



Collections Overview

Disconnection and Reconnection Process

Special-Called City Council Meeting
December 5, 2013



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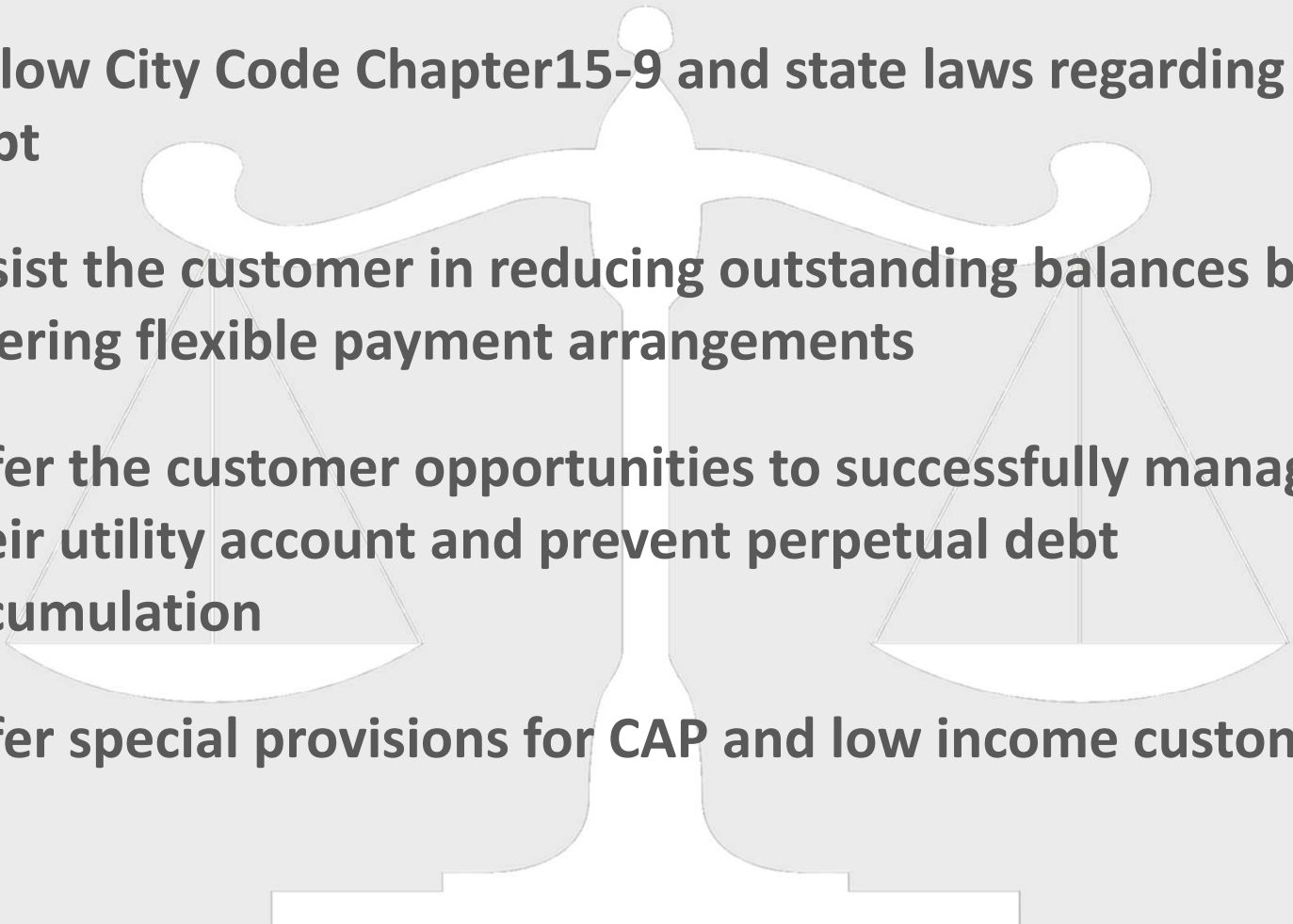


Larry Weis, Austin Energy General Manager

Mission: Deliver clean, affordable, reliable energy
and excellent customer service.



