

UTILITY COLLECTIONS HANDBOOK

RURAL UTILITY BUSINESS ADVISOR PROGRAM
(RUBA)



2016

ACKNOWLEDGEMENTS

State of Alaska
Department of Commerce, Community and Economic Development
Division of Community and Regional Affairs
Rural Utility Business Advisors (RUBA)



Authored by: Lynn Kenealy, Local Government Specialist III

Edited by: Ryan Wilson, Local Government Specialist III
Tammy Helms, Local Government Specialist IV
John Nickels, Local Government Specialist V

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Upon request, this report will be made available in large print or other accessible formats.

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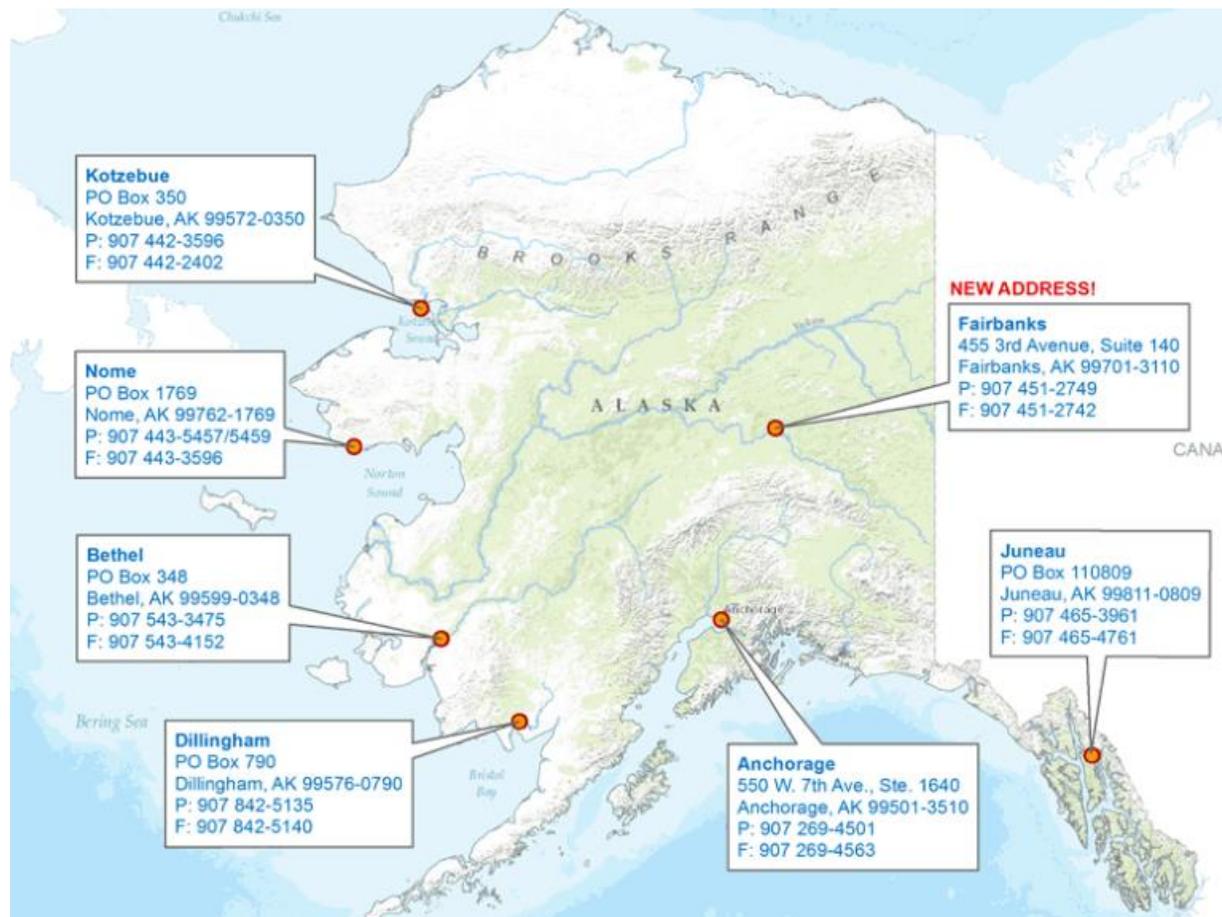
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INTRODUCTION

The Rural Utility Business Advisors (RUBA) program was created in conjunction with the Environmental Protection Agency (EPA), Department of Environmental Conservation (DEC), and Division of Community and Regional Affairs (DCRA) to provide advice and assistance to rural water utility operators and managers. The state and the federal government have spent more than \$900 million to construct or improve water/wastewater utilities in Alaska. These utilities have improved health and sanitary conditions for rural residents. RUBA was created to help rural communities meet the challenge of successfully managing those utilities. The idea is that best management practices promotes public health in rural Alaska, and helps increase the sustainability of the systems.

