

City of Roseville **Public Utilities Commission**

August 27, 2013 7:00 P.M. Council Chambers 311 Vernon Street

AGENDA

- 1. Roll Call
- 2. Pledge of Allegiance
- 3. Approval of the July 23, 2013 Minutes
- 4. Oral Communications/Public Comment
- 5. New Business
 - a. Election of Chair and Vice Chair

In conformance with Section II-B of the Public Utilities Commission Meeting Procedures, election to be held for Chair and Vice Chair. Elected officers shall assume their positions at the regular meeting in September.

b. <u>Utility Service Fee Changes</u>

Presentation by Assistant Finance Director Monty Hanks and Billing Services Manager Andrea Blomquist on the Utility Service Fee Changes, for recommendation.

- c. Environmental Utilities Monthly Update
 - Report by Interim Environmental Utilities Director Ed Kriz summarizing monthly status of Environmental Utilities issues, for information.
- d. Roseville Electric Monthly Update

Report by Assistant Electric Utility Director Mike Bloom summarizing monthly status of Electric issues, for information.

- 6. Reports Commission/Staff
- 7. Proposed Future Agenda Items
- 8. Adjournment

NOTE: If you will be using audio/visual materials in your presentation, see the Media Technician when you arrive. Materials to be used in presentations to the Commission, such as audio or visual aids must be submitted to the Director of the responsible department or the Recording Secretary at least 72 hours in advance of the meeting.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Recording Secretary to all or a majority of the Roseville Public Utility Commission less than 72 hours prior to that meeting are available for public inspection during normal business hours at the Office of the Roseville City Clerk located at 311 Vernon Street, Mezzanine Level, Roseville California 95678.

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MINUTES Public Utilities Commission

July 23, 2013 7:00 p.m.

Council Chambers 311 Vernon Street Roseville, CA 95678

1. Roll Call

PUC Commissioners Present:

Tom Barrington
Blandon Granger
Gretchen Hildebrand
Greg Lammers
John Speight
John Vertido
Jim Viele

PUC Commissioners Absent:

None

Staff Present:

Ed Kriz, Interim Environmental Utilities Director Jim Mulligan, Interim Water Utility Manager Lisa Brown, Water Efficiency Administrator Michelle Bertolino, Electric Utility Director

Mamie Mierzwak, Electric Retail Services Supervisor

Mike Bloom, Assistant Electric Utility Director Kris Blair, Electric Key Accounts Representative

Joseph Mandell, Deputy City Attorney Karen Sainsbury, Recording Secretary

2. Pledge of Allegiance

3. Minutes of June 25, 2013

The minutes of June 25, 2013 were approved as submitted.

4. Oral Comments/Public Comment

Vice Chair Hildebrand welcomed newly appointed Commissioner John Speight.

5. New Business

a. Environmental Utilities Monthly Report

Report by Interim Environmental Utilities Director Ed Kriz, summarizing monthly status of Environmental Utilities issues, for information.

b. <u>Environmental Utilities Water Efficiency Division Overview</u> Presentation by Water Efficiency Administrator Lisa Brown on the status of the Water

Efficiency Division, for information.

c. Roseville Electric Monthly Report

Report by Electric Utility Director Michelle Bertolino summarizing monthly status of Electric issues, for information.

d. Fiscal Year 2014 Roseville Electric Customer Programs

Presentation by Electric Retail Services Supervisor Mamie Mierzwak summarizing Fiscal Year 2014 Roseville Electric Customer Programs, for information.

6. Reports – Commission/Staff

Commissioner Granger reported on his tour of the Water Treatment Plant and thanked staff for the great job they are doing.

Commissioner Viele reported on the positive feedback he received from a cycling group that toured the Roseville Energy Park.

Commissioner Lammers thanked Sean Bigley for the comprehensive and clear Legislative Update Report the Commission receives each month.

7. Proposed Future Agenda Items

None.

8. Adjournment

Commissioner Vertido moved for adjournment of the July 23, 2013 Public Utilities Commission meeting. Commissioner Granger seconded the motion. The motion passed unanimously at 8:01 p.m.

