

Marion County Board of County Commissioners

Policy 24-0_

Establishing Credit associated with Limited Liability Company (LLC) Utility Account(s)

Introduction:

When establishing a utilities account, the County requires an applicant for utilities service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with the County's rules for prompt payment. Without proper establishment of credit for Limited Liability Companies (LLCs), the utilities account could potentially become an uncollectable liability for the County should a balance for services provided remain unpaid on the utility account.

The history of collecting on commercial utilities accounts that are registered LLCs has been less than desirable, as they have not provided creditworthiness opportunities to protect the County's financial interests. Due to this concern, the Utilities Department was previously advised by the County Attorney to incorporate a request for a letter of personal guarantee in addition to the payment of a security deposit. This method has satisfied the credit requirements as they apply to small business LLCs where there is a single owner, but in cases with larger LLC companies, there are multiple LLCs embedded within a single LLC. The larger LLCs, in some cases, end up with no one single owner/responsible party who is willing to give a personal guarantee for payment satisfying the creditworthiness requirement.

Presently for all LLCs, staff calculate an annual years' worth of monthly base charges - based on the meter size and usage charges, which are in turn based on the estimated usage or on ERCs calculated for the specific use or based on previous usage/history of a similar account(s), as the amount for the surety bond.

I. Purpose

The establishment of credit for Marion County Utilities utility accounts, as it applies to an LLC, before providing water or sewer service, in a manner that satisfies the creditworthiness of the customer.

II. Policy

- a. Methods/Options to satisfy credit worthiness:
 - **Option #1:** Applicant pays a cash deposit based on meter size (amount is pre-determined by the Service Deposit Amounts within the current Rate Resolution, subject to updates), in addition the applicant shall be required to provide a personal letter of guarantee.

- **Option #2:** Applicant provides an irrevocable letter of credit from a bank.
The irrevocable letter of credit will be calculated based on utilizing the twelve (12) months base charges, plus three (3) months of estimated water usage; as a typical service would be disconnected for non-payment after three (3) months.
- **Option #3:** Applicant provides a surety bond.
A surety bond will be calculated based on utilizing the twelve (12) months base charges, plus three (3) months of estimated water usage; as a typical service would be disconnected for non-payment after three (3) months.
- **Option #4** Applicant (LLC) provides a letter of good credit from another public utility stating that the applicant (LLC) has two (2) years of “Good” account history – “Good” as defined by the following criteria (within the 2-year period):
 - No late charges.
 - No uncollected items.
 - No return checks.
 - No return bank drafts.
- **Option #5:** Applicant utilizes the attached Exhibit “A” - Agreement for Commercial Limited Liability Company (LLC) Utility Account Holder Contract Deposit Agreement and Acknowledgement form, where the physical property owner signs and acknowledges that the property will have a lien placed on the land/title should there be any unpaid balance for the utility service, in a defined term.

Approved by: _____ Date: _____

Michelle Stone
Chairman
Marion County Board of County Commissioner

POLICY HISTORY	
Created:	
Replaced:	
Current:	