

Utility Billing and Collections – FAQs

How effective is the city at collecting utility payments?

- The city collects more than 99% of all utility charges billed each year.
- This level of performance reflects strong financial management and responsible utility management.
- Our collection rate is consistent with or better than most municipal utilities.

Is the city ignoring unpaid utility bills?

- No. All delinquent accounts are actively monitored and addressed through structured collection procedures.
- Customers receive multiple notices, payment options, and assistance before service disconnection.
- Disconnections and shutoffs are performed when bills remain unpaid and pursuant to policy.

How much is past due, and is that unusual?

- Approximately 3.1% of annual utility revenue is more than 120 days past due.
- Industry standards typically range from 3% to 4%, meaning the city’s performance is well within industry standards and comparable to utilities nationwide.
- Independent auditors have not raised the city’s utility arrearages as a concern, an identified deficiency, risk or material weakness in any previous management letter after conducting an audit.

Are current residents and businesses responsible for most of the past-due balances?

- No. Older balances are associated with inactive accounts, meaning the customer is no longer receiving services.
- Many of these balances date back several years.
- The city continues to pursue recovery of these balances when practical and cost-effective.

What happens when someone falls behind on their utility bill?

- The city follows a structured, multi-step process:
 - Monthly billing and reminders
 - Formal disconnect notice provided after approximately 60 days
 - Final notice before shutoff
 - Service disconnection if payment is not made
- This ensures customers have multiple opportunities to resolve balances.

Does the city offer payment assistance?

- Yes. Payment plans and flexible arrangements are offered when appropriate.
- The city also works with assistance organizations such as Community Action and the Salvation Army.
- Many customers successfully resolve balances through these programs.
- The city makes every effort to work with customers and constituents - not against them - to help resolve balances.

Are utilities shut off without warning?

- No. Customers receive multiple notices and opportunities to resolve balances before shutoff.
- Shutoffs are not performed during freezing weather to protect residents and property.
- Water service is disconnected only as a last resort for health and safety reasons.
- The city uses a tiered approach to disconnections. Meaning non-essential services will be shut off before essential services in an attempt to get arrearage amounts paid.
- No one loses service without multiple notices and opportunities to resolve the issue.

Why can't every past-due balance be collected?

- Some balances involve former customers who moved away or passed away, businesses that have closed, or customers who cannot be located.
- Older legacy accounts sometimes lack sufficient historical information to support modern collection practices and procedures required by the Fair Debt Collection Act (FDCA).
- State laws and consumer protections also limit certain collection options available to municipal utilities.
- Despite these challenges, the city continues to pursue recovery whenever feasible.

Why can it be cost-prohibitive to pursue repayment of old accounts?

- Pursuing repayment of older legacy accounts can involve significant costs, including court filing fees, attorney fees, staff time, and administrative expenses.
- In many cases, the cost of pursuing collection can equal or exceed the amount owed.
- Even when a court judgment is obtained, there is no guarantee the city will ever receive payment.
- Debtors may be unemployed, have no attachable assets, or receive protected income sources.
- The city must carefully evaluate whether collection efforts are financially responsible and in the best interest of the utility.
- Spending more to collect than the city could recover would not be responsible stewardship of public funds and a poor management practice.

Is there really a single business owing hundreds of thousands of dollars?

- There are no active business accounts that currently owe an unpaid balance of this magnitude.
- Large balances referenced in discussions are typically associated with inactive or legacy accounts for closed businesses that no longer receive services.
- These cases are rare and do not represent overall collection performance.
- Businesses that fail to pay their utility bills are subject to shutoff and collection procedures.

Are unpaid balances affecting utility rates?

- No. Utility rates are established through formal rate studies that account for infrastructure investment, operating and maintenance costs, system reliability needs and long-term financial planning.
- Past-due balances do not cause utility rate increases.

Did the COVID-19 pandemic contribute to past-due balances?

- Yes. A portion of legacy balances accumulated during the COVID-19 pandemic.
- During that period, many households and businesses experienced financial hardship, job loss, and economic disruption.
- Utility shutoffs were paused or delayed during portions of the pandemic, consistent with public health and safety priorities.
- These pandemic-era protections contributed to the accumulation of some past-due balances, which are now categorized as arrearage accounts.

Why hasn't the city written off legacy balances?

- Historically, the city has not routinely written off legacy arrearage balances.
- Many organizations periodically write off balances that are no longer realistically collectible.
- The city has instead retained legacy arrearage balances in its records while continuing to pursue recovery opportunities.
- The city is now evaluating whether formal write-offs of certain legacy arrearage balances may be appropriate after all reasonable collection efforts have been exhausted.
- Any such action would only occur in accordance with authorized policy, proper financial controls and any appropriate accounting standards.

Is the city taking action to recover unpaid balances?

- Yes. The city actively pursues recovery through:
 - Structured collection procedures
 - Property tax assessments (for water and sewer, where permitted)
 - Payment plans and assistance programs
 - Third-party collection agencies

Bottom line: What should residents and customers know?

- The city collects more than 99% of utility charges.
- Arrearages are within normal industry ranges.
- Most past-due balances involve former utility customers - not current residents or businesses.
- The city continues to manage utility accounts and is committed to improving its processes.