



Collections Overview

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February 2017





Overview

475K+

City of Austin Utility Accounts

*Customer Account Management
provides billing, payment processing
and internal collections services for all
City of Austin Utility Accounts.*

Electric

Water

Wastewater

Solid Waste

Anti-Litter Fee

Transportation User Fee

Drainage Fee



**AUSTIN CODE
DEPARTMENT**





Council Requests

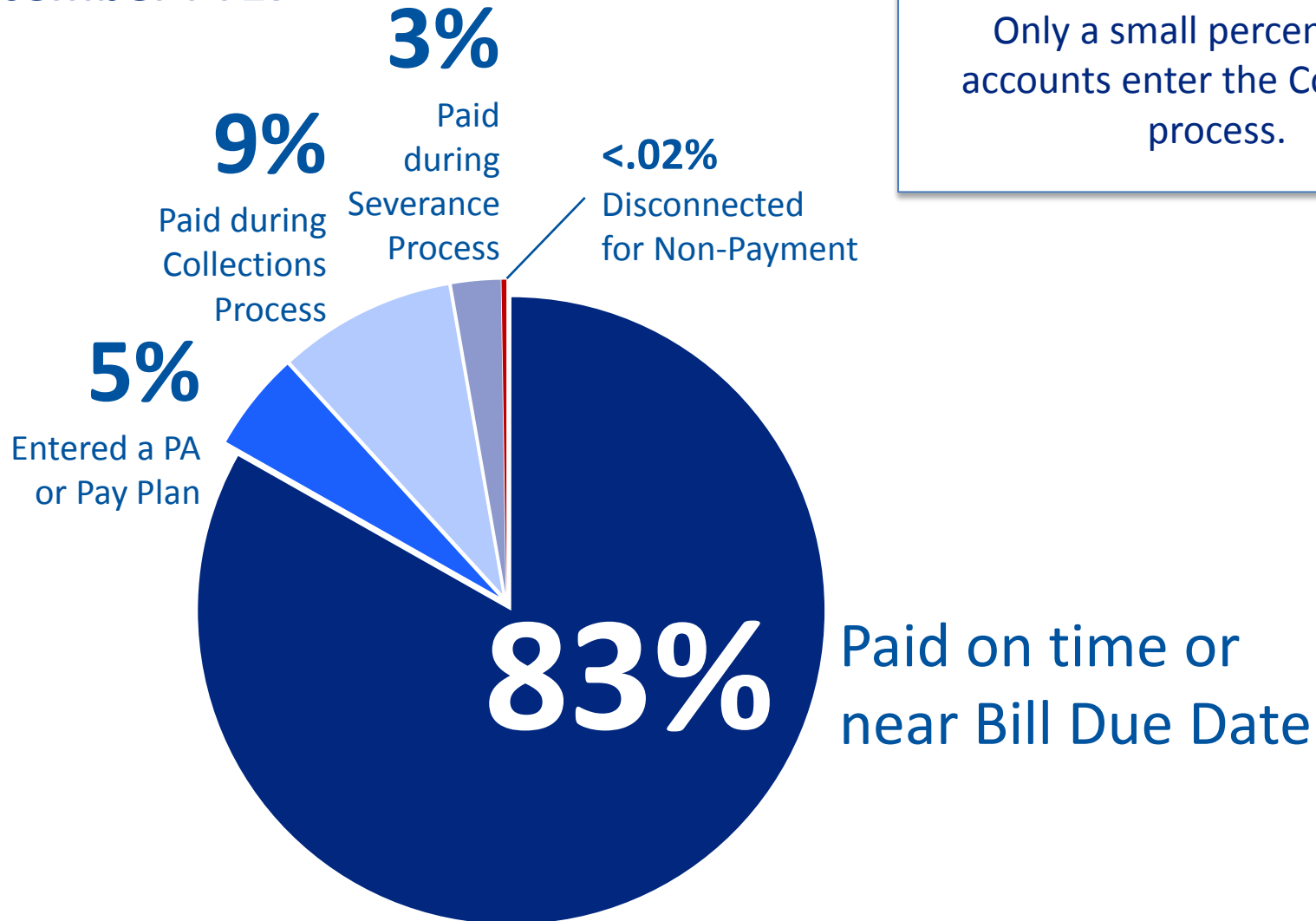
Comprehensive update regarding Payment Arrangements (PA) since Ordinance adopted on June 18, 2015:

- Comparison of number of Disconnects for Non-Payment for each year since Disconnects for Non-Payment were reinstituted after the Billing System conversion
- Amount of bad debt over the same period to the present
- Number of Payment Arrangements and individuals in each Payment Arrangement phase
- Number of Disconnections for Non-Payment that were not/have not been Reconnected
 - Are a higher number of individuals unable to reconnect now that City of Austin Utilities has reverted back to the requirement of 50% of past due amount?



