#### Item 12





## **Collections Overview**

Elaine Kelly – Diaz, VP Customer Account Management February 2017





# 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



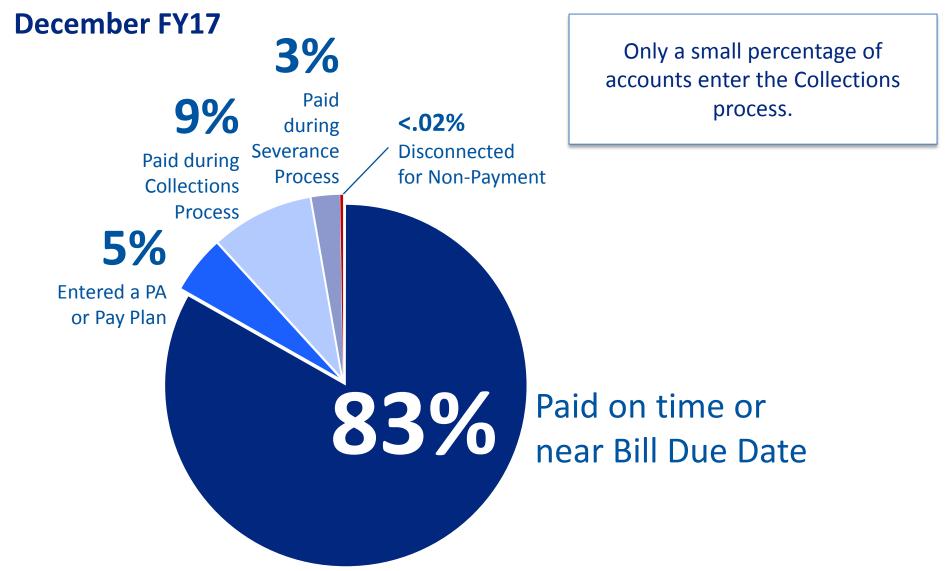


### **Comprehensive update regarding Payment Arrangements (PA) since Ordinance adopted on June 18, 2015:**

- 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?

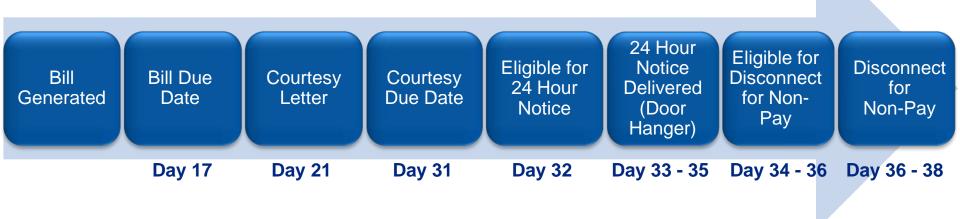


## **Collections Process Overview**





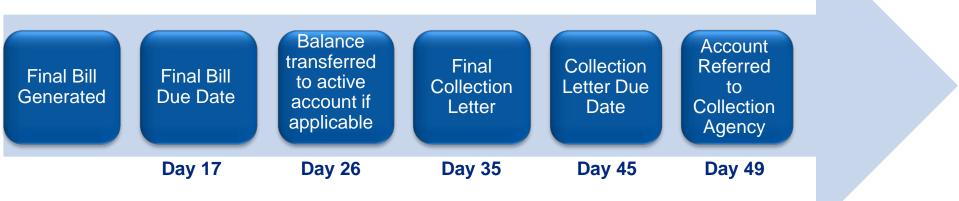
## **Standard Collections Process (Active)**



