



100 YEARS of SERVICE | 1912-2012

Item # 120883 Late Fees and Utility Terminations

RUC March 13th, 2014



GRU100

100 YEARS of SERVICE | 1912-2012

Follow Up Items



Define “Satisfactory Payment”

for customers in applying refund of deposit

Current

- Active customer for 2 years
- No Disconnects in the last 12 months
- No more than 2 NSF payments in the last 12 months
- SAP Creditworthiness(CW) <90

Proposed

- Active customer for 2 years
- No Disconnects in the last 12 months
- No NSF payments in the last 12 months
- No more than 3 Late Payments in the last 12 months
- SAP CW ≤ 15

Define “Satisfactory Payment”

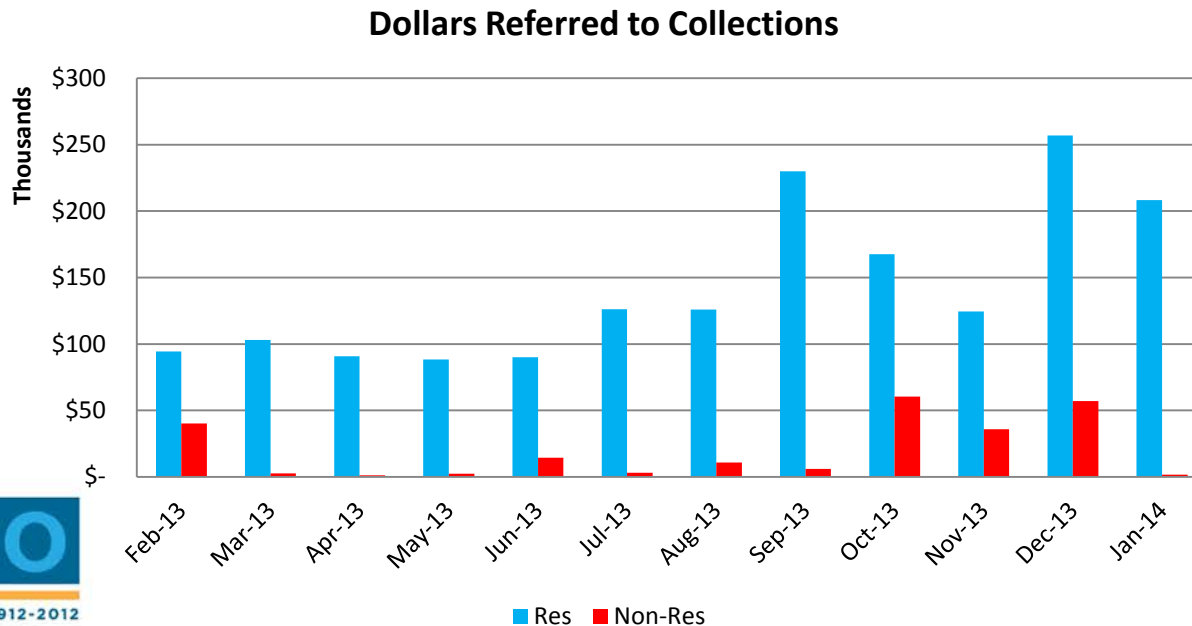
Considerations

- Apply same definition for Residential and Nonresidential deposit refunds
- Apply same definition to waiving deposits for new customers
- Assign 5 CW for Late Payment (23rd day after bill)
- Requires Ordinance and Administrative Guideline changes
- Consistent with Florida IOU’s and other Muni’s

Define “Satisfactory Payment”

Impact of changes

- 755 Nonresidential accounts would have deposit refunded – Total \$938,484
- Less Residential accounts would get deposit refunded – difficult to calculate total effect
- Based on current Collections, changes are supported



Additional Deposits

Impact of 5 CW for late payment

- Apply same policy for Residential and Nonresidential additional deposits
- CW accumulates by:
 - 30 for Disconnect (same)
 - 30 for NSF (same)
 - 5 for Late payment (new)
- Assessed CW points roll off accounts after 12 months
- Any combination of the above that results in ≥ 90 CW results in assessing additional deposit
- Customers that routinely pay late will not be assessed additional deposit solely on late payments
- Additional deposit eligible for refund after 12 months and “satisfactory payment”

Residential Deposits

for new customers

- Recommend \$410 standard residential deposit
- Limited impact to existing customers or returning “satisfactory payment” customers
- Consistent with Florida IOU’s and other Muni’s
- ~40% of residential accounts, associated with 40% of revenue referred to Collections comes from residential customers with < 1 year of service
- ~60% of residential accounts, associated with 55% of revenue referred to Collections comes from residential customers with < 2 years of service

Deposits

for new customers

Residential cont'd

- Change current process for billing deposits in 3 installments to ½ upfront and ½ on first bill.
- 3rd Party credit reporting to assess deposit requirements.

Non-residential

- Allow ½ deposit and Auto-Pay as an option to satisfy deposit requirement

Benefit Summary

- With satisfactory payment history business customers will have the ability to free up funds that traditionally were held as deposit
- Redefining “Satisfactory Payment History” and bringing residential deposits more in line with industry standard will reduce our risk of loss from new customers

Recommendations

RUC support the following recommendations to be presented to full City Commission for approval:

- Revise definition of satisfactory payment history
 - Requires ordinance changes and SAP changes
- Approve return of Non-residential deposits
 - Requires ordinance changes
- Approve assignment of 5 CW to late payments
 - Requires SAP changes
- Increase residential standard deposit to \$410
 - Requires ordinance and SAP changes
- Allow 2 installments for residential deposit payment
- Allow ½ deposit and Auto-Pay for non-residential
- 3rd Party credit reporting to assess deposit requirements