



# Collections Overview

## Disconnection and Reconnection Process

Special Council Committee on Austin Energy Meeting

December 5, 2013



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Larry Weis, Austin Energy General Manager

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



# Objectives

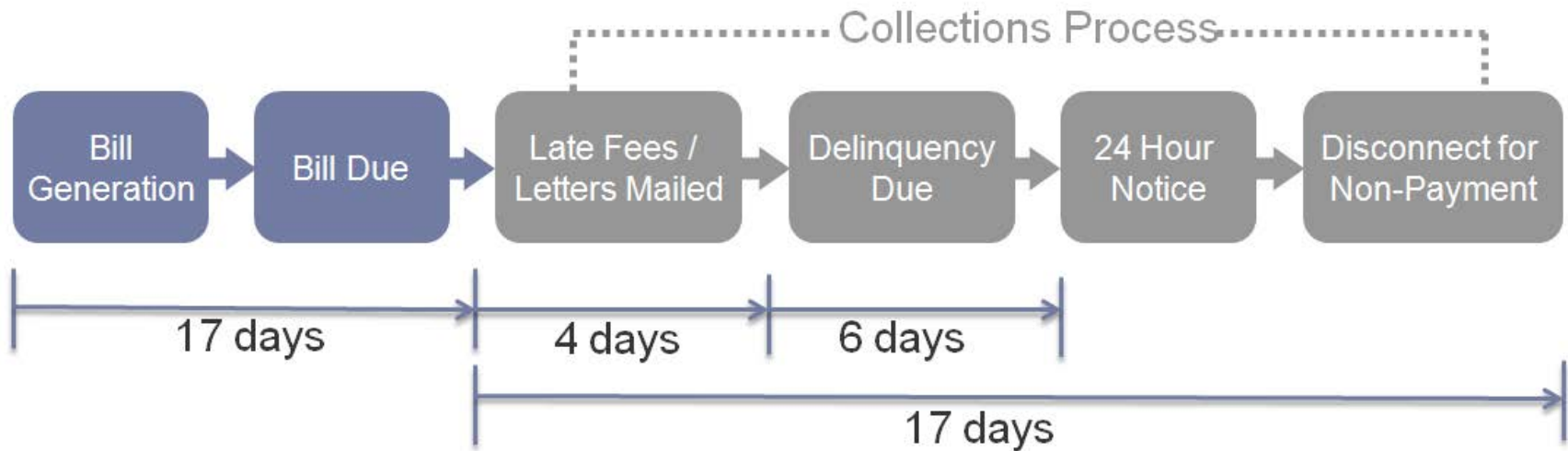
- Follow City Code Chapter 15-9 and state laws regarding utility debt
- Assist the customer in reducing outstanding balances by offering flexible payment arrangements
- Offer the customer opportunities to successfully manage their utility account and prevent perpetual debt accumulation
- Offer special provisions for CAP and low income customers
- Minimize utility rate increases
- Optimize support services funding



# 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.





# Definitions

## Payment Arrangement

- **A Payment Arrangement (PA) is a short term payment option for households that are having a temporary crisis; PAs provide several months to pay off overdue utility bills in equal installments. These installments are in addition to the regular monthly current charges. The City of Austin does not disconnect services of customers with approved payment arrangements and on-time payments.**

## Payment Arrangement Success

- **Successful PAs occur when payments for each PA installment plus the current billed charges are received in full, on or before the due date for each applicable month.**

## Payment Arrangement Default

- **PAs are in default when the full PA installment and current billed charges due are not paid by the due date. If default occurs the account will proceed through the collections process.**

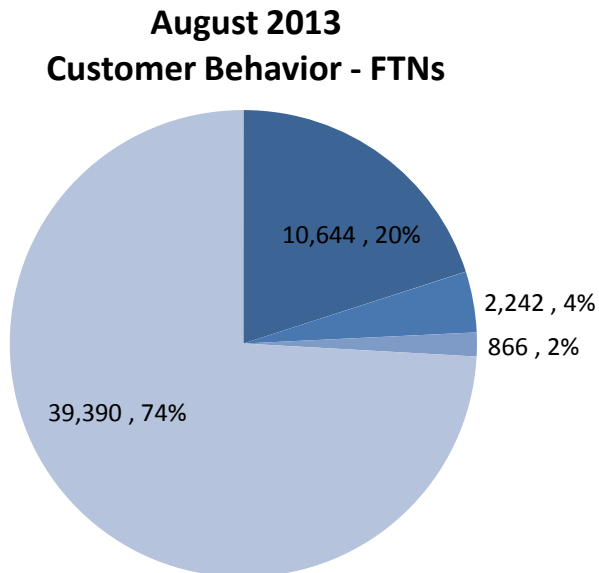
## Arrearage Management Program

- **Arrearage Management Programs are long-term financial assistance programs and provide relief for low-income customers who have significant past due amounts (arrears) on their utility bills.**

