



AUSTIN MONITOR ^(/) BETA



Wednesday, June 24, 2015 by Jo Clifton (<http://www.austinmonitor.com/stories/author/jo-clifton/>)

 ENERGY (<HTTP://WWW.AUSTINMONITOR.COM/STORIES/CATEGORY/RESOURCES/ENERGY/>)

Austin Energy to tighten up collections

City Council on Tuesday put its stamp of approval on a compromise between Austin Energy staff and advocates for low-income customers that both sides hope will help reduce the amount of bad debt owed to the utility.

Austin Energy places the blame for the bad debt on lenient collection policies, specifically a previous Council's directive limiting the utility's ability to cut off customers who fail to pay their bills and allowing too many chances to pay on a payment plan. Austin Energy currently loses about \$21 million per year in bad debt, or about 2 percent of its revenues.

Under the new payment arrangement procedure, the utility will find it easier to disconnect customers who fail to pay or fail to abide by a payment arrangement with the city.

Utility watchdog Paul Robbins said he is satisfied with the changes. “Back in 2013, the advocates said, ‘Give us a lenient hookup policy and we’ll get more of the city’s money back,’ and that didn’t happen,” he said. “It cost the average residential ratepayer \$48 a year to pay the bad debt for 2014.”

According to a memo from Austin Energy General Manager Larry Weis written earlier this month, “After the city’s previous utility billing system conversion, customer debt steadily decreased year over year because of standard collection processes, including limited opportunities for long-term payment arrangements. However, with the recent system conversion, even after disconnections of service for non-payment resumed, the total active customer debt continued to increase, going as high as \$58 million.”

Weis noted in a conversation with the *Austin Monitor* that Austin Energy is collecting bills not only for the electric utility but also for Austin Water Utility, garbage and recycling collection and the city’s drainage fee.

Chief Administrative Officer Kerry Overton oversees customer service, including debt collection, at Austin Energy. He told Council that under the compromise, customers who owe the utility \$1,000 or more and who fail to pay their bills on time will be subject to disconnection. Customers who owe the utility less than \$1,000 will not be disconnected so long as their current monthly bill is paid in full by the day it is due, even if they have not remained in good standing on their payment agreements.

About 27,000 utility customers currently have payment arrangements with the city. Only 30 percent of those are low-income customers on the Customer Assistance Program, Weis said. The utility has about 450,000 customers currently.

AE staff worked with Bob Batlin of Austin Interfaith and other advocates for low-income consumers to come up with a compromise on the disconnections and payment arrangement problems.

Batlin told Council on Tuesday that there are about 8,000 customers in the CAP program and 12,600 non-CAP customers who owe the greatest amount of money. Those are the customers who are not in good standing and may be subject to disconnection.

Weis said, “There’s a perception that the people who don’t pay their bills are poor. That’s not the case. In fact, that’s not my experience in all the utilities that I’ve worked for — our low-income programs work great. People are responsible who qualify for those programs. People who are irresponsible, we give them a crack of daylight in the door and they’ll really take advantage of us.

“The advocates want to talk about the people who are disadvantaged, families and all that, but the money that’s really owed the utility, the city, it’s really owed by people who can pay. Because we don’t turn them off,” Weis continued. “And if you look at the deregulated market, I think after 30 days if you don’t pay your bill, you don’t have electricity. I’m not saying we should do that, but we could be a little bit tighter (than the new policy). But this is a step. Hopefully we’ll get there.”

One point of continuing disagreement revolved around notification of customers who might lose their electricity. Mayor Pro Tem Kathie Tovo and Texas Rose advocate Carol Biedrzycki wanted a guarantee that Austin Energy's customer service staff would contact anyone who is subject to disconnection within three business days and set up an appointment.

Overton strenuously objected to that, saying it would put a great strain on his staff and that such calls would probably mean that other customers would have to wait longer to talk to customer service representatives. Council Member Ann Kitchen suggested an amendment that would allow customer service representatives to offer an appointment to those contacted about being disconnected. Her amendment was approved.

Council members Ellen Troxclair and Ora Houston both expressed discomfort with the level of detail in the directions to staff, as did Council Member Don Zimmerman. Troxclair and Zimmerman abstained on the final vote. Council Member Delia Garza was absent, but the rest of Council approved the changes. Austin Energy staff will be back in August to report on their progress.

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KEY PLAYERS & TOPICS IN THIS ARTICLE

Austin City Council (<http://www.austinmonitor.com/stories/tag/austin-city-council/>): The Austin City Council is the body with legislative purview over the City of Austin. It offers policy direction, while the office of the City Manager implements administrative actions based on those policies. Until 2012, the body contained seven members, including the city's Mayor, all elected at-large. In 2012, City of Austin residents voted to change that system and now 10 members of the Council are elected based on geographic districts. The Mayor continues to be elected at-large.

Austin Energy (<http://www.austinmonitor.com/stories/tag/ae/>): As a municipally-owned electric utility, Austin Energy is a rarity in the largely deregulated State of Texas. It's annual budget clocks in at over \$1 billion. The utility's annual direct transfer of a Council-determined percentage of its revenues offers the city a notable revenue stream.

T. Paul Robbins (<http://www.austinmonitor.com/stories/tag/t-paul-robbins/>)

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BBB: THE ECONOMICS OF IMAGINE AUSTIN

PANEL RESCHEDULED TO JULY 27 AT THE NORTH DOOR. DOORS AT 6:30 P.M.

What makes for sustainable development? How best to build a city that never seems to stop growing? And what is the relationship between city code and Austin's future? Join us for the Austin Monitor's next Beers, Brains, and Betterment event. Panelists include CodeNEXT Code Advisory Group member Jim Duncan, longtime Austin planning watchdog Jeff Jack, AURA's Steven Yarak, and City of Austin CodeNEXT representative Matthew Lewis. As per the usual, Austin Monitor publisher Mike Kanin will moderate.

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