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TALKING POINTS - PROPOSED ORDINANCE REGARDING DEFERRED PAYMENT AGREEMENTS

AUSTIN CITY COUNCIL

- Design of an effective deferred Payment Agreement (DPA) structure requires understanding of why customers fall behind on their bills
  - Monthly income insufficient to pay for all non-discretionary necessities
  - Income and expense insecurity and instability
    - Unstable wages or salary
    - Lack of benefits such as paid leave and medical insurance
    - Frequent mobility
    - Rapid increases of housing and health care costs
  - Research demonstrates that a majority of late-paying utility customers wish to remain current on their bills but do not because of insufficient income or sense of being overwhelmed by economic circumstances

- Successful DPA design components
  - Reasonableness
    - Repayment terms based on a customer's actual income ***and*** expense circumstances
    - No added costs or fees (e.g., high down payment, added security deposit, late payment fee)
    - States with codified reasonableness provisions include
      - Idaho, Illinois, Iowa, Maine, Missouri, Montana, New York, Pennsylvania, Wisconsin
  - Renegotiation provisions
    - Recognition of low-income household instability
    - Non-punitive renegotiated terms – renegotiated payment terms and conditions should be equal to or more advantageous than the initial (unsuccessful) DPA, particularly when the customer can demonstrate an adverse change in income/expense circumstances
  - Transparency and consistency of minimum terms and conditions
    - Codification
    - Clear communication with the customer regarding availability of reasonable DPA

- Utility system benefits from successful DPAs
  - Reduced working capital requirements
  - Reduced write-off of uncollectible accounts