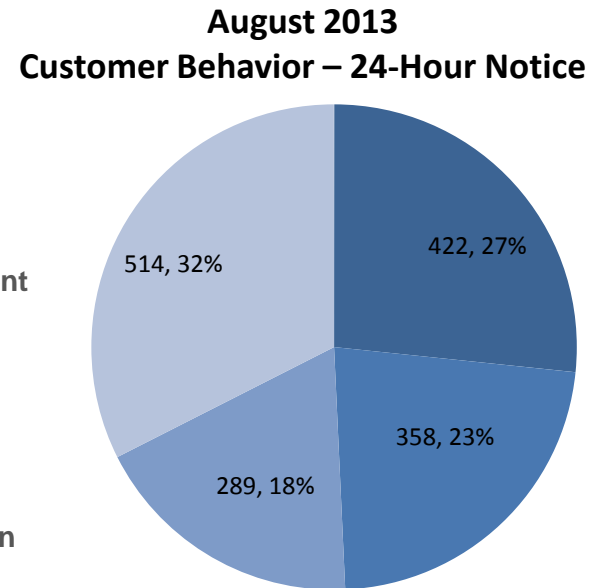


# How Does a Disconnect Occur?

- 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



- Paid account
- Set up Payment Arrangement
- Set up Payment Plan
- Took no action



- 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
<b>July</b>	<b>2753</b>	<b>113</b>	No Disconnects	<b>447</b>	<b>31</b>
<b>August</b>	<b>655</b>	<b>23</b>	No Disconnects	<b>673</b>	<b>60</b>
<b>September</b>	<b>4112</b>	<b>126</b>	No Disconnects	<b>1710</b>	<b>182</b>

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



# Payment Arrangement (PA)

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

	<b>Regular Policy</b>	<b>Suspension Period</b> (Jun 2012 – Nov 2013)	<b>Interim</b> (Dec 2013 – May 2014)
Number of Monthly Installments <sup>[1]</sup>	Up to 8	Up to 12	Up to 24
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] Additional installments are available for customers in Low Income, Medically Vulnerable, or Life Support Programs through the City of Austin's Customer Assistance Program per City Resolution 110121231-1231.



# 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 <sup>st</sup> PA	2 <sup>nd</sup> PA	3 <sup>rd</sup> 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%