A few key tasks of the RUBA program is to help communities ensure they are charging customers enough in service fees to cover all operational and maintenance costs to operate a healthy and sustainable utility; and to help the utility achieve a 100% collection rate.

This manual was created to help with the second of those two tasks – helping the utility collect user fees. RUBA staff is available to help implement any of the ideas in this handbook, and to provide assistance in many other areas of utility management. Contact RUBA at the office nearest your community:



RATE SETTING BASICS

The first step is to make sure the utility is charging customers enough to cover all costs. Assuming all (100%) customers paid every bill on time and in full, would the utility be making enough money to cover all costs to operate the utility, administer the utility, and set money aside for repair and replacement?



The way to make sure the utility is charging enough to cover all of those costs, RUBA recommends conducting a “rate study”, which is just a study of all of the costs of the utility, then dividing that among all utility customers. This manual is not going to get into this process, though we do recommend contacting RUBA staff for assistance with this step. Every community in Alaska has access to RUBA staff. More information can be found here: <https://www.commerce.alaska.gov/web/dcra/RuralUtilityBusinessAdvisorProgramRUBA.aspx>.

Other resources are available online including but not limited to:

- “A Plain English Guide to Sanitation Utility Accounting”:
<https://www.commerce.alaska.gov/web/Portals/4/pub/A%20Plain%20English%20Guide%20Sanitation%20Utility%20Accounting2012.pdf>
- “The Water Rate Calculator Guidebook”:
[https://www.commerce.alaska.gov/web/Portals/4/pub/Water Rate Calculator Guidebook 4 06 09.pdf](https://www.commerce.alaska.gov/web/Portals/4/pub/Water%20Rate%20Calculator%20Guidebook%204%2006%2009.pdf)
- RUBA Training Courses:
<https://www.commerce.alaska.gov/dcra/DCRAExternal/Training/Courses/RUBA>

COLLECTIONS BASICS

The expectation in most utilities is that customers will pay for their water and wastewater services on a monthly or annual basis. Once bills have been sent out, how do we figure out the collection rate? How many customers actually pay the full amount? The “collection rate” can be computed in multiple ways. For instance:



- A. Collection rate calculated by how many customers were billed versus how many made their payment by the end of the month:

40 customers billed
 20 customers paid
 20 customers did not pay
 $20 \div 40 = 0.50$
 50% of customers paid.

- B. Collection rate calculated by looking only at the current month, comparing how much money was billed to customers versus how much money customers actually paid to the utility by the end of the month:

\$400 was billed
 \$200 was paid
 \$200 was not paid
 $200 \div 400 = 0.50$
 50% of billings have been paid.

RUBA recommends using a third option: look at the history of all customers and track how much money was billed all together by the utility versus how much was received in customer payments.

- C. Collection rate calculated by how much was ever billed all together versus how much customers have paid:

\$40,000 was billed
 \$20,000 was paid
 \$20,000 was not paid
 $20,000 \div 40,000 = 0.50$
 50% of billings have been paid.

SIDE NOTE:
 Calculating the collection rate requires good accounting practices as well as keeping on top of customer logs. Do not hesitate to contact RUBA staff for further advice and assistance.

If the utility is collecting only 50% of customer payments, how is the utility covering all of its costs? Usually when a utility is not collecting near 100% of customer fees one of three things is happening, all of which can cause more trouble for a utility:

1. The utility is charging the remaining customers twice as much in order to cover all costs. This isn't really fair to paying customers, because they are paying extra while others are paying nothing. Eventually, paying customers may become resentful and stop paying as well. This starts a downward spiral of non-payment.
2. The utility is subsidizing its costs by other means, such as the State's Community Assistance Program or sales taxes. This can work temporarily, but is always a risk as sources of subsidies can dry up in harder economic times, leaving the utility financially vulnerable. Additionally, the money being used to subsidize the utility could be used providing other necessary services in your community.
3. Or the utility, lacking the appropriate financial resources, just isn't being operated or maintained properly. This is probably the single most problematic option, as poor operation and maintenance of a utility can put the community at health risk, and also decreases the sustainability and life span of the utility, making it more likely to break down sooner than it should. This of course will cost more in the long-run.