Goals

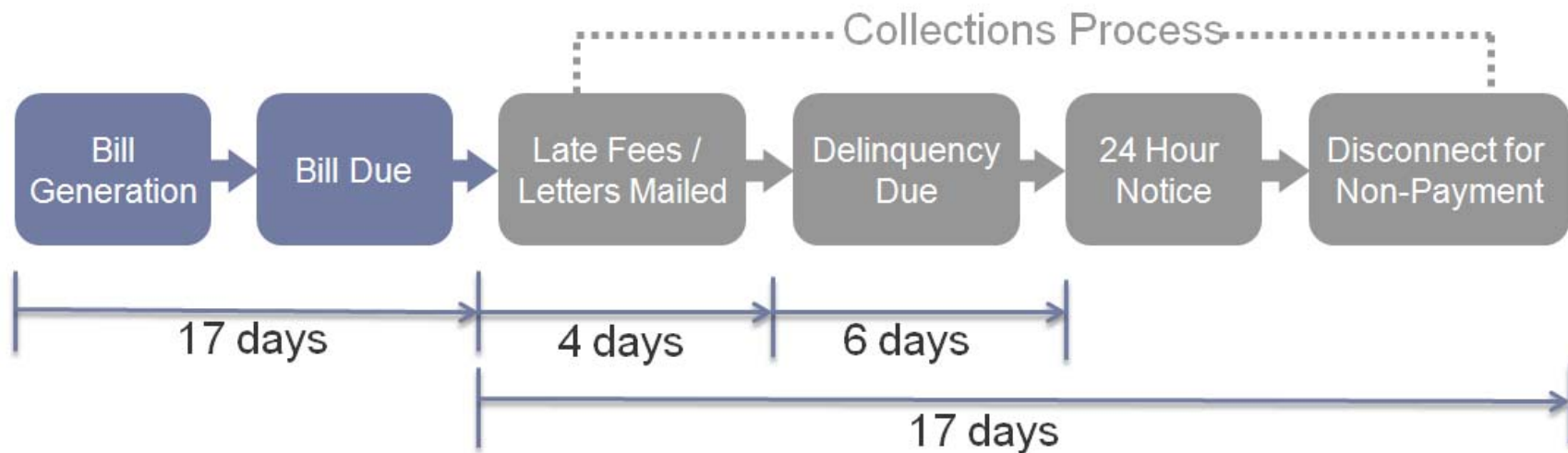
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- A large, faint, white graphic of a balance scale is centered in the background of the slide, behind the list of goals.
- **Follow City Code Chapter 15-9 and state laws regarding utility debt**
 - **Assist the customer in reducing outstanding balances by offering flexible payment arrangements**
 - **Offer the customer opportunities to successfully manage their utility account and prevent perpetual debt accumulation**
 - **Offer special provisions for CAP and low income customers**



Collections Process Steps

Overview

- The collections process begins with the generation of the customer's bill
- The process is highly automated, events trigger each process step
- The customer can stop the next event at any point in the process by either making payment in full or requesting a Payment Arrangement.

