



Commercial Deposit Policy

Newport Utilities requires deposits on all commercial accounts. The deposit amount requirement is two times (2x) the average bill.

NU re-evaluates commercial deposit levels on an annual basis to ensure that:

1. We have adequate deposit levels in place.
2. Deposits that are secured through means other than cash have not expired.

In the event that an increase in deposit value is required due to an increase in a Customer's average usage, diminished credit status, or payment history, NU will notify the Customer that an increase in deposit would be needed to secure the account(s). NU has several options available for Commercial Customers to secure a deposit.

Deposit balances, including interest, are subject to review by Customer and Newport Utilities.

Commercial Deposit Options

Irrevocable Letter of Credit: A letter is issued from the Customer's bank of choice and serves as a guarantee of payment to the Utility in the event the customer defaults. Some letters of credit may have to be secured on an annual basis, and other letters auto-renew annually for a number of years unless we are notified by the bank in advance of cancellation (dependent upon the customer's bank policies). Should the Customer's coverage be cancelled, Customer is required to secure the deposit amount required through alternative means.

Surety Bond: Customer secures a bond from an insurance company as a guarantee of payment in the event the Customer defaults. Most insurance companies charge a percentage of the amount of the deposit value required. Bonds generally auto-renew each year, unless we are notified from the bonding company in advance of cancellation. Should the Customer's coverage be cancelled, Customer is required to secure the deposit amount required through alternative means.

Cash: If a cash deposit is retained by NU, it will earn interest at Newport Utilities' passbook savings rate plus 1%. Interest rate is reviewed and/or adjusted by Newport Utilities on an annual basis (every July pt). Interest earned will be added to Customer's deposit account on a monthly basis. Upon termination of service, the deposit and earned interest may be applied towards a Customer's outstanding balances. Any credit balances that remain thereafter will be refunded to Customer.