In any of these scenarios, the better option would be to improve the collection rate so that every customer is paying their fair share for water and wastewater utilities.

A utility in Alaska had a very low collection rate, less than 50%. Nothing was being done to encourage delinquent customers to pay, so more customers stopped paying. It eventually got to the point where no residential customers were paying, only a few businesses in town were paying. The collection rate is now less than 20%, and there is not enough money to pay the operator more than a few hours a week, which means basic operational work is not being completed. Additionally, there is no money to pay for necessary repair and replacement, and the community is struggling to qualify for capital improvement grants, which rely on a point-based system which encourages sustainable utility management practices.

COLLECTIONS TOOLS

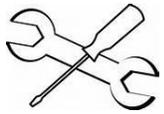
There are many tools which can be used to begin improving collection rates, and even to collect on past dues. This section will discuss several of these tools. Each utility and community is unique, and not all tools will fit the situation. But remember, it takes a whole toolbox to achieve excellent collections rates. Any utility can apply as many tools as needed to get the job done!



SIDE NOTE:

Throughout this handbook, we will also provide several hints to how the RUBA program can help institute these tools and improve both utility collections and over-all utility management.

Panels throughout this handbook will provide real examples from rural Alaskan communities experiencing difficulties with collections, and instituting changes to improve the situation. These examples have been intentionally anonymized, and serve as examples of what can happen if a utility works to improve utility collections, and what success utilities see when they consistently administer multiple utility collection tools.



Tool 1: Utility Ordinance – Collection Policy

The first step to improving or ensuring a high collection rate is to look at the utility ordinances. Utility ordinances can be found in municipal code in the case of a city or borough; or in policies and procedures manuals, bylaws, or ordinances in the case of a native village or community association. In any case, we will refer to the document here as the “utility ordinance”.

The utility ordinance sets out rules for the utility and should comprise several topics including:

- ✓ Who owns, makes decisions about, and operates the utility;
- ✓ Authority to operate;
- ✓ Services to be provided by the utility;
- ✓ Who will have access to those services;
- ✓ Utility responsibilities;
- ✓ Customer responsibilities;
- ✓ The cost of service;
- ✓ Billing procedures;
- ✓ Payment and delinquency procedures; and
- ✓ **Collection Policy.**

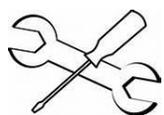


The utility ordinance needs to include all of these details, or the enforcement of utility payments might not be possible. The utility also needs to follow the utility ordinance, or again, enforcement might not be possible. Even if the utility contracts with another company to operate the utility, the owner of the utility should still have a utility ordinance that clarifies that relationship and the responsibilities of each.

The utility must have a clear and thorough collection policy, detailing what the utility will do if a customer does not pay. Writing such a policy into utility ordinances does multiple things:

- It encourages customers to pay by showing them the negative consequences of not paying;
- It gives the utility a specific path to follow in getting customers to pay;
- It gives utility payment the force of law, and enforcement can then be assisted by outside agencies such as the State of Alaska Court System, etc.

Writing or revising utility ordinance might seem like a daunting task. But it is a vital first task, and RUBA staff can help. RUBA staff can review the utility ordinance or help write a new one, and can also share examples of successful utility ordinances similar to your utility.



Tool 2: Customer Agreements

Customer agreements are the method by which both the customer and the utility agree to follow the rules provided in the utility ordinance. Customer agreements should be simple and clear, and should reference the utility ordinance. The utility ordinance should also be available to customers.

The customer agreement is a legal document. Every utility customer should sign a customer agreement. The utility should retain the original copy on file, and should give the customer a copy of their customer agreement. Customer agreements help to:

- Avoid misunderstandings;
- Ensure fairness;
- Demonstrate professionalism;
- Protect utility finances; and
- Establish legal authority and defense.

