

Procedure Guidelines Good Credit - Commercial

Purpose: To provide for information to our customers regarding Security Deposits and our good credit guidelines

Policy: All commercial accounts shall be charged a security deposit according to City of Columbia's Code of Ordinances - Sec 27-20. – Security deposits.

(c) In order for customers to obtain service to a commercial establishment, a valid business license must be issued for that property address for any use other than single-family residential use, they shall be required to meet one (1) or both of the following provisions:

(1) Make a deposit based on twice the estimated amount of thirty (30) days' bill for those services requested for new accounts, and be adjusted to twice the actual average as necessary. The finance director may also increase security deposits for commercial accounts to minimize the city's risks where appropriate.

(2) Furnish equivalent bond or letter of credit.

At the discretion of the finance director, commercial security deposits may be waived upon the commercial customer having established a minimum of three (3) years' continuous timely payments.

Definitions:

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).

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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:

All commercial customers are required to have a deposit for each location where they have active service or request to start services, unless they meet the refund parameters. New and current customers will be provided their required deposit value at the time they request to start services. Depending on the value of the deposit, it will either be billed on their first usage bill or will need to be paid at the time their service start request is being processed.

Refund of Deposit – Commercial customers may fill out the Deposit Waiver form to request a review of their account. Commercial accounts must meet the good credit standards of 36 in order to be eligible for refund of deposit.

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