



HUNTSVILLE UTILITIES POLICY

Revision Approval Date: Gas & Waterworks Board-4/27/2021 Electric Board- 4/26/2021	Date Posted: 3/31/2022	Implementation Date: 5/1/2021
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Policy #: CC-05

Policy: Non-Residential Security Deposits

Purpose: To mitigate the financial risk associated with providing utility services to our customers recognizing all utility services are paid in arrears after the customer has consumed the service.

All non-residential (commercial and industrial) customers are subject to providing a satisfactory security deposit before service will be established. Acceptable forms of security may be cash, Surety Bond or Irrevocable Standby Letter of Credit. Security Deposits are non-transferrable. For information on cash deposit interest, refer to the Deposit Interest Policy (FM-02).

Deposit amount determination: The security deposit shall be an amount equal to two times the average monthly usage (or anticipated usage) for the service address, rounded up to the next \$50.00.

- Existing business or facility, operating under a new owner, will pay a deposit based on two times the average month's usage over the past 36 months.
- New business or facility will pay a deposit based on two times the average month's projected usage. The projected usage will be based on load information provided by the customer/contractor.
- Contractors requiring temporary permanent (Temp/Perm) service for a new facility will pay a deposit based on the average month's projected usage. The projected usage will be based on load information provided by the customer/contractor.
- Additional service or load added to an existing account may require additional funds being applied to the existing security deposit. If required, the additional deposit will be based on two times the average usage for the new load. This must be paid before a new service connection will be established.
- Exceptions may be made when an existing facility's usage will vary significantly from its historical usage, Huntsville Utilities (HU) management and/or engineering staff may establish a reasonable deposit based on the new expected usage or load information.



Non-Residential Security Deposits

Customers with multiple accounts may establish a master deposit sufficient to cover the estimated usage of all active accounts. Should an account become delinquent, HU may transfer the delinquent balance to another account or use the master deposit to recover any amounts owed by the customer. Should this occur, the customer would be required to post additional security on every account for which that customer is responsible.

The deposit balance, as well as the adequacy of the deposit on hand, shall be reviewed periodically, but not less than every five years, to ensure an adequate deposit remains on file for all covered accounts.

If HU determines the customer's deposit is insufficient, the customer will be notified in writing. If the customer fails to provide additional security within 60 days, HU will place the required deposit amount on the customer's monthly bill.

If a notice of cancellation is received for a Surety Bond, Irrevocable Standby Letter of Credit, the customer will be notified that replacement security must be obtained within 30 days. If the customer fails to provide adequate security, any outstanding deposit owed will be placed on the customer's monthly bill.

In the event an outstanding deposit has been placed on the customer's bill, any partial payment will be applied first to the outstanding deposit amount and then to the remaining billed services. Therefore, if the customer fails to provide funds sufficient to cover the full amount billed (including any required deposit), the account may be subject to disconnection.

Customer Care may establish reduced temporary deposits when service(s) are required for a temporary condition such as cleaning, inspection, showing or construction. The temporary deposit shall be set to cover the expected usage during the abbreviated period. Any excess payment will be returned to the customer upon service disconnection. To qualify for the reduced deposit an appropriate form must be completed by the customer or his/her authorized representative.

Original Issue Date: 3/2/92

Revision Date: 4/1/22