Customer agreements should include the following:

- ✓ Reference to the utility ordinance and the responsibilities of both the utility and the customer there-in;
- ✓ Clear expectation of customer payment and consequences of non-payment; and
- ✓ Signature blocks for both the customer and the utility's representative, stating they have read, understood, and agree to the contents of the agreement.

If the utility does not currently have customer agreements signed by all customers, it can still expect customers to sign them. All new customers should also sign the agreement

before their water is hooked up or turned on by the utility.

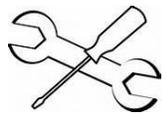
RUBA staff can help create customer agreements right for the community. Do not simply copy someone else's customer agreement – every community and utility is different!

A community of about 500 residents made the decision to establish customer agreements in order to improve collection rates and address ownership and responsibility for water lines, which had been an issue. The utility's goal was to have every customer sign the agreement within two months. The billing clerk sent the agreement with bills one month, including a letter explaining the expectation. Some customers signed and returned the agreement, but many did not. In the following month, the utility manager and utility clerk visited the home of every customer who had not signed the agreement, and a gentle but clear face-to-face encounter resulted in every customer signing customer agreements by the end of the two-month goal.

SIDE NOTE:

Both the utility ordinance and customer agreements are discussed thoroughly in RUBA's Organizational Management training. Find information about RUBA trainings and the training schedule at:

<https://www.commerce.alaska.gov/dcra/DCRAExternal/Training/Courses/RUBA> &
<http://dec.alaska.gov/water/opcert/TrainingCalendar.htm>



Tool 3: Billings

The utility ordinance should discuss things such as when billings will be sent out to customers, and when payment is due. Consistently following these billing rules is vital to improving the collection rate and running a sustainable utility.

What is included in the bill will vary from community to community. But generally the following information should be included:

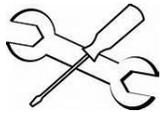
- ✓ Customer account information;
- ✓ Service address
- ✓ Utility contact information;
- ✓ Previous balance and payment;
- ✓ Balance forward;
- ✓ Current charges;
- ✓ Total amount due;
- ✓ Due date; and
- ✓ Payment options.



Accounting software often include features that will create statements and bills. Make sure to format the billing tool according to the utility's specific needs, and be sure to double check the bills every month for accuracy.

One utility experienced sudden turnover of almost all administrative staff. The utility had a very high delinquency rate at the time the new staff took over. Eventually, the staff learned that the previous staff had not been sending out bills regularly. Therefore, customers did not understand the expectation of monthly payment. The utility was unable to enforce the past dues, as there were no customer agreements either. The utility was forced to forgive all past dues and start fresh. The city's general fund had to subsidize that lost revenue for several years.

If the utility is not sending out bills in accordance with its own rules, customers are less likely to make payments consistently. They might not understand what the financial expectation is in order to receive the service, and it will be more difficult for them to budget accordingly. Additionally, it can become nearly impossible to enforce payment utilizing other methods discussed in this handbook.



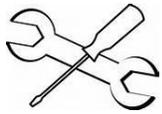
Tool 4: Bundling Services

Most entities that own rural utilities in Alaska also operate many services in their community, not just the water and wastewater utilities. Some of these other services are easier to collect payments on. RUBA has seen successful examples of utilities that “bundled” their utility payment with other services they provided, so that if payment is not received in full for all services, service will be discontinued to whichever is easiest to discontinue – even if that’s not water. Here are just a few examples.

- **Bingo:** If you provide gaming such as Bingo, you can require payment on all other services provided to the customer before allowing them to participate in gaming activities. So if they haven’t paid their full water bill, they don’t get to play Bingo. Alternately, one community required that for every \$10 spent on Bingo, \$20 had to be paid toward past-due utility bills.
- **Electricity:** If you provide both water and electricity, it might be easier to enforce electric payment than water payment. By billing every month for both water and electricity at the same time, a utility may discontinue electric service if the full bill is not paid; whereas they might not have been able to turn off water service as easily.
- **AMPY Cards:** If your electric service is charged using a pre-pay-for-use system, such as AMPY, you can add water payments to that pre-pay service system. This has been a successful tool in collecting water utility payments in many communities.
- **Oil/Gas:** If you provide sales of oil or gasoline, you can require payment on water bills at the same time, or deny oil or gasoline service until utility bills are paid. You can do the same with any other item you sell in the community.
- **Cable/Internet/Phone:** Some water utility providers also provide other services to the community, such as cable, internet, phone, etc. Some of these services can be very easy and less controversial to disconnect in the case of non-payment for water utilities.