Collections Process Overview

December FY17

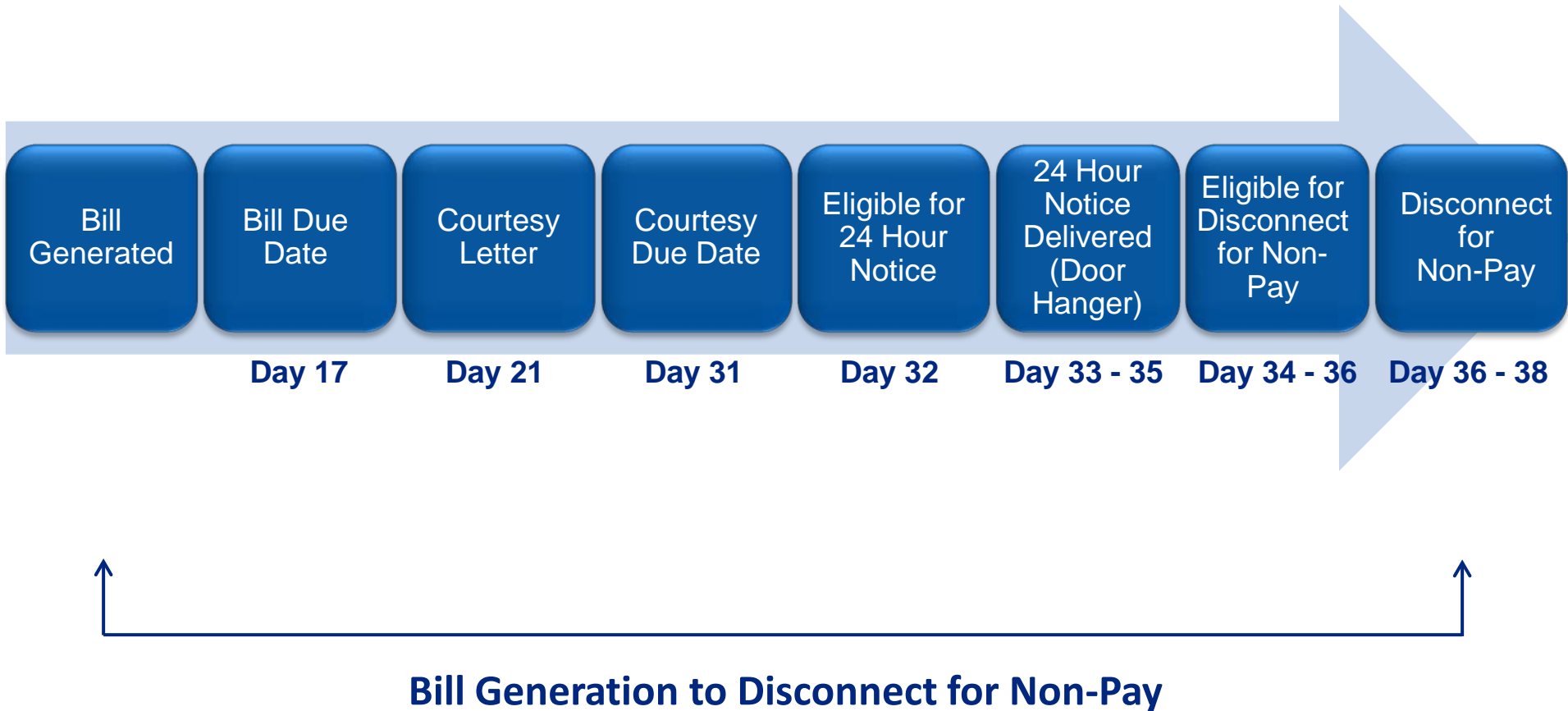


Only a small percentage of accounts enter the Collections process.



Collections Process Overview

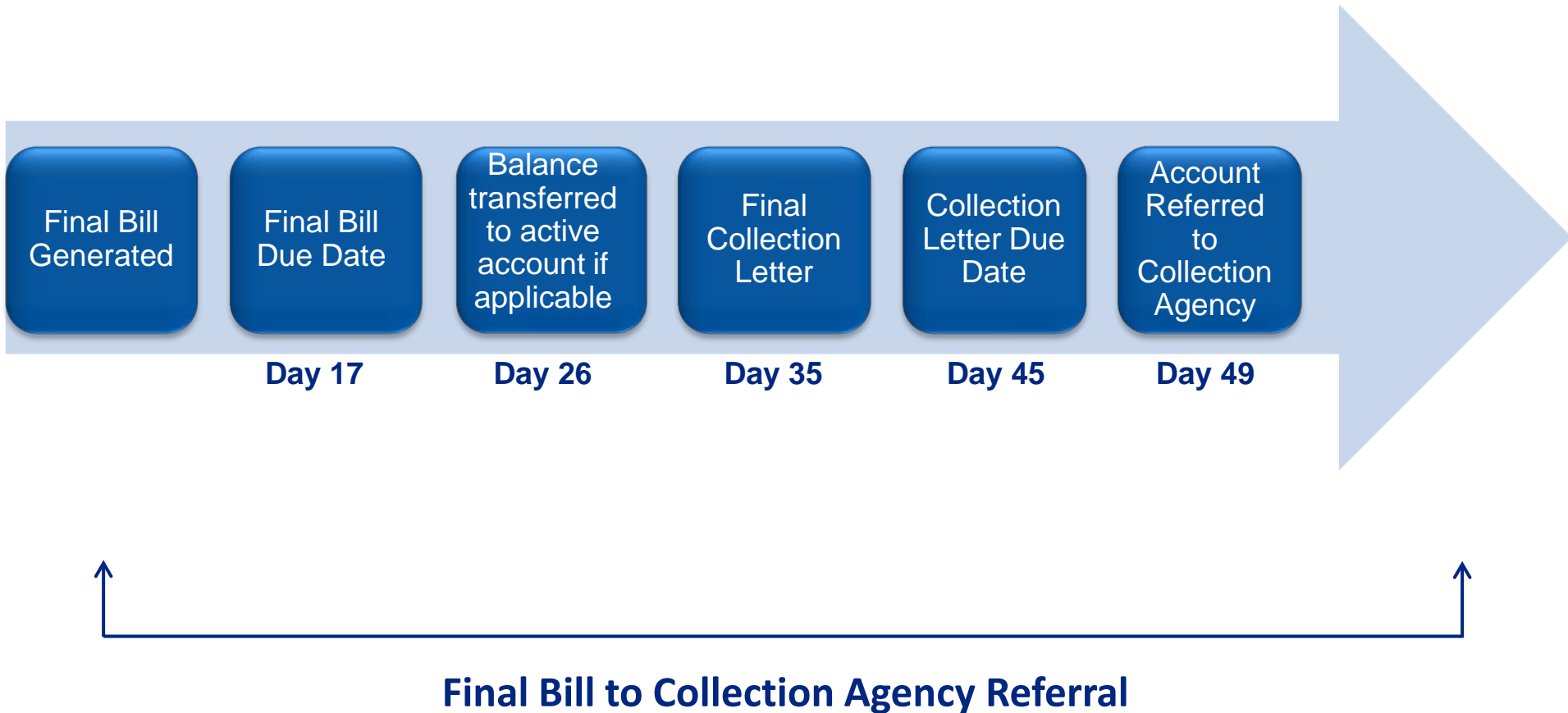
Standard Collections Process (Active)





