



City of Hudson, Ohio

Staff Report With Text

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Title:	Discussion of Utility Billing Delinquencies and Interest Calculation Executive Summary: This is a discussion of the City's utility billing delinquencies and how the interest on delinquencies is calculated.				
Sponsors:					
Indexes:	Finance - Utilities				
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Attachments:	1. Utility Billing Delinquency Summary as of June 30, 2015				

Date	Ver.	Action By	Action	Result
8/4/2015	1	City Council	considered	

Discussion of Utility Billing Delinquencies and Interest Calculation

Executive Summary: This is a discussion of the City's utility billing delinquencies and how the interest on delinquencies is calculated.

Legislative History

None.

Purpose & Explanation

The following is the shut off procedure:

- Billing is done on or about the 20th of each month with the due date being the 10th of the following month.
- The Friday after the bills are mailed, delinquent notices are created and mailed to all customers with past due balances of 60 days or more. These notices also have a due date of the 10th of the following month and explain that service will be shut off if the amount due is not paid by the 10th. We typically send out between 200 and 300 delinquent notices per month.
- The first business day after the 10th a 60 day delinquent report is run and any customers on the report who did not call and make arrangements with the Utility Billing Office to make payment are subject to shut-off. In order to avoid shut off a customer must pay a minimum of the 60 day past due balance.
- There are normally between 50 and 100 customers per month who are subject to shut off. Of those the Utility Billing Office sends approximately 10 shut off work orders to the Electric Department per day, focusing on the high dollar amounts and customers who have not paid for multiple months.

- Once a customer's power has been shut off they must come in to the Utility Billing Office and pay a minimum of their 60 day past due balance and the shut off fee of \$50 to have power restored.
- Once a year, on the 2nd Monday of September, the City can certify unpaid utility balances to Summit County. Instead of receiving delinquent notices in August customers who own their property are sent certification notices. These certification notices state that if the balance is not paid by the 10th of September it will be certified to Summit County. Any customer that does not pay their balance has that balance certified to Summit County and removed from their utility account.
- Attached is the Utility Billing Delinquency Summary as of June 30, 2015.

The following is information on how the interest on our delinquent accounts is calculated:

- Interest is calculated and added to past due customer's account on the first business day after the 10th of the month.
- In order to be subject to interest the amount must be more than 30 days past due.
- The interest rate on amounts more than 30 days past due is 1.5%.
- Because we don't charge interest until the amount is more than 30 days past due the only way the Utility Billing software can include the amount on the customer's bill is to include it in the Previous Balance amount. This can be confusing for customers who track there payments from bill to bill and lead to some customers not realizing they are being charged interest.

Timing Considerations

None.

Fiscal Impact

X Appropriation Not Required.

Suggested Action

Staff recommends Council review current procedures and discuss possible changes. We also recommend changing the interest on past due accounts to be charged as soon as the balance is past due instead of waiting 30 days to charge interest. This will allow the interest amount to appear on the billing statement.

Submitted by,

Jane Howington, City Manager

Jeff Knoblauch, Finance Director