Discount Steering Committee
Working Session Minutes
March 5, 2014

In attendance:
Michelle Akers (HACA)
Gloria Cueva (Caritas of Austin)
Kathleen Hopkins (Any Baby Can)
Pat Macy (St. Austin Catholic Church)
Tondalier Owens (Travis County HHS & VS)
Linda Perez (Meals on Wheels & More)
Angel Ramirez (Texas VFW Foundation)
Ronnie Mendoza (AE)
Sandra Castillo (AE)
Irene Nemitsas (AE)

- **Sample Section of AE Customers - Chart**
    - AE pulled a representative sample of its customer base – approximately 100,000 accounts, split out between CAP and non-CAP
    - Included active and inactive accounts
    - Provided so DSC can get an idea of the number of customers in debt and the amount/level of debt, starting from $250 up to $3,000+
    - Also pulled so AE can estimate the possible budget needed to fund the arrearage program
    - Showed a large gap between those in debt who are CAP (smaller percentage) versus non-CAP (much larger percentage)

- **Debt over $3,000 – Reference Chart**
    - Smaller sample size presented above didn't fully represent those with $3,000+ in debt
    - Second chart provided (for reference only) that showed customers $3,000+ in debt
        - Stratified by dates – starting when collections process was re-instated (July 2013) to present
        - Non-disconnect period (July 2011-July 2013) definitely contributed towards these larger debts
        - Collections was enacted in phases – starting with the larger outstanding balances ($10,000+) and working down from there
    - Payment arrangements don't work for these large amounts
        - Research shows that 78% of these arrangements are broken
        - Only after utilities disconnect for non-pay do customers begin to pay towards their debts

- **AE Executive Expectations**
    - What are collection expectations of AE executives for the arrearage management program? (AMP)
    - 100% debt collection because AE cannot forgive debt
    - What this program will offer though, is pledge "matches" or "credits" applied towards account, an incentive program that works with the customer to pay down their debt

- **Case Studies Showing Success?**
    - AE will be one of the first for a public utility
    - Difficult to find similar scenarios- most utilities are de-regulated and can write off the debt as an expense
        - Then they recoup expense the following year by raising rates
        - AE cannot do that

- **2015 AMP Budgeting**
    - Already proposed by AE - Ronnie had to forecast as he needed to ensure once the program is created that there is sufficient funding for it
    - The original budget will come from AE, then it is hoped AE can go to City Council and request future funds come out of Community Benefit Charge
    - Reason for this: long-term Key Accounts contracts due to expire in 2016
        - They will have to start paying into Community Benefit Charge
        - This will be additional monies coming into AE
    - Ronnie is hoping the original forecasted AE budget can buy time until then
    - By pulling from Community Benefit, this will also cover non-CAP/Regular customers who are in the AMP as they will be paying into the Community Benefit Charge
    - Smaller debt amounts can then be served by payment arrangements, Plus 1 funding, other city funding programs, etc.

- **Things to keep in mind during program development:**
    - Need to keep program participants engaged
    - We don't want them to not be responsible for contributing to payments
    - We need to make it affordable

- **Program Matrix Elements**
    - Eligibility
        - Split into two "groups" of recipients
            - CAP + 60% Median Family Income (MFI) {47,460 for a family of 4}
                - Discount customers – those currently in CAP or on waitlist
                - 60% Median Family income – those still low-income but not in CAP
            - Regular
                - Not low-income or in CAP
                - Referred by local agencies
    - Benefits
        - CAP + 60% MFI
            - Leverage other current programs to provide more comprehensive help
            - Immediate incentive towards debt (match/credits begin month 1 of program)
            - *Caveat for 60% MFI - they need to do education component – requires resolution change
        - Regular
            - Partner resources
            - Delayed incentive towards debt (match/credits begin month 3 of program)

- How to Apply
  - CAP
    - Already in place
  - 60% MFI
    - Income verification
    - AE responsible for process
    - Will require statement to be signed
  - Regular
    - Agency referral
    - Customer will apply through agency, then referral will be made to AE
      - *Caveat: This excludes churches without the resources to verify income. Will refer directly to agency or AE.
- Auto vs. Self Enrollment
  - Initial contact to both groups via heavy promotion/marketing
  - CAP + 60% MFI – self-enrollment
  - Regular- hybrid of self- and auto-enroll
    - Customer contacts agency (form of self-enroll)
    - Agency then refers and AE auto-enrolls
- Length of Program
  - Determined by amount of debt
    - $1,750 -$3,000 = 12 months
    - $3,001 - $6,000 = 24 months
    - $6,001+ = 36 months
- Down payment Requirement
  - Not required
  - Customers **ARE** required to pay their own currently monthly balances each month
- Match vs. Graduated Payments
  - CAP + 60% MFI = graduated payments, with AE always paying more than customer
  - Regular = matched payments
- Payment Amount %
  - CAP + 60% MFI = still TBD, possibly 20% customer/80% AE at first, then 30%/70%, etc.
  - Regular = 50%/50%
- Removal from Program
  - 2 strikes rule
  - How to determine:
    - If NSF, missed-short-late payment and NO contact from customer in 30 days
      - They are removed (or receive first strike)
    - If NSF, missed-short-late payment and they DO contact AE within 30 days
      - They can extend due date 15 days via pay plan and pay late fee
      - Ensures they stay in program
- Administration
  - CAP + 60% MFI = AE
  - Regular = Agency referrals to AE

- **Next meeting: Monday, March 24 at 2pm**