Collections Process Overview

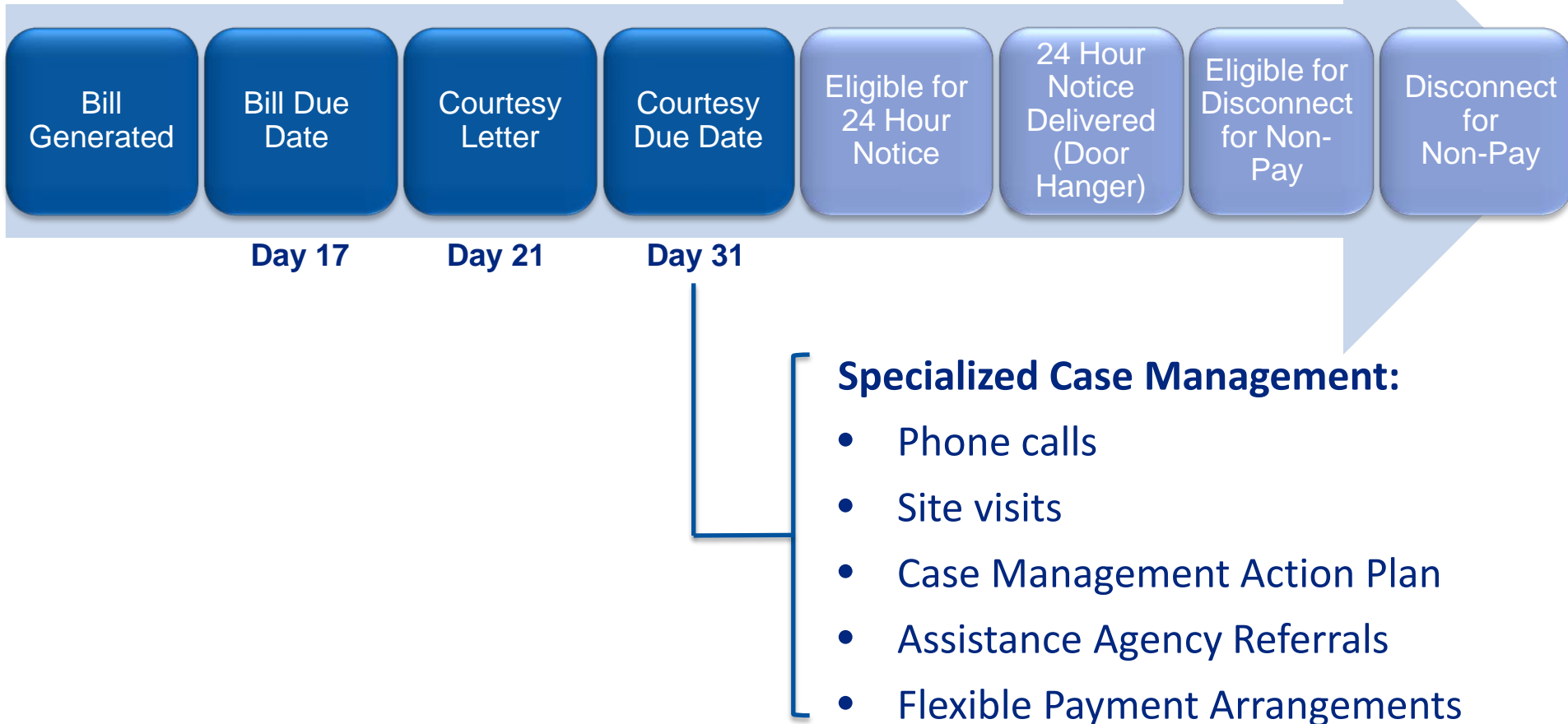
Standard Collections Process (Inactive)





Collections Process Overview

Non - Standard Collections Process (Medically Vulnerable Registry)