Each utility is different, and may identify different bundling opportunities, many of which might not be covered here. RUBA encourages you to explore all options, and to communicate clearly with the community why utility payments are so important that you are bundling these services.

Make sure ordinances, customer agreements, and bills are all consistent and in compliance before you begin enforcing utility payments through bundling services. RUBA staff can help make any necessary changes, and also brainstorm other bundling options.



Tool 5: Public Information & Education Campaign

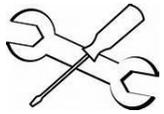
Many customers do not have an understanding of why they are being billed the amount they are billed, where the money goes, or just in general what it takes to run a water utility. We frequently hear comments such as: “Why am I paying this much, the water just comes out of the sky!”

If customers understand the cost of running a safe and sustainable water utility, and feel they are being treated fairly compared to other customers and other communities, they will be more likely to pay their own bills. Customers will also be more likely to pay if they understand the importance of clean water to individual and community health.

Municipalities, tribally owned utilities, and community associations usually hold open meetings where their membership is welcome to attend and learn more about the utility and finances. It is vital to be transparent through the process of rate setting and budgeting for the utility. However, it is unlikely all customers will attend those open meetings. Along with the open meetings which are likely already an element of utility management, here are some other ideas on sharing information in the community to help increase knowledge and interest in the utility and in making payments:

- Include more information about the water utility’s services in the annual CCR Report distribution;
- Send informational brochures with bills;
- Take out space at local events to post bulletins and poster boards about the utility, staffing, financial information, etc.;
- Hold informational meetings and workshops (with food and prizes!);
- Offer tours of facilities; and/or
- Work with the school on giving presentations and tours to science classes.

One mid-sized community had a less than 50% collection rate when a new utility manager was hired. The new manager gradually instituted multiple collection tools, including the most successful element – hosting community activities and using those activities as an opportunity to educate the public about what the utility was up to and why payment was vital for success. Within just a few years, the utility had an over 100% collection rate – it was collecting almost all monthly fees as well as receiving many payments every month toward past due bills. The utility consistently saw a boost in payments immediately following community events. The general fund was no longer being used to subsidize the utility, and could be used on other services the community wanted. Additionally, the improved collection rate increased the utility’s score on grant applications and helped them qualify for a capital improvement project grant for upgrades to their water treatment facility.



Tool 6: Advance Payment Options

While most communities bill utility customers monthly, some utilities give an option of paying bills in advance.

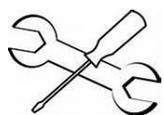


If the customer chooses to pay ahead, whether at the encouragement of the utility or not, this can save utility staff time and postage sending out bills throughout the months the customer already paid for. It also ensures the utility receives payment for that customer's future service.

Some communities even incentivize advance payment by, for instance, providing some sort of discount. This is an option, but remember that every time a customer is given a discount, the utility needs to find some other way to cover all of the costs of running the utility.

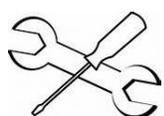
If the utility is providing an advance-payment option, ensure that accounting practices can clearly indicate what payment option each customer chose, and clearly indicates for what time period the customer has paid. There needs to be a mechanism for alerting billing staff when a customer's advance payment period ends, and bills need to be sent out to that customer again.

One utility was receiving many requests from customers to pre-pay through the summer, as the customers were out of the community frequently fishing and were worried they would forget to pay their bills. The utility started allowing pre-payment, and found that those who pre-paid had a better over-all collection rate and also saved administrative staff time and postage, as they did not need to send out bills every month. The utility decided to offer an annual pre-pay option where-in if a customer paid for the next 11 months, they got the 12th month free. Of course, this means the utility will receive less money due to the incentive being offered. However, the collection rate was improved by the incentive. Subsequently the utility did better financially in the long-run. Staff was also much happier, as they were spending less time chasing down delinquent payments.



Tool 7: Credit Card Payment Options

Some utilities only offer cash or check payment. While it does cost the utility money to begin accepting payment by credit card, it can be worth the expense if it increases customer payment. Some utilities have begun offering this option with success.