#### **Bill Generation to Disconnect for Non-Pay**



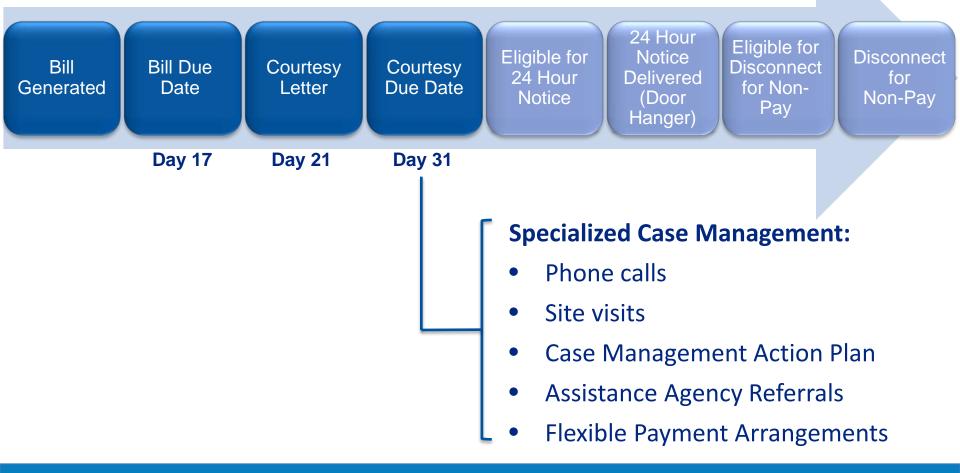
### **Standard Collections Process (Inactive)**



### **Final Bill to Collection Agency Referral**



### Non - Standard Collections Process (Medically Vulnerable Registry)



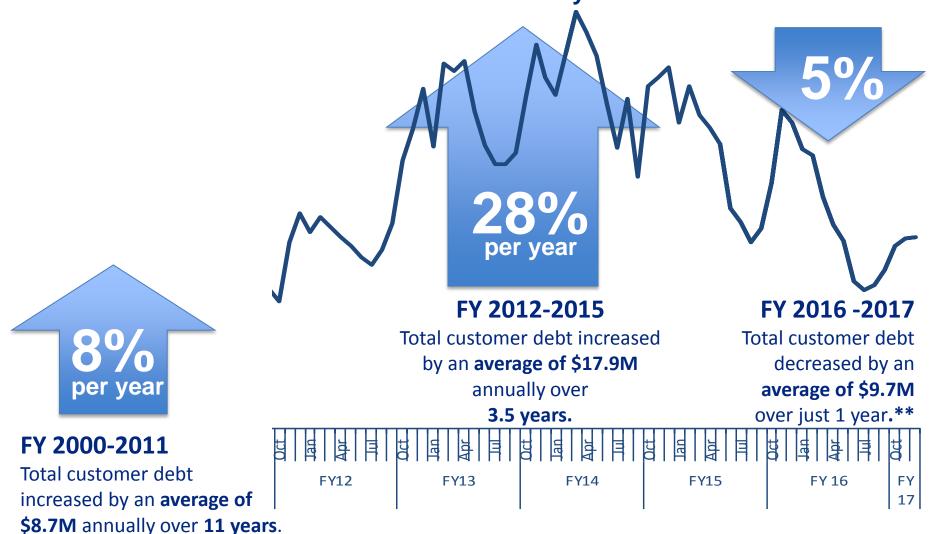


### **Customized Approach to Payment Arrangement (PA)Terms:**

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**

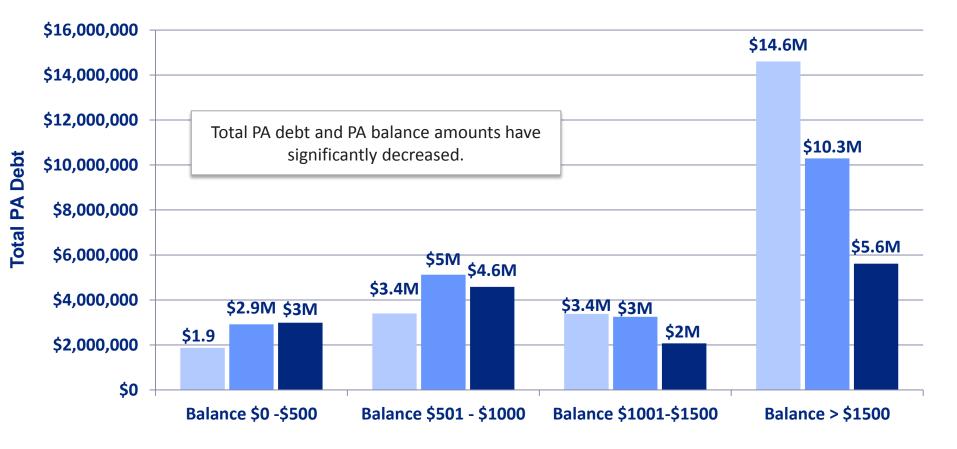
#### **Total Customer Debt Over 30 Days Past Due\***