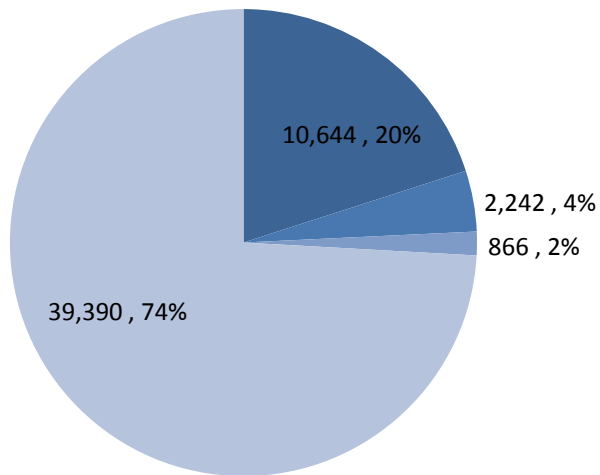




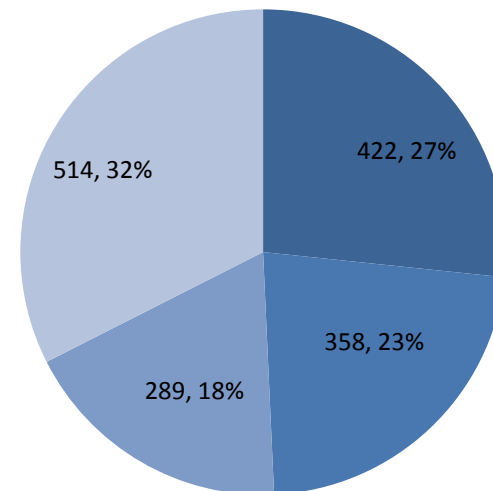
How Does a Disconnect Occur?

- Bill is not paid by due date
- No response to delinquent payment reminder
- No response to 24-hour notice
- Customer does not request a payment arrangement

August 2013
Customer Behavior - FTNs



August 2013
Customer Behavior – 24-Hour Notice



- On average 14% of the total residential customers enter into the collections process each month



Residential Disconnections

- The current policy and guidelines work together to minimize the number of customers that reach the point of disconnection.
- In September 2013 the percent of disconnected customers was 0.46%.

Residential Disconnections					
	2010		2011 - 2012	2013	
	Total	CAP		Total	CAP
July	2753	113	No Disconnects	447	31
August	655	23	No Disconnects	673	60
September	4112	126	No Disconnects	1710	182

* There was no collection activity between August 2011 – May 2013. In July 2011 there were 147 total disconnects.



Interim Customer Protections

- Regular payment arrangements suspended since June 2012
- Special payment arrangements in place which allow a longer (12+ months) repayment period
- Customer has 3 payment arrangement opportunities per outstanding balance
- For customers disconnected for nonpayment, a fourth payment arrangement is offered without a 50% down payment requirement
- The extreme weather moratorium will be invoked on days where the forecasted temperature is below 32 degrees Fahrenheit or below 35 degrees with 50% precipitation



Payment Arrangement (PA)

- On November 26, 2013, Austin Energy implemented an Interim PA policy through May 2014

	Regular Policy	Suspension Period (Jun 2012 – Nov 2013)	Interim (Dec 2013 – May 2014)
Number of Monthly Installments ^[1]	Up to 8	Up to 12	12+
Number of Payment Arrangements Allowed	1	3	4
Down Payment Required	Yes	Yes	No
Must bring Account Current for a New PA	Yes	No	No
Eligible If Service Is Disconnected	No	Yes	Yes

[1] This is the maximum that may be offered by a Customer Service Representative; Additional installments may be available for customers in Low Income, Medically Vulnerable or Life Support Programs through Austin Energy's Customer Solutions Management Team.



Payment Arrangement (PA) Data

- In month of September, there were about 17,021 Payment Arrangements of which 4,993 had 3 PAs, about 1.3% of our total residential customers.

Data for Multiple Payment Arrangements as of September 2013

			Total #	% of Total PAs	% of Total Residential Accounts
Total of 3 PAs:			4,993	29%	1.3%
Number of accounts that have:					
1 st PA	2 nd PA	3 rd PA			
Completed	Broken	Active	57	1%	.0003%
Broken	Broken	Active	2918	17%	.08%
Broken	Broken	Completed	750	5%	.02%
Broken	Broken	Broken	1268	7%	.03%