Tool 8: Delinquency Notices

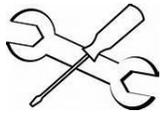
Once a customer becomes delinquent in paying their bills, they need to be notified clearly and promptly of the situation. Multiple notices may be necessary. The more frequent the notifications occur, the more likely the customer will be to pay it. If a notice is received once per month, it is much easier to ignore than receiving one per week in multiple forms. Utility ordinance should specify how past due notices are provided. But we recommend a multi-notification system, with notifications in different forms.



For example:

- ✓ Immediately upon delinquency, a notification of delinquency is mailed to the customer – separate from the following month's bill;
- ✓ Two weeks later a further notification is delivered;
- ✓ Two weeks after that, notification of disconnection (or other action) is posted on the customer's door; and
- ✓ One week later, disconnection or other action is taken.

Whatever process you have for notifying customers of delinquency, make sure you are consistent and clear.



Tool 9: Fines, Penalties, & Interest

Some utilities assess fines, penalties, and interest when customers pass the delinquency date.

Fines and **penalties** are money paid to an authority (in this case, the water utility) as punishment for an offense (in this case, non-payment of utility bills).

Interest is money paid at a specific rate for lent money or for delaying payment.

Fines, penalties, and interest can be assessed in basically two ways:

- As a total dollar amount per week or month due – for instance, \$10/month in addition to the amount due; or
- As a percentage of the amount due – for instance, 5% of the total bill.

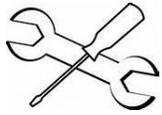


Fines, penalties, and interest can help encourage customers to pay on time, and also help to compensate the utility for the extra time staff needs to work sending out overdue notices and dealing with delinquent customers.

It should be noted that many delinquent customers are delinquent because they struggle to make the monthly payment. Tallying additional costs to their bill is not likely to help their situation, or the relationship between the utility and the customer. However, the utility must treat all customers the same, regardless their income level and perceived ability to pay. For that reason, many rural communities have elected not to assess fines, penalties, or interest on delinquent bills.

SIDE NOTE:

If the utility decides to assess fines, penalties, or interest on delinquent customers, the utility's accounting software may be able to help assess these fees. RUBA staff and the RUBA QuickBooks Hotline can help you figure out this process!



Tool 10: Payment Plans

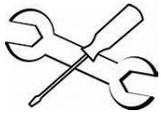
If the utility has customers with large past-due bills, they might need help catching up – especially if their balance is high. Many utilities in such a situation have had success offering repayment plans to those customers before instituting some of the other harsher measures, such as small claims court or disconnection from service.



If the utility decides to offer customers with large past-due balances a repayment plan option, make sure it includes the following:

- An agreement to make all current monthly utility payments before the due date;
- An agreement to pay a certain amount of money toward the past due every month (the amount should be agreed upon in writing); and
- A statement of consequences for non-payment or violating the repayment agreement.

One rural first class city had many customers who owed several thousand dollars each to the utility. A few years ago, the city began enforcing shut-offs on customers who were delinquent on their bills. However, they did not feel most customers would be able to pay off their full bill in one chunk. Instead, they offered a repayment plan to customers. Each customer had to sign a repayment agreement, stipulating that they would pay the regular monthly bill plus an agreed upon amount of money toward their debt each month, or their water service would be discontinued and they would be expected to pay off the full amount before being reconnected to water service. All delinquent customers eventually signed the agreement. The efforts have been successful and most customers are now paying on their bill and a bit toward their past bills. However, it will take many years for some of those customers to be completely caught up. The city knows it will never receive full payment on those debts, but is happy with moving forward on this more positive note.



Tool 11: Public Assistance Voluntary Garnishment

Some forms of public assistance may be voluntarily garnished to pay toward the customer's water bill. There are instances where customers preferred this method, and it certainly helped the utility ensure they received payment. We encourage the utility to explore what forms of public assistance customers are eligible for, and work with assistance providers and customers to identify funding.

One village was able to negotiate their Federal Native American Housing Assistance and Self Determination Act (NAHASDA) contract so that eligible residents could use their NAHASDA allowance to pay water utility bills. Almost every household in the community was eligible for the income-based money, and the annual total allowance per household was more than double the water utility bill, leaving residents with sufficient funds to help with other housing costs such as heating fuel and electricity.