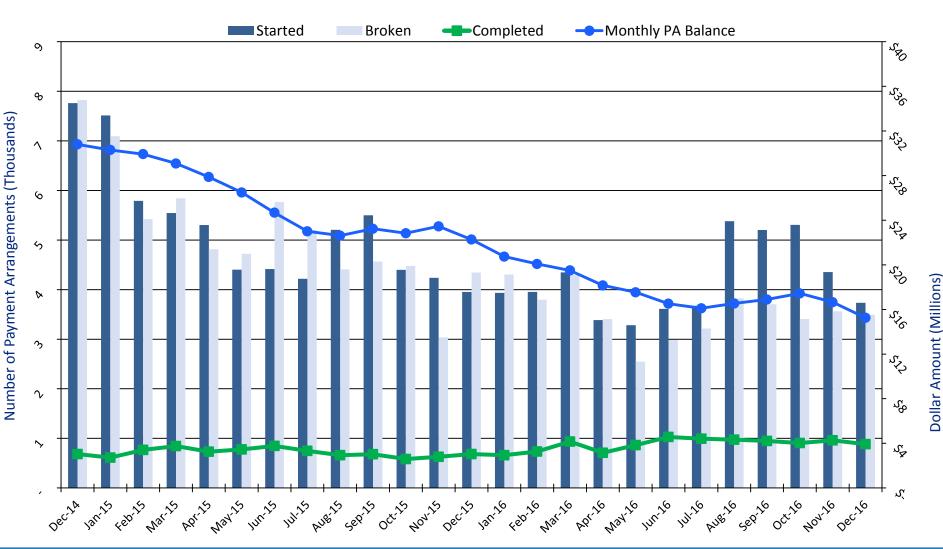
## **Customer Impact: Smaller Balances**

Dec FY14Dec FY16Dec FY17



# Customer Impact: Successful PA Completion

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





Customer Impact: PA Type & Average Balance

#### **December FY17 Residential PAs**

Average PA Balance on Residential Accounts

# **48%** of PAs

Good Standing or Account Watch PA Types on Residential Accounts

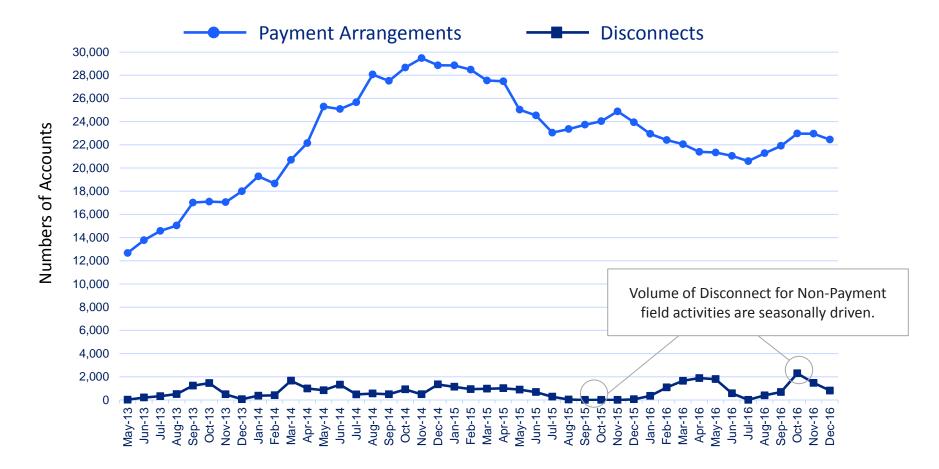
	Accounts with PAs	Total PA Balance	Total PA Balance
Dec FY14	18,213	\$20,261,052	\$1,112.45
Dec FY16	23,497	\$21,002,089	\$893.82
Dec FY17	22,398	\$14,521,189	\$648.47