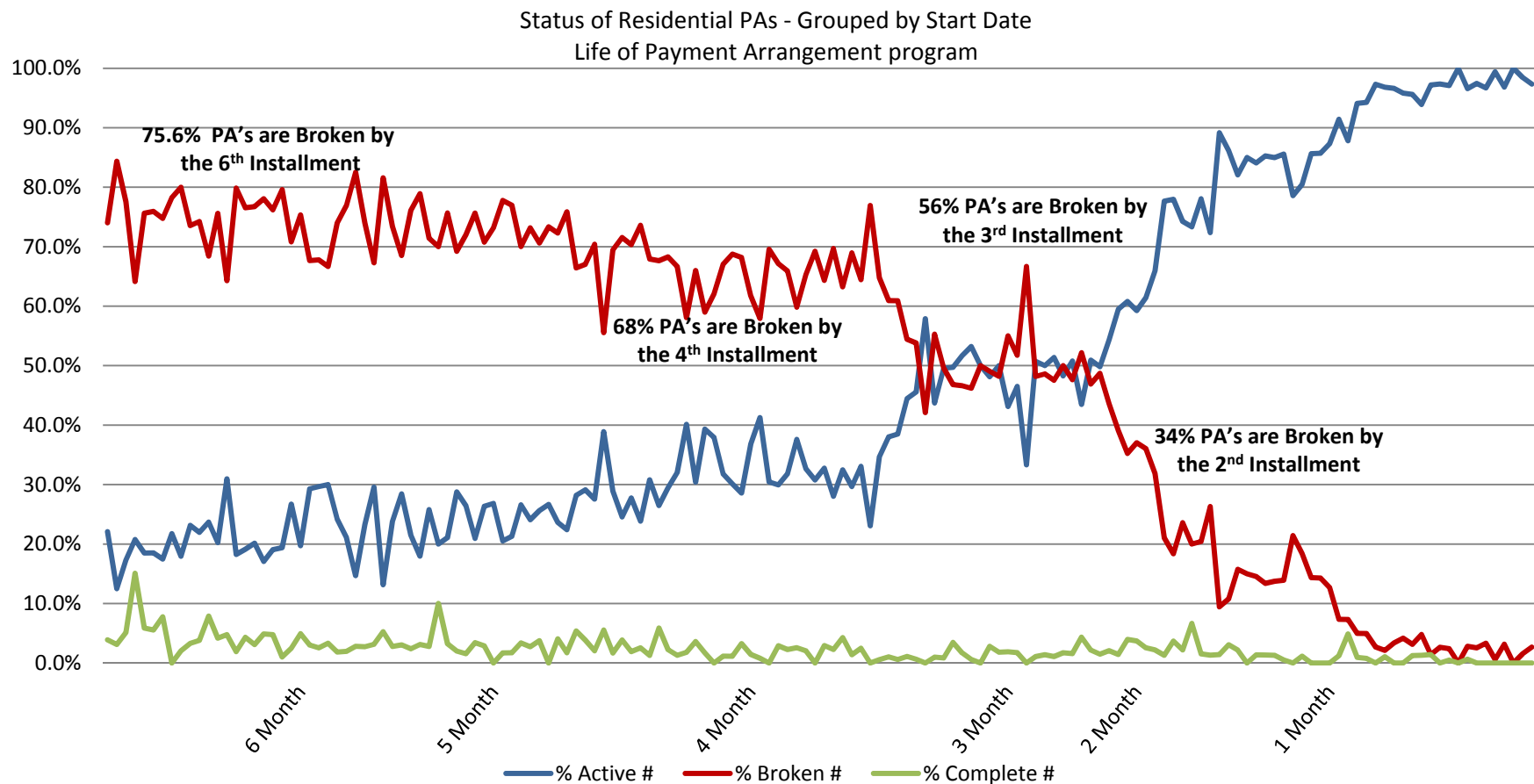
Proposed Ordinance - Concerns

- Will expand the number of customers who may delay payment and focus on payment arrangements beyond the current policy
- Limits staff's ability to negotiate a repayment solution best suited for the customer balanced with the staff's fiduciary responsibilities of best practice for receivables management
- Increases program costs due to:
 - Need to verify proof of hardship
 - Continual renegotiation of payment arrangements
- Creates a cycle of perpetual debt through unlimited payment arrangements