2015: Payment Arrangement Policy Changes

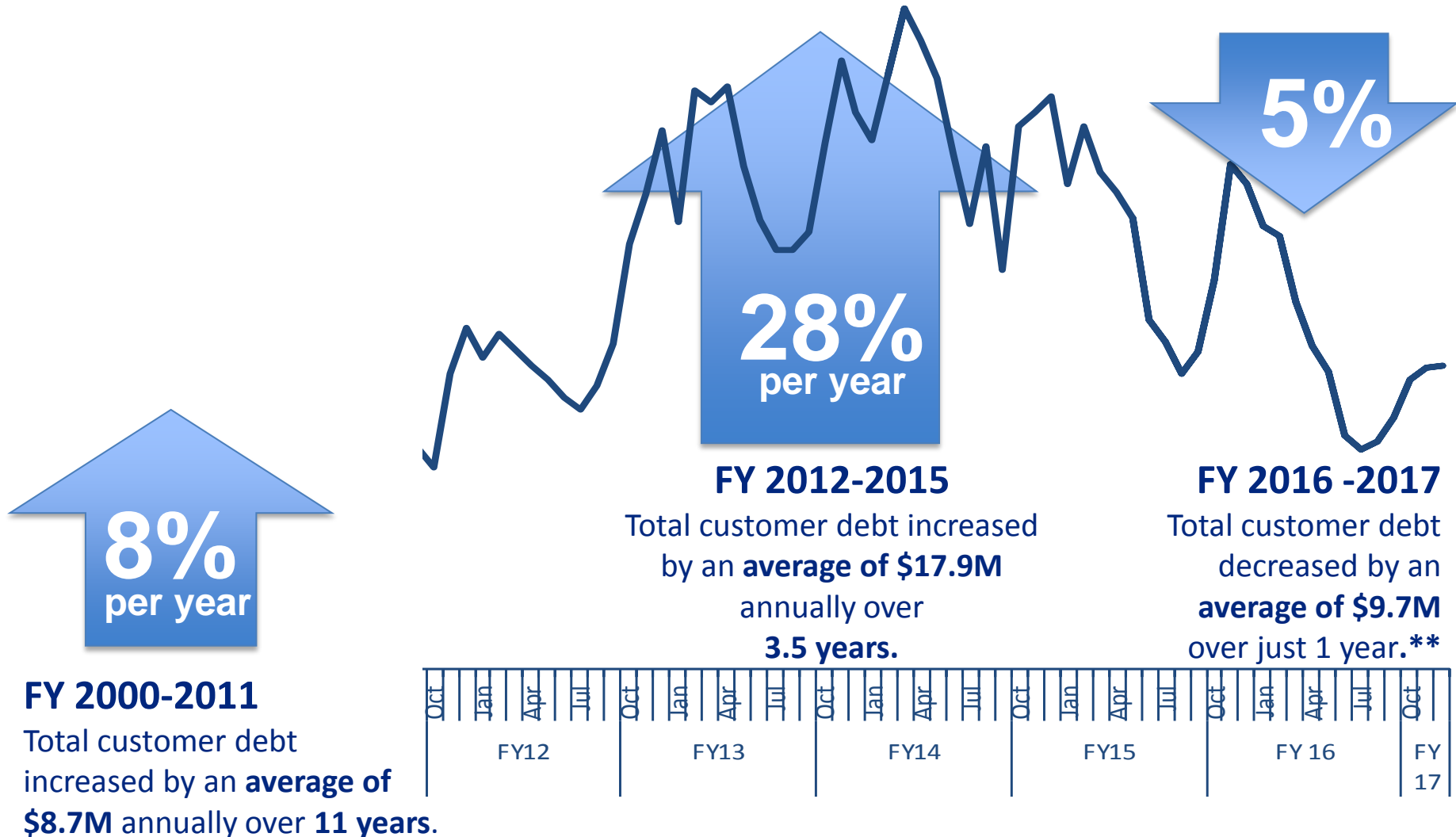
Customized Approach to Payment Arrangement (PA) Terms:

GOOD STANDING	ACCOUNT WATCH	SUBJECT TO DISCONNECT	BONA FIDE
First PA	1 Broken PA	At least 2 broken PAs	Special Circumstances
Up to 24 months	Up to 24 months	Up to 8 months	Up to 24 months
First installment due next bill	First installment due next bill	50% due within 15 calendar days	First installment due next bill