Tool 12: Employee Paycheck Voluntary Garnishment

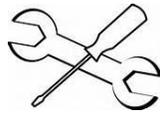


Employees can voluntarily agree to have their water bill paid out of their paycheck either in full or in part. As with Tool 11 above, many employee appreciate this opportunity to have their bill paid with no hassle, and it also works well for the utility.

Note that a utility may NOT garnish an employee's paycheck without their full voluntary consent. Consent should be obtained in writing, ensuring the employee understands it is a voluntary garnishment and not a requirement for employment. That would be a violation of federal law!

SIDE NOTE:

RUBA staff and the RUBA QuickBooks Hotline can help you figure out this process as well, as accounting for these transactions can be tricky.



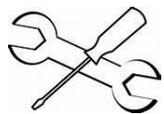
Tool 13: PFD Garnishment (Voluntary or Involuntary)

There are mechanisms through the State of Alaska court system to garnish delinquent customers' PFD, either with or without their permission.

Voluntary garnishment is, of course, the easier course, but either might be an option. This can be a great source of revenue for the utility, but remember that because the garnishment goes through the court system, the utility must be meeting all of the other requirements of law and the utility's own ordinances in order to be successful.

SIDE NOTE:

Some information on garnishments can be found on the PFD website: <https://pfd.alaska.gov/Payments/Deductions>. RUBA staff can also help you learn more about process, and decide if it is an option for the utility.



Tool 14: Public Shaming/Celebrating

A very small remote utility owned and operated by a community association charges their customers for water service annually. Every January, they simply post a list of all of their water utility customers on a community bulletin board, and as each customer pays their annual bill, the utility billing clerk checks off their name. The information is available for everyone to see and serves as both a reminder to those customers who still needed to pay, and a celebration of those who had already paid.

Information about whether customers have paid their bills is not necessarily confidential. We have seen several instances where a utility decided to publish lists of customers who either had or had not paid their bills over the past few months. This tool can be a handy way to either:

- Celebrate those who paid their bills,
- or
- Shame those who have not.

Which of these tools is most appropriate for the utility depends on the community. Make sure the utility has the full support of the utility's decision-making body before utilizing this tool.



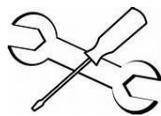
Tool 15: Small Claims Court

As long as utility ordinances are clear and in accordance with the law, and have been followed consistently, taking a delinquent customer to small claims court might be an option. It will require good clear accounting processes, and require evidence supporting the customer's responsibility to pay and their lack of having done so.



SIDE NOTE:
More information about the small claims court process in Alaska can be found at <http://www.courtrecords.alaska.gov/web/docs/forms/sc-100.pdf>.

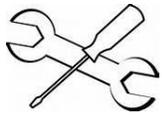
Small Claims Court utilizes the State of Alaska Court System to hear and decide matters of smaller sums of money more quickly and cheaply than filing lawsuits. The amount of the claim cannot exceed \$10,000, not including interest or court costs.



Tool 16: Liens

If the utility has customers with large overdue amounts and no other method of collecting is feasible, it may be able to take out a lien on their property for the amount due. This tool can help deal with longer-term delinquencies where you do not anticipate being able to collect on the bill in any other manner.

A second class city in rural Alaska continues to struggle to get remote home owners to pay their water bills. The city worked with their municipal attorney to take out liens on several of these houses. If and when the homeowner sells their home, the city will receive the money due to them for many years of delinquent water payments. The money is not available now in the time of need, but the utility knows it can eventually expect the money to help pay for future utility needs.



Tool 17: Collection Agencies

Collection Agencies are federally and state certified companies and individuals who can utilize many tools to get delinquent customers to pay off their bills. The collection agency will take a portion of the amount collected as its fee, though that figure and method will vary from case to case and company to company.

Scenario: Let's say a customer owes \$1,000 to the utility and the utility has exhausted all other options for getting the customer to pay. The utility agrees upon a contract for service with a collections agency. The utility sends the bill to a collection agency and the collection agency uses the tools available to collect on the full bill. The original contract stipulated the collection agency would keep 35% of what it collects as its fee, so now the collection agency gets \$350 for their work, and the utility gets \$650. The utility now has to forgive the full bill (because the customer did pay the full \$1,000, even if the utility didn't get that full amount in the end).