Broken Payment Arrangements

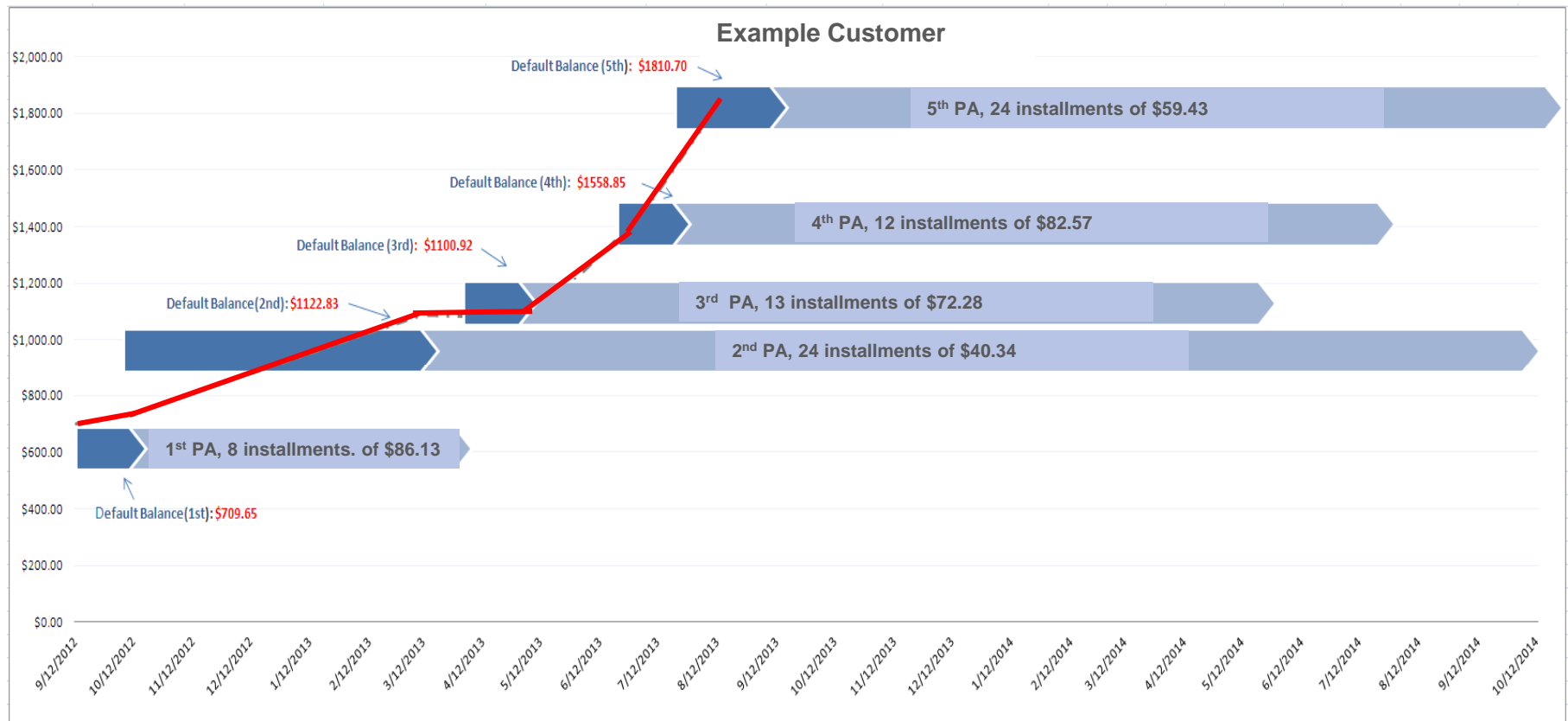
- The longer the PA, the greater the potential for default





Multiple Payment Arrangements

- Customers with multiple broken payment arrangements can end up owing more than when they started



Note: each payment arrangement includes past debt plus an unpaid current bill amount



Summary/Recommendation

Summary

- Collections process has been reinstated and gradually ramped up since May 2013
- Austin Energy has the most flexible payment arrangement practices compared to other leading utilities in the industry
- Payment arrangements are a viable tool to manage a customer's account. However, multiple PAs have an adverse effect on a customer's outstanding balance

Recommendation

- Proceed with fulfilling the Resolution by working with the community advocates on policy for payment arrangements for CAP and low income customers



Thank you!

Questions?

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