Customer Impact: Debt Trending Downward

Total Customer Debt Over 30 Days Past Due*

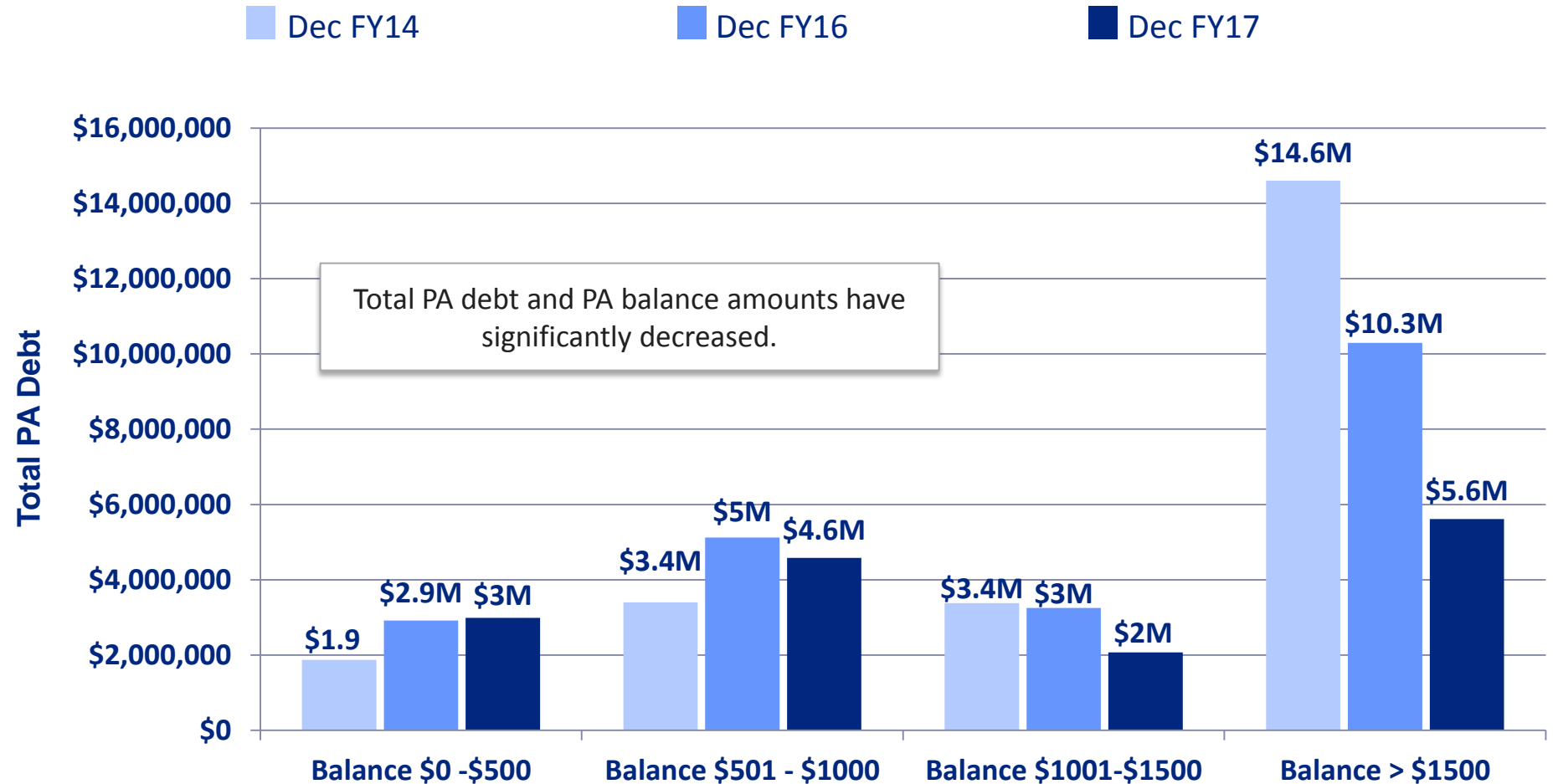


*Includes Accounts with both Active and Inactive services as well as Payment Arrangements

**Measured from Dec 31st, 2015 – Dec 31st, 2016



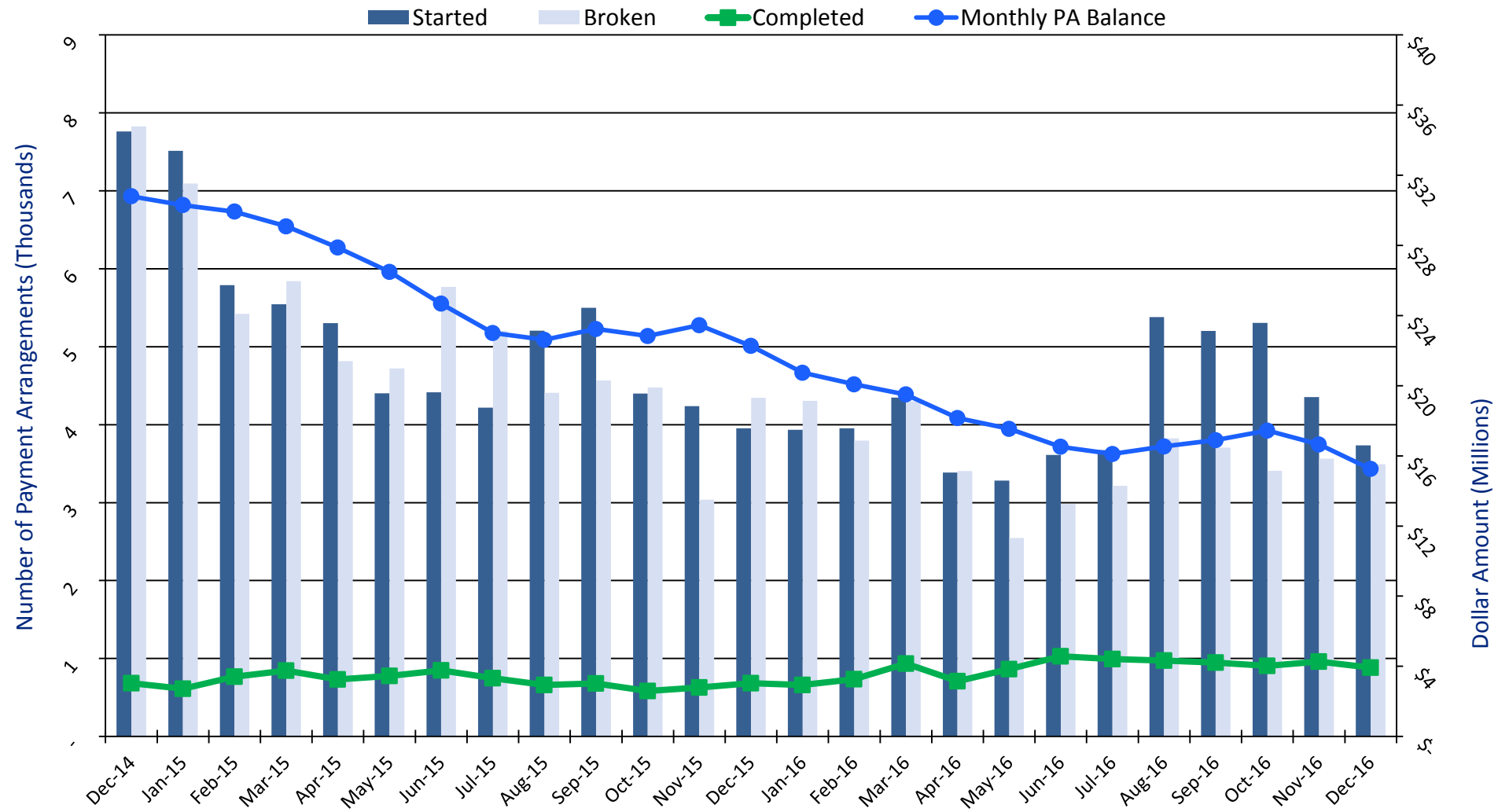
Customer Impact: Smaller Balances





Customer Impact: Successful PA Completion

Monthly Payment Arrangement Allocation (Total # / Total \$)





Customer Impact: PA Type & Average Balance

December FY17 Residential PAs

\$648.47

**Average PA Balance
on Residential Accounts**

48% of PAs

**Good Standing or
Account Watch PA Types
on Residential Accounts**

	Accounts with PAs	Total PA Balance	Total PA Balance
Dec FY14	18,213	\$20,261,052	\$1,112.45
Dec FY16	23,497	\$21,002,089	\$893.82
Dec FY17	22,398	\$14,521,189	\$648.47