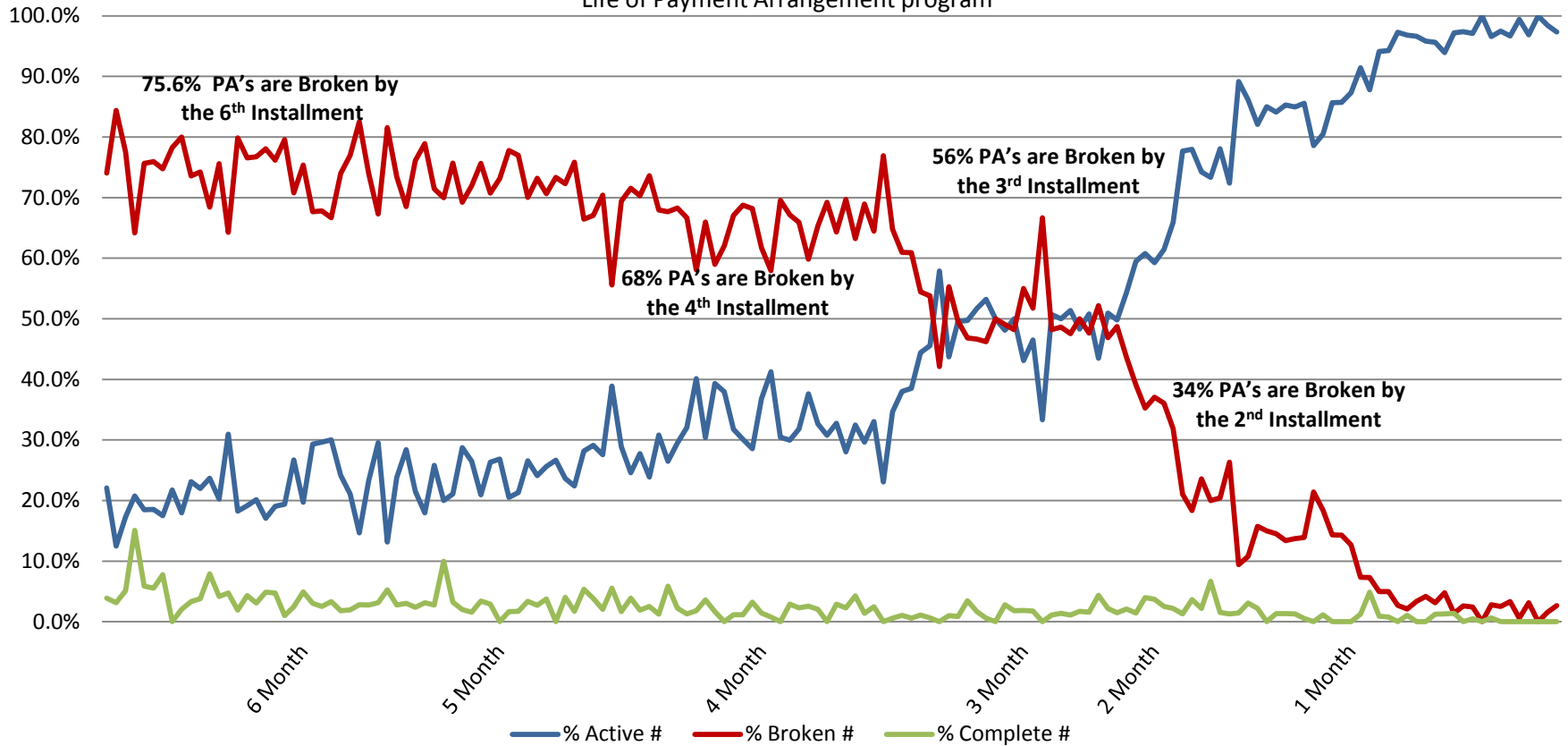




# Broken Payment Arrangements

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

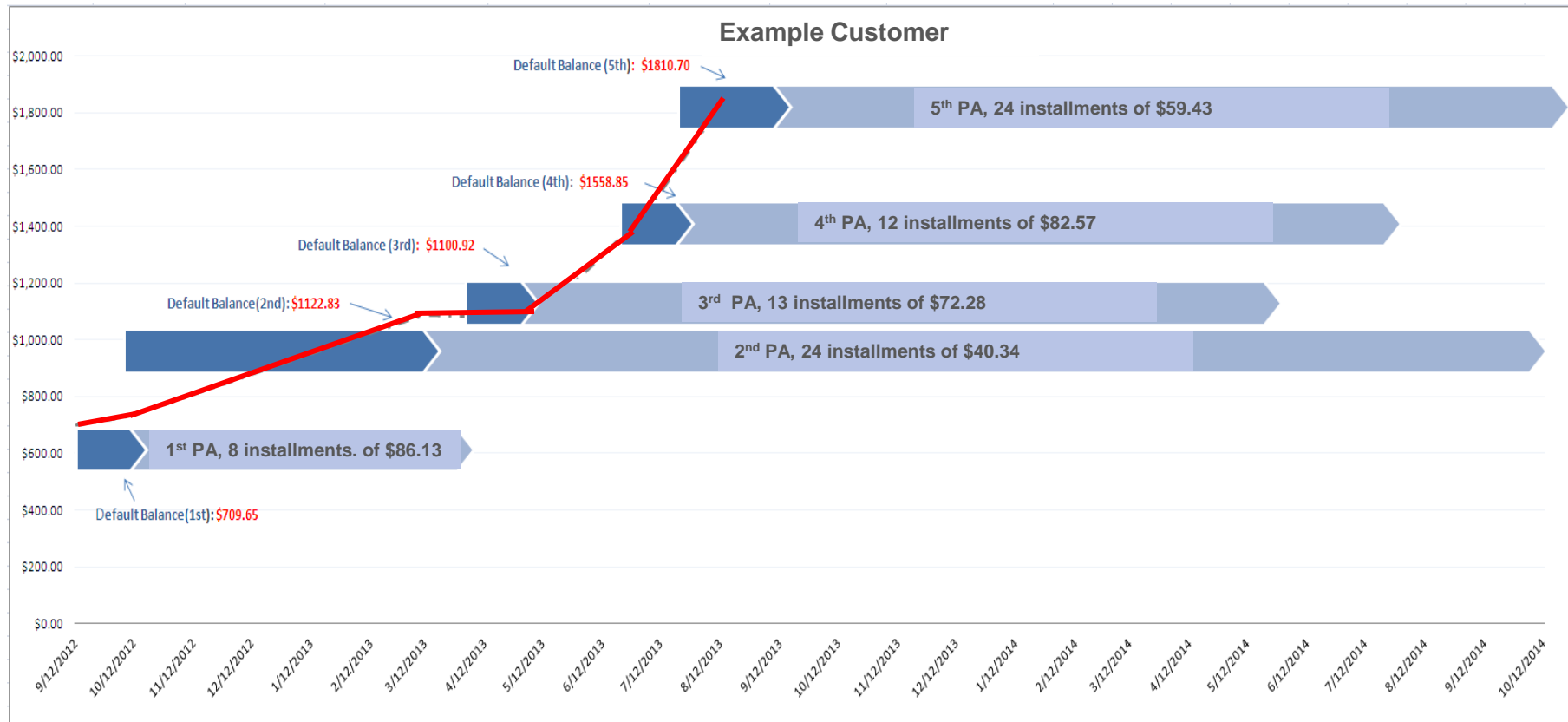
Status of Residential PAs - Grouped by Start Date  
Life of Payment Arrangement program





# 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



Thank you!

## Questions?

**City of Austin - Austin Energy  
Customer Care Center**

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