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Item # 120883 Late Fees and Utility Terminations

RUC September 12th, 2013



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Late Fees



Residential Billing Cycle

- Typically 28 to 32 days of usage
- About 3 days to generate bill
- 21 days before bill is due
 - Recommending change to 22 days to avoid Sunday due dates
- 1 day after due date late fee assessed and letter sent
 - 1.5 percent of bill amount

Residential Billing Cycle

- Residential
 - 7 days after due date 30 Credit Worthiness (CW) points assessed and delinquent disconnection issued for primary service
 - Customer has used about 61 days of utility services without a payment
 - 14 days after due date other services disconnected (68 days of service)

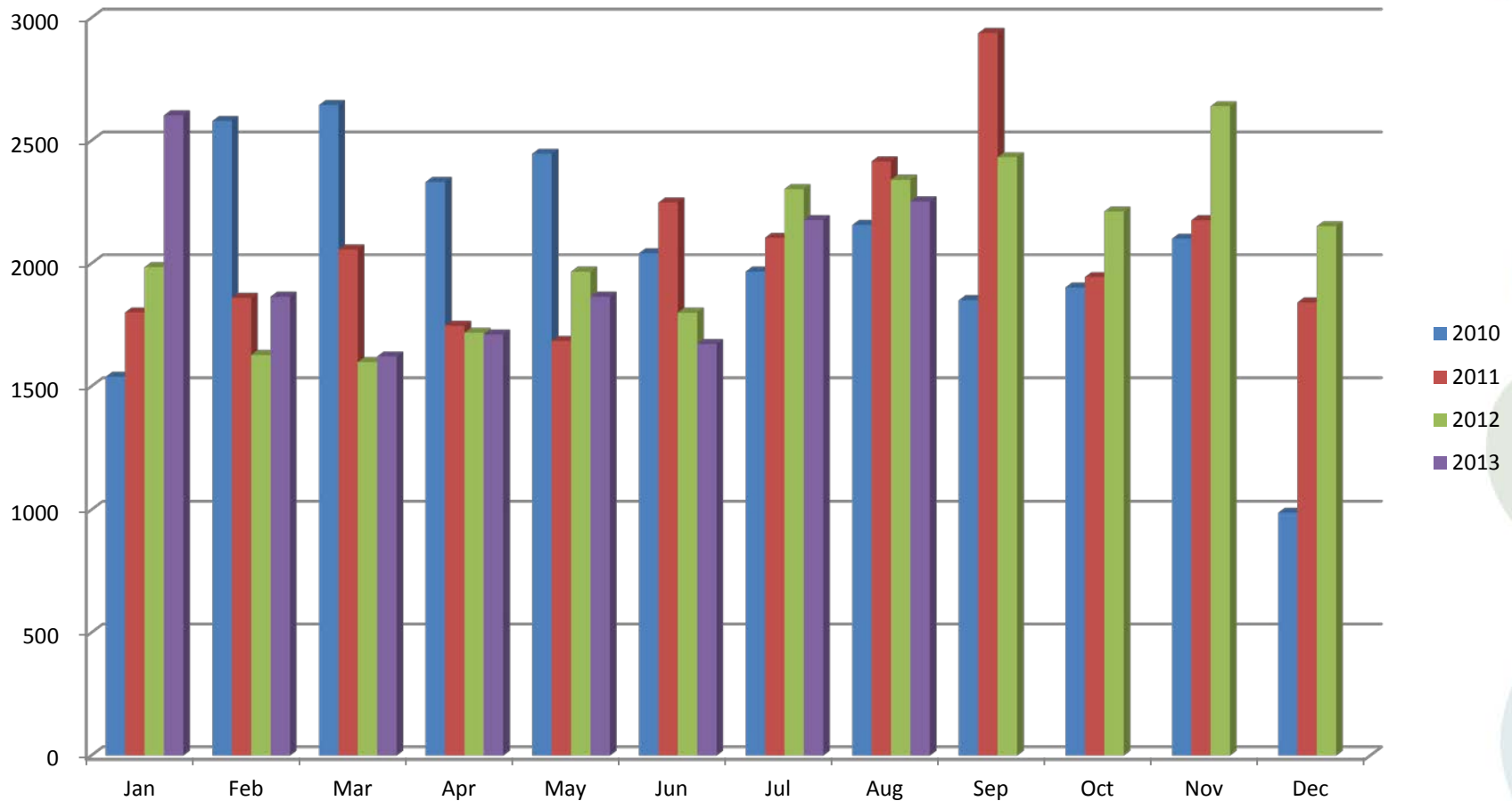
Non-Residential Billing Cycle

- 28 days past due date late notice sent
 - Recommending change to 14 days
- 35 days past due date 30 CW points assessed, delinquent disconnect issued and hang tag
 - Recommending change to 21 days
- 36 days past due date primary service disconnected (88 to 95 days of service)
- 42 days past due date other services disconnected (95 to 102 days of service)
 - Recommending change to 28 days

Background

- 2005 and employee team researched the 10 stages of GRU's Collections Process
- 2005 Held a Social Services Summit (churches, nonprofit agencies) to get input
- 2006 new policy and procedures developed based upon GRU, RUC & Social Service Agencies input
- 2007 City Commission approval and changes implemented with SAP go-live

Disconnect for Non-Payment 2010-2013



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Payment Options



Payment methods

- In person
 - GRU Payment Center
 - Neighborhood Stop N Pay (27 locations)
 - \$1.50 fee paid to Fidelity Express
 - Drop box outside GRU Administration Bldg
- By Mail
- Electronically
 - Click to Pay - automatic bank draft at www.GRU.com
 - Auto Pay - recurring automatic bank draft
 - E-Check (personal banking account)

Payment Methods cont'd

- Credit Card via Internet (link from www.gru.com, by phone, or from GRU payment center) via Western Union Speed Pay
 - \$3.95 per \$500 residential
 - \$11.95 per \$1,000 non-residential

Payment Channel Analysis

Manual Channels

Lobby Cashier	6%
Drive Thru	7%
Drop Box	3%
<u>Mail</u>	<u>26%</u>
Total Manual Payments	42%