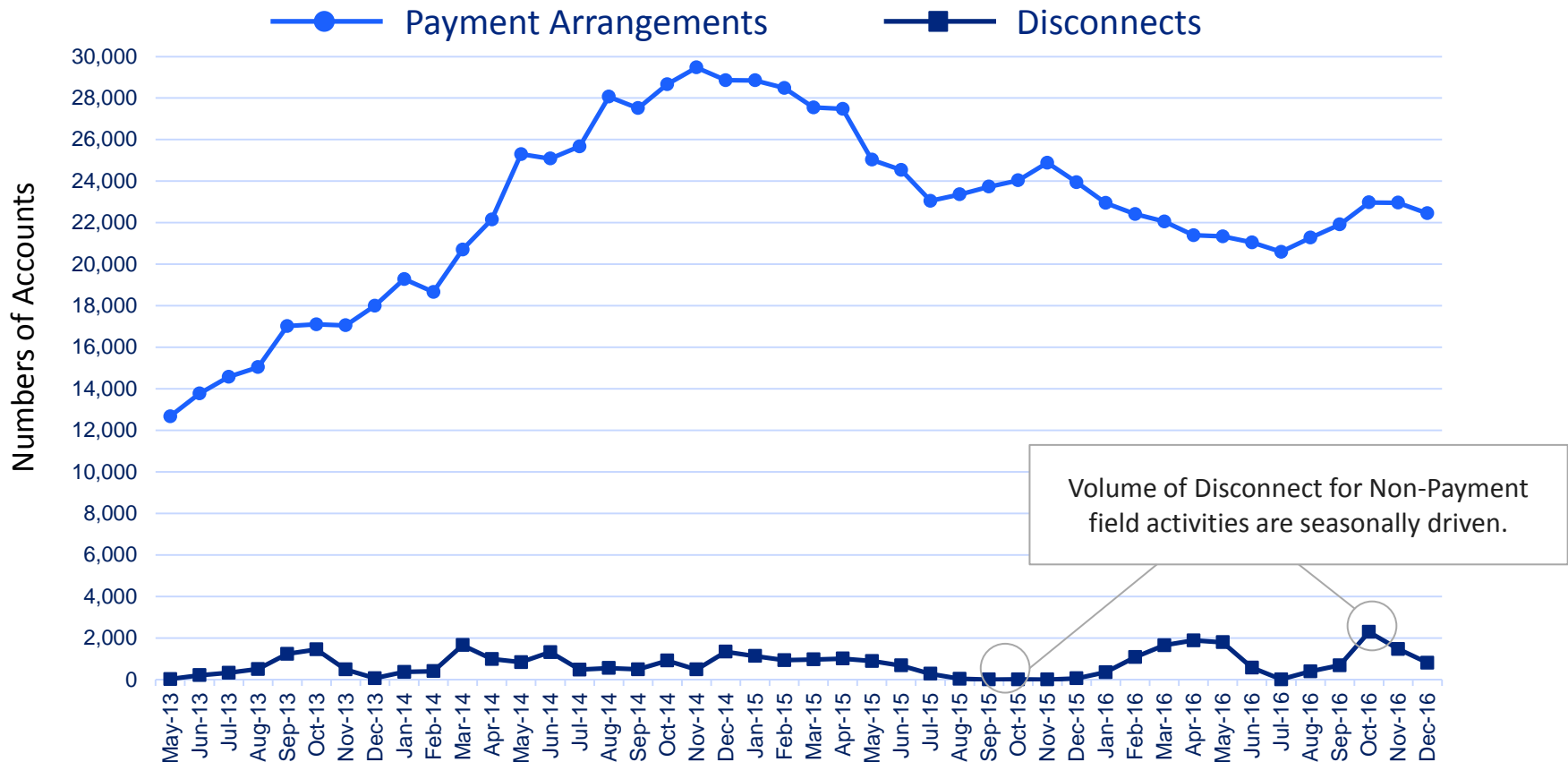
PA Type	% of PAs (Dec FY17)
Good Standing*	32%
Account Watch*	16%
Subject to Disconnect	8%
Bona Fide	5%
CAP	21%
Legacy	18%

**Customers with Good Standing or Account Watch PAs still have additional PA options left.*



Customer Impact: Disconnects for Non-Payment

Disconnects for Non-Payment have not increased due to Payment Arrangement Policy change.



Austin Energy will not perform Disconnects for Non-Payment during extreme weather or if we do not have staffing resources available to complete associated Reconnect Field Activities.



Customer Impact: Reconnecting Service

Annual Field Activities	2013*	2014	2015**	2016
Total number of Disconnect for Non-Payment Field Activities	5,878	16,681	12,942	16,751
Total number of Reconnect or Turn On Field Activities	5,781	16,306	12,650	16,253
% Reconnected or Started New Service within 90 days of Disconnect Date	98.35%	97.75%	97.74%	97.03%

Accounts not reconnected after disconnection could represent vacant properties.

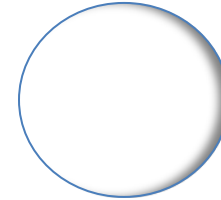
**Minimal Disconnections for Non-Payment due to post –conversion implementation.*

*** Reduction in Disconnections for Non-Payment due to Water media events.*



Customer Impact: Reconnecting Service

- City of Austin Utilities makes a post-disconnection site visit 15 days and 30 days after services are disconnected to check for off-meter consumption
- New communication initiative will include leaving a door hanger during site visit