Gretchen Hildebrand	
Vice Chair	
Karen Sainsbury	



STAFF REPORT

TO: Roseville Public Utilities Commission

FROM: Andrea Blomquist, Billing Services Manager

Monty Hanks, Assistant Finance Director

DATE: August 10, 2013

RE: Utility Fee Changes

Meeting Date: August 27, 2013

SUMMARY RECOMMENDATION

After presentation and review, staff requests recommendation to City Council for approval of the update of Roseville Municipal Code section 14.04.200 Service Fees.

BACKGROUND

The City's Finance Department, Utility Billing Division has a need to update service penalties/fees associated with late payments, disconnections for non-payment, and access issues. These fees have not been updated in the last 10 years.

- Late Payment Fee Update from a flat \$10 fee to a 5% penalty
- Re-establishment Fee Update from a \$25 fee to a \$40 fee
- Access Fee Add a new fee of \$50

Late Payment Fee

The City of Roseville currently has 20 billing cycles each month, allowing for timely distribution of utility bills soon after the customer's meter is read. From the billing date, customers have at least 21 days to render payment. In addition to the 21 day payment timeline, customers have fixed due dates to better accommodate monthly budgeting for utility bill payment.

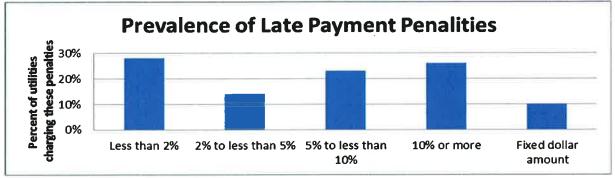
After the due date, the customer is notified on three separate occasions regarding the failure to remit payment. These delinquent account notifications are made two ways, automated call out (2) and mailed notification. The two automated call notifications also provide the customer with an immediate opportunity to pay the delinquent amount on the utility account.

- 5 days past due A notice is mailed to the customer providing the delinquent account information including amount due and pending date of disconnection if payment is not received.
- 11 days past due- An automated call that provides the customer an opportunity to immediately pay the delinquent amount to avoid interruption of service. At this time, a flat \$10.00 late payment fee is applied to the utility account.
- 16 days past due The third and final notification is an additional automated call.

Recent information used by Hometown Connections (in a review of the Electric Utility) regarding delinquent customer accounts showed an average 9,929 reminder notices sent each month, 7,373 utility accounts charged a \$10.00 late payment fee each month and 624 utility accounts disconnected for non-payment each month. Hometown Connections stated that, "these former two numbers are higher than what Hometown Connections typically sees for a utility of roughly 50,000 electric meters suggesting that the \$10 late fee is much too low and not providing a sufficient disincentive to delinquent customers."

In order to properly incentivize on-time payment of utility bills, staff is recommending an update to the late payment fee, removing the flat rate \$10.00 fee and instituting a 5% late payment fee on all delinquent

account balances. According to the Hometown Connections review, "The \$10 penalty rate in use in Roseville is low compared to other public power utilities (see table below for breakouts of late penalties)."¹



An added benefit of moving to a percentage based system is that a fixed fee system is proportionately more burdensome on customers with smaller utility bills especially on lower income customers. An example of the inequities in our current fixed rate late fee system would be a comparison between a small residential bill (apartment dweller) versus a commercial restaurant with a larger bill.

Current Fee

	Monthly Bill	Current Penalty	Penalty Percentage
Residential Apartment	\$60.00	\$10.00	16.67%
Commercial Customer	\$750.00	\$10.00	1.30%

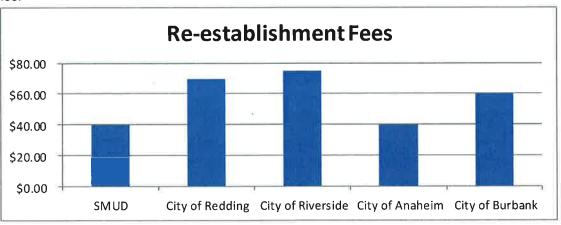
Proposed Fee

	Monthly Bill	Current Penalty	Penalty Percentage
Residential Apartment	\$60.00	\$3.00	5.00%
Commercial Customer	\$750.00	\$37.50	5.00%

The result of a fixed rate late payment penalty system is that customers with smaller delinquent amounts pay a much higher penalty in percentage terms than larger customers.