Electronic Channels

E-Bill	4%
IVR	2%
Fidelity Express	3%
Click to Pay	16%
Speed Pay	5%
Auto Pay	19%
<u>Check Free (Bank)</u>	<u>10%</u>
Total Electronic Payments	58%



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Customer Assistance



Customer Payment Assistance

- Payment Arrangements
 - For most customers, allowable each month up to 7 days past delinquent date (must call prior to disconnect date)
- Extend-a-hand agreement
 - Extenuating circumstances allows for customer to catch up
- GRU's Project Share through customer/ employee contributions
 - \$80,000 per year benefiting close to 500 customers
 - Catholic Charities
 - Gainesville Community Ministries
 - The Salvation Army
- Other Agency Assistance
 - Community Action Agency
 - Department of Children and Families
 - Elder Care
 - Alachua County Social Services
 - Churches
 - Others

Other Assistance

- Free GRU Energy & Water Surveys
- LEEP (Low Income Energy Efficiency Program)
 - \$3,800 average improvements FY'14
 - 1,041 Homes
- Rebuilding Together North Central FL (Community Weatherization Coalition)



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Recommended Changes



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Bill Due Date Changes



Bill Due Dates

Current

- Due date is 20 days from mailing date (21 counting mailing date)
- Bills may be due on a Sunday
- Causes customer complaints about bills due when we are closed

Proposed

- Change to 21 days (22 counting mailing date.)
- Bills not due on Sunday, may be due on Monday holiday
- Fewer complaints and reduce email/phone calls on Monday mornings

Bill Due Dates

Current

- Bills calculated on Friday night, mailed Monday
- Payments made over weekend not reflected on bill. Disconnect letters may be issued
- Inconsistent with bills generated Monday – Thursday

Proposed

- Calculate bills on Sunday and mail on Monday
- Capture weekend payments, before disconnect letters generated
- All portions have similar cycle

Bill Due Dates

Current

- No CW points assessed when late fee assessed
- Doesn't properly reflect risk of late paying customer
- Customer can pay late for 6 months then go delinquent and not get cut do to 1st cut forgiveness policy

Proposed

- Assess 5 CW points when late fee assessed
- Customer will be at 30 CW points after 6 months of late pays and will not be given 1st cut forgiveness if delinquent



