determine a commercial customer’s credit history and will be used when determining the *Required Deposit*:

**Good** - all payments made timely, or may have delinquent notices sent but there are less than five (5) late payments in the previous thirty-six (36) months, no disconnection of services for non-payment, no checks returned for Nonsufficient (NSF).

**Fair** - delinquent notices have been sent and more than five (5) but less than twelve (12) late payments in the past thirty-six (36) months, no disconnection of services for non-payment, no checks returned for NSF.

**Credit Risk** - delinquent notices have been sent and more than twelve (12) late payments, or one (1) or more disconnection of services for non-payment, or one (1) or more checks returned for NSF, within the past thirty-six (36) months.

**Procedure:**
Annually, the City will audit all commercial accounts to determine what the required deposit should be to minimize the City’s risk for uncollectible accounts. The review will take into account the services received, actual usage and customer's credit history, using the above defined credit rating standards.

If account status is determined to be **Good**, no increase to deposit will be needed.

If account status is determined to be **Fair**, a standard deposit based on the average usage within the previous twelve (12) month period will be required.

If account status is determined to be a **credit risk**, a required deposit of twice the highest bill within the previous twenty-four (24) month period will be required.

**Refund of Deposit** - Account holder must request, in writing, review of their account. Commercial accounts must have a perfect payment history of 36 months in order to be eligible for refund of deposit. Perfect payment history is considered no late payments, no shuts offs and no returned checks.