РА Туре	% of PAs (Dec FY17)		
Good Standing*	32%		
Account Watch*	16%		
Subject to Disconnect	8%		
Bona Fide	5%		
САР	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 <u>media events.</u>



- 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

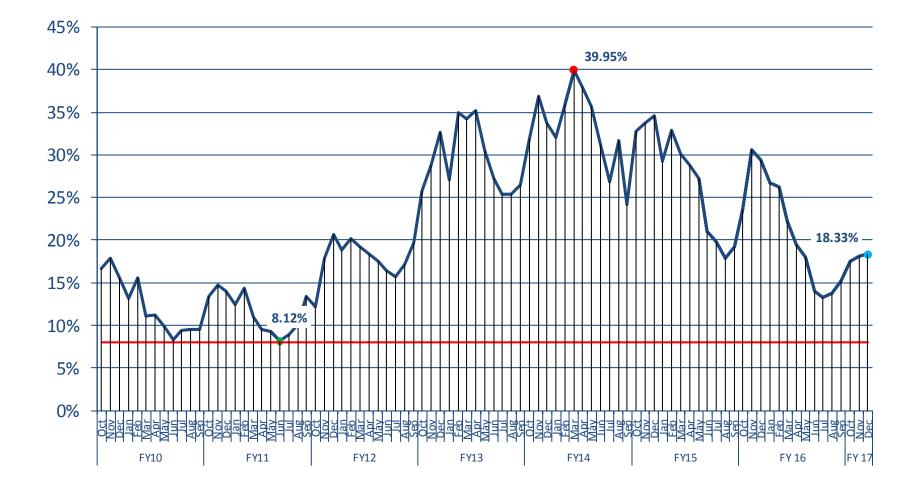


## Financial Impact: Active Accounts Receivable

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

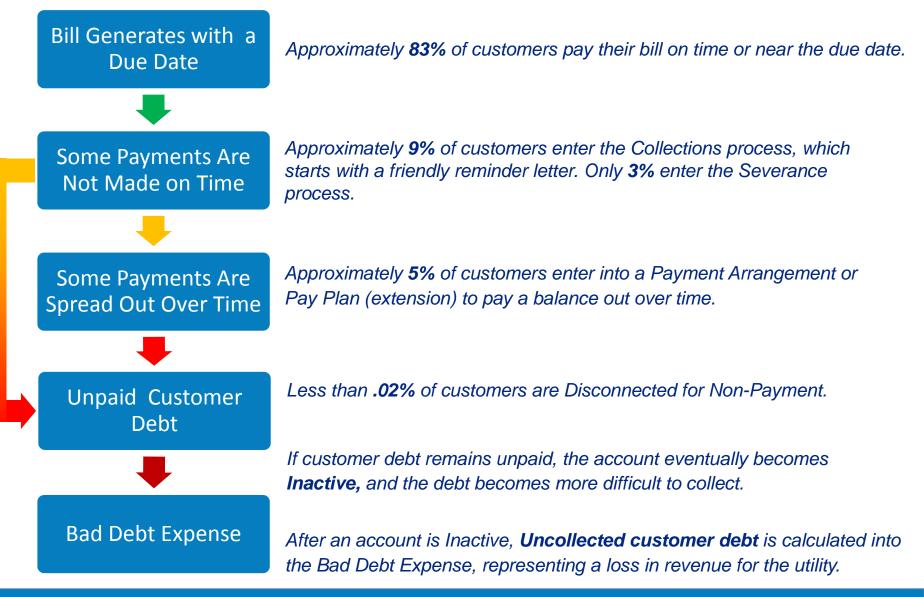
-Including PAs

— 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.



#### **Bad Debt Expense (All Utilities)**



## Thank you!