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Disconnect for Non-Payment



Non-Residential Disconnect

Current

- Letter @ 28 days late & \$250 balance
- Only 1 letter
- Issue disconnection at 35 days late & ≥ 30 CW points

Proposed

- Letter @ 14 days late & \$50 balance
- Add additional letters, based on CW points
- Issue disconnection at 21 days late & ≥ 30 CW points

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Deposits



Residential Deposit Payment - Current

- Options
 - Billed in 3 installments, no payment upfront
 - Waived w/ enrollment in EFT or w/ satisfactory Letter of Credit from previous utility company
- Issues
 - 2 months of service before eligible for disconnect
 - 0 CW points, so no disconnection created at first late date
 - Disconnect issued for 2nd late, approx. 3 months of svc
 - Customer's acct may close out without any payment to bill or deposit. Full amount lost

Residential Deposit Payment - Proposed

- Options
 - Pay full deposit upfront
 - Pay ½ upfront and remainder on first bill
 - Enroll in EFT or provide satisfactory Letter of Credit from previous utility company
 - Investigating partial or no deposit based on third party credit report
- New customers assessed 30 CW points when account opened to eliminate “forgiveness” for first delinquent bill

Residential Deposit Amount

Current

- Current deposit required for all services = \$210
- Only covers one month's bill
- Over 2 months of usage can occur before disconnected
- Not consistent with industry standard

Proposed

- Increase deposit to \$410 for all services
- Will be closer to 2 months average bill
- Only at risk for several days vs. over a month
- More in line with industry standard

Comparison to other utilities

Deposit Comparisons

Area	Utility	Electric	Gas	Water	Wastewater	Total Deposit	Notes
Gainesville	GRU	\$ 100.00	\$ 50.00	\$ 20.00	\$ 40.00	\$ 210.00	standard
Clay County	Clay Electric	\$250.00				\$ 410.00	standard
	Teco Peoples Gas		\$ 85.00				2 x average
	Clay County Utility Authority			\$ 75.00			standard
Ocala	Ocala Utilities (E&W)	\$250.00		w/ Elec	w/ Elec	\$ 335.00	greater of standard or 2.25 x avg
	Teco Peoples Gas		\$ 85.00				2 x average
Tampa	Tampa Electric	\$226.00				\$ 401.00	2 x average
	Teco Peoples Gas		\$ 85.00				2 x average
	City of Tampa Utility Authority			\$ 90.00	w/ Water		standard
Jacksonville	JEA	\$200.00		\$ 100.00	w/ Water	\$ 385.00	greater of standard or 2 x avg
	Teco Peoples Gas		\$ 85.00				2 x average
Tallahassee	City of Tallahassee	\$270.00	w/ Elec	w/ Elec	w/ Elec	\$ 270.00	standard
Orlando	OCU (E&W)	\$205.00		\$ 30.00	\$ 75.00	\$ 395.00	2 x average
	Teco Peoples Gas		\$ 85.00				2 x average
Daytona Beach	FPL	\$190.00				\$ 531.00	2 x average
	Teco Peoples Gas		\$ 85.00				2 x average
	City of Daytona			\$ 128.00	\$ 128.00		standard

Residential Deposit Requirements

	Current	Proposed	Difference
Service			
Electric	\$100.00	\$215.00	\$115.00
Gas	\$50.00	\$80.00	\$30.00
Water	\$20.00	\$40.00	\$20.00
Wastewater	\$40.00	\$75.00	\$35.00
Totals	\$210.00	\$410.00	\$200.00

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Summary of Ordinance Changes



Where changes needed if approved

- Ordinances

- 27.7 - Deposits
- 27.14 - Combined Statements
- Schedule A - Residential Deposits

Ordinances

- 27.7 Deposits

- Clarify credit worthiness point system and when payment record is unsatisfactory
- Add requirement for 2 x avg. bill for unsatisfactory history
- Remove automatic waiver of deposit for new NR account, if customer has current service in good standing

Ordinances

- **27.14 Combined Statements**
 - Change due dates to proposed dates
 - Remove requirement for deposit review before disconnect reconnect, if 90+ CW points
- **Schedule A – Residential Deposits**
 - Change to proposed deposit amounts

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Thank You