**Are you currently
without utility
service?**

**There may be
programs available
to help!**

**Call
512-494-9400.**



DRAFT

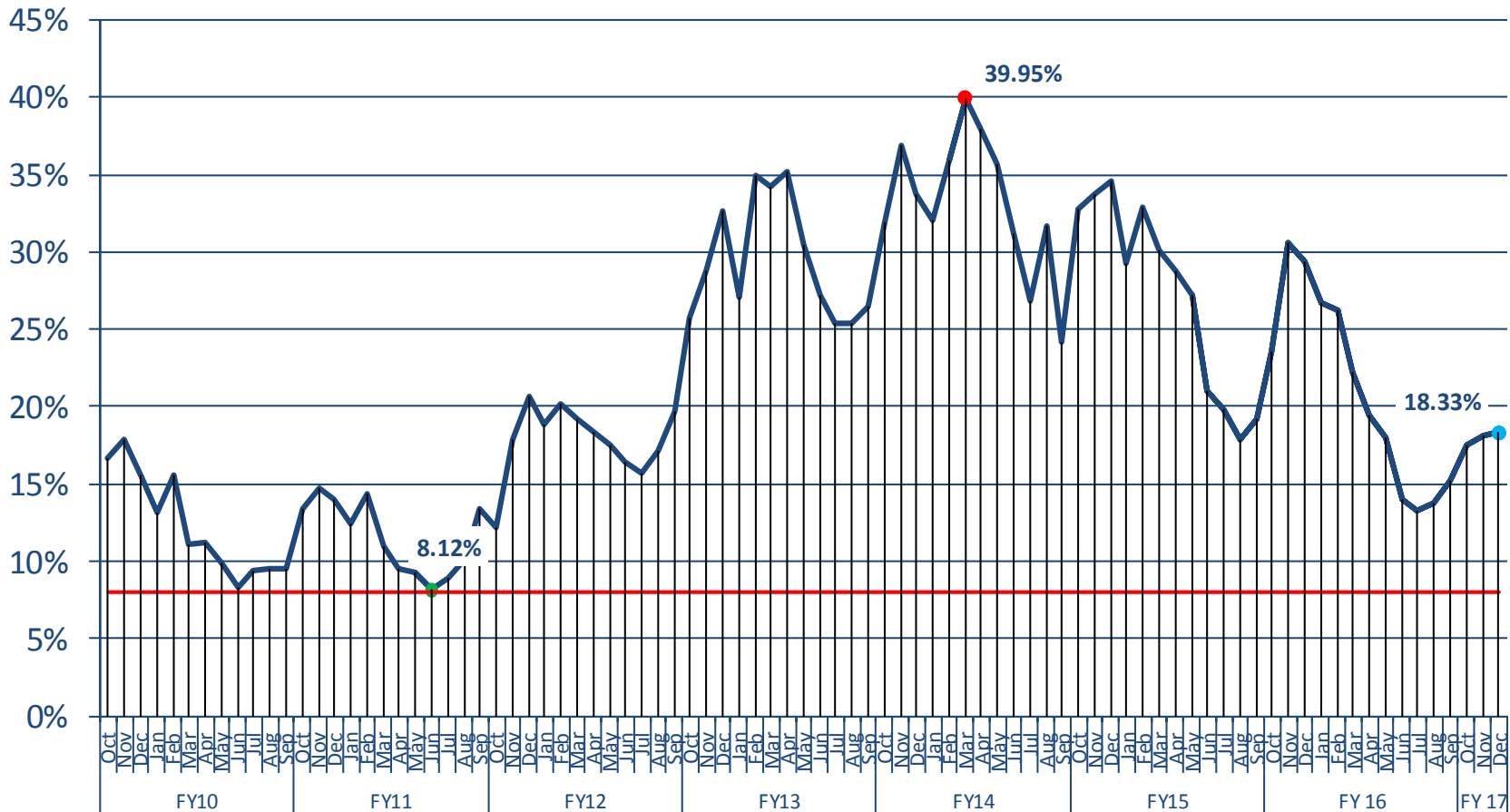


Financial Impact: Active Accounts Receivable

Active A/R >30 Days as a Percent of Billed Revenue

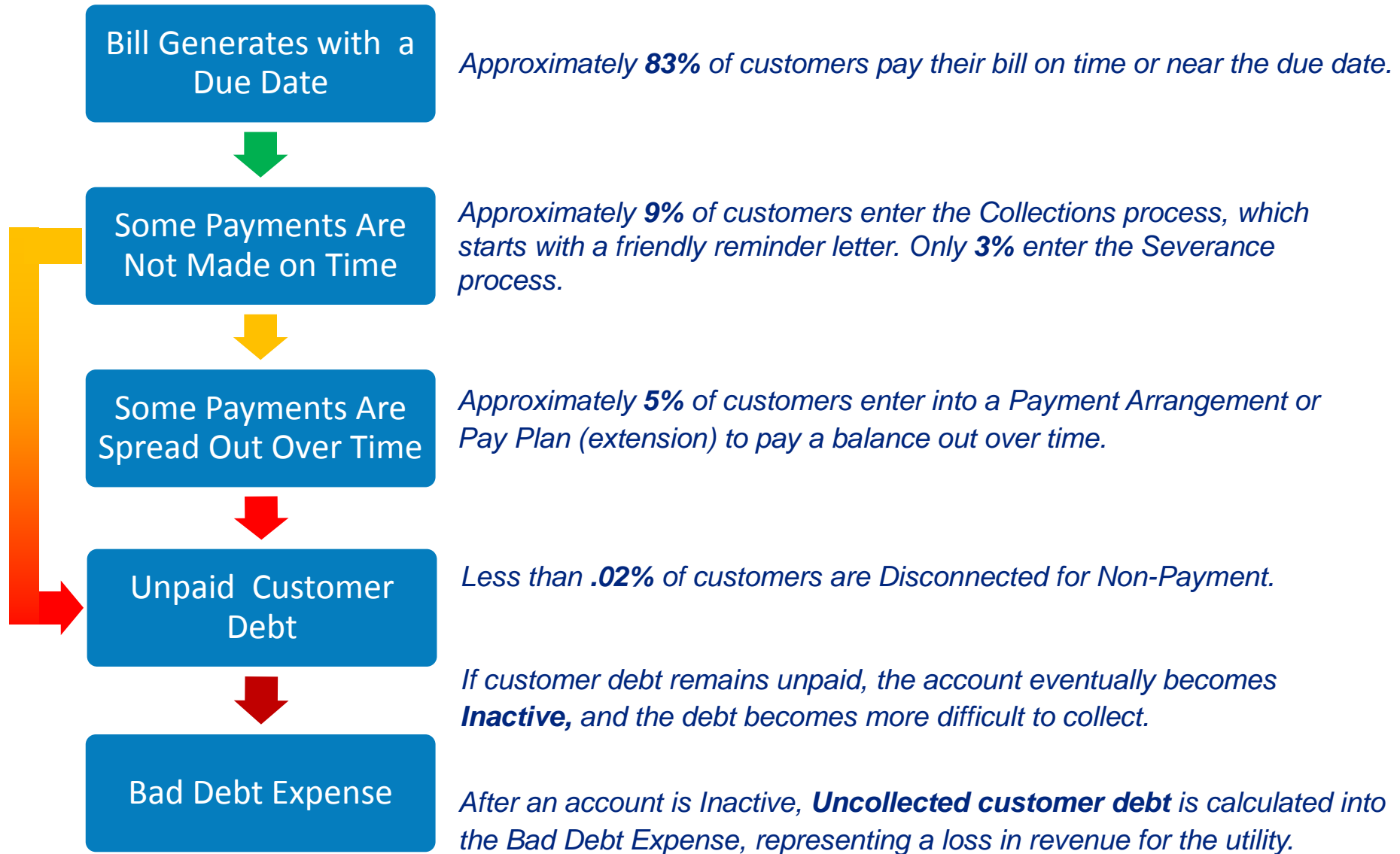
— Including PAs

— Target Including PAs 8%