Re-establishment Fee (Residential)

The city currently charges a fee of \$25.00 to reconnect service where an interruption due to non-payment has occurred. This fee is a direct result of a service required due to the non-payment of a delinquent utility bill. Once a customer remits payment of the delinquent balance, service is restored by City of Roseville personnel. The restoration of this service requires a site visit to the property in question. The proposed fee update includes an increase of the reconnection fee to \$40.00, falling in line with like agencies.



¹ 2010 APPA Customer Service Policies Survey

In a survey recently conducted by the City of Roseville, including 130 agencies, of which 43 were located in California, the average reestablishment fee charged is \$39.00 for non-California agencies and \$50.00 for California agencies.

Furthermore, customers may avoid these penalties by contacting Utility Billing Customer Service prior to their disconnection date to pay and requesting assistance and/or options regarding their utility bill. Some examples of these options are:

- payment arrangements (a spreading out of a past-due amount over several months),
- Utility Rate Assistance Program (URAP) (a City program that provides electric discounts for qualifying customers)

All of these options are used on a regular basis to help ease the burden for our customers. City staff is well trained in finding the easiest way for a customer to retain power when they are unable to pay their entire bill. We also discuss the long term effect of non-payment, or partial payment so customers are not surprised by mounting utility charges. The staff will continue to provide all available options to our customers. This Re-establishment Fee change will not impact commercial customers.

Access Fee (New)

Additionally, access to utility meters has become an increasing issue. In order for a commercial or residential utility meter to be read and henceforth billed, City of Roseville personnel require access to the meter in question in accordance with municipal code section 14.24.200 Service Connections and Facilities on Customer's Premise, section F Right of Access, "The city shall have the right of access to the customer's premises, at all reasonable hours for any purpose related to the furnishing of electric service including, but not limited to meter reading, testing, inspection, construction, maintenance and repair of facilities." Many times the access issues incurred by city personnel are repeat issues.

It is our intention that a customer be contacted regarding access issues and once fixed will not receive a fee. For recurring issues, customers will incur a fee of \$50.00 for each subsequent occurrence. We estimate around 25 access issues a month. When an access issue is located in the field, city personnel has made at least one physical visit to the site and follows up with phone contact attempting to address the issue. The City is sometimes forced to estimate a customer's usage due to the inability to gain access to the meter. Access issues are completely avoidable and the city strongly encourages our customers to make changes on site to correct the issues, sometimes even offering alternative options for access issues should the need arise. These alternatives often include the customer providing a key to meters located in a locked area or lockboxes that the city is given access to.

Customer Outreach

Customers will be notified of the pending changes to the Utility Service Fees in two upcoming utility bill messages and a utility bill insert. Larger commercial customers will be contacted directly to inform them of the changes.

Summary

The three proposed updates to utility service penalty/fees will affect municipal code section 14.04.200 Service Fees:

A.	Reestablishment fee – Residential	\$40.00
l.,	Late Payment Fee	5% of delinquent account balance
La	Access Fee	\$50.00

The goal of the changes is to encourage customers to pay their utility bills in a timely manner, avoiding the late penalty and reestablishment fees altogether as well as correct access issues. Customers will also be notified of the pending changes to the utility services fees via a utility bill insert.

FISCAL IMPACT

We do not anticipate a substantial revenue change as a result of these actions.

ENVIRONMENTAL REVIEW

The municipal code update is not considered a "project" as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines §15378). Consequently no CEQA action is required

RECOMMENDATION

Staff requests recommendation to City Council for approval of Roseville Municipal Code section 14.04.200 Service Fees