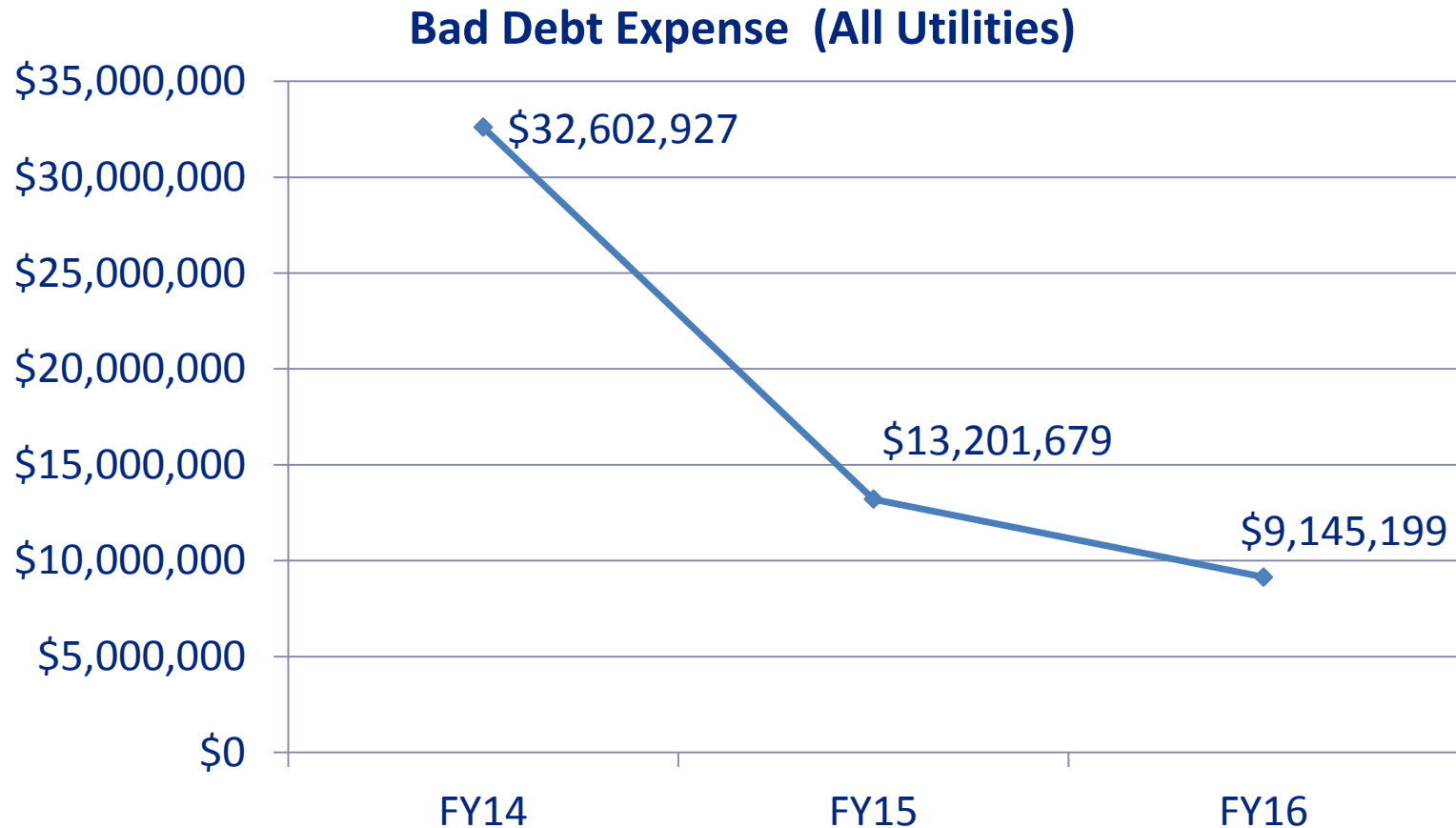
How a Customer Bill Becomes a Utility Expense*





Managing Uncollectible Accounts Receivables

Bad Debt Expense is an accounting estimation of uncollectible Accounts Receivable (unpaid utility bills) reflected in each department's fund summary as an operating requirement.





Questions?

Thank you!