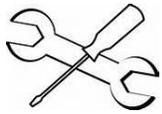
A remote Aleutian community utilized a collection agency out of Anchorage to collect bills on a few delinquent customers who had left the state. Each customer owed the city just over \$1,000, and the collection agency was able to successfully collect the full amount. The agency kept approximately 1/3 of the amount collected, but the community felt the cost was worth it, as the community was able to get back a portion of the amount owed, with minimal effort on their part.

This should be used as a near-to-last resort, because the utility does lose a portion of the bill to the collection agency. But it can still be a good tool when there are no options to collect on the amount owed. After all, \$650 is better than \$0.

For a list of collection agencies certified to operate in Alaska, check out the Better Business Bureau Northwest:

<http://www.bbb.org/oregon/accredited-business-directory/collection-agencies/anchorage-ak/>.





Tool 18: Service Disconnection

RUBA has found that the single most effective way of ensuring customers pay their water bill is to cut off service when they do not pay. Service disconnection needs to be instituted consistently, quickly, and equitably.

If the utility has not been cutting off service previously to delinquent customers, it will initially come as a shock to the community. But over time customers will grow to understand that they need to pay their utility bill in order to receive water service. Accompanying tools such as public information campaigns can help soften the blow, and help customers understand why the utility is taking what seems to be such drastic measures. Also, it is only fair to distribute billings and delinquency notices consistently and promptly before threatening to or actually shutting off someone's water service.



If customers do not have the appropriate shut-off valves to utilize this tool, it might be worth it to purchase a few and engage the process of shutting off one or two of the most delinquent customers. Gradually, the threat of shut-off may trickle throughout the community and increase customer payments. It may be slower than having shut-off valves on all customer properties. But if that is not an option, it is still an effective tool in increasing customer payments.

One community who's customers did not have shut-off valves decided to purchase three shut-off valves. They went through the process of noticing and shutting off the most delinquent customer, who promptly came in to pay their bill. They then began the same process with the next most delinquent customer, but before they even had to install the shut-off valve, the customer had come in to the office to pay. This effort eventually led to a much higher collection rate, as customers came to understand that the utility could install shut-off valves and shut them off if they did not pay.

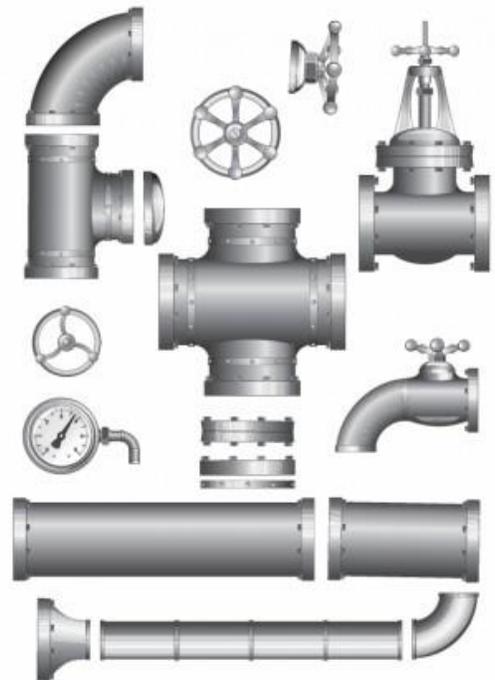
ADDITIONAL RESOURCES

There are three sources of rural utility support and assistance available in Alaska, and RUBA encourage every utility to tap into all three for help improving utility collections rates and general utility sustainability:

- Rural Utility Business Advisors (RUBA): As discussed throughout this handbook, every rural utility has a RUBA staff available to assist with anything discussed in this handbook and very much more. If you're not already in contact with RUBA, start here to find out who your RUBA staff is and begin working on improving utility finances and sustainability:
<https://www.commerce.alaska.gov/web/dcra/RuralUtilityBusinessAdvisorProgramRUBA.aspx>.

- Remote Maintenance Worker Program (RMW): The RMW Program provides technical assistance to water and wastewater utilities. Find out more information about the RMW Program and find out who your RMW is here:
<https://dec.alaska.gov/water/rmw/index.htm>.

- Village Project Engineers: Each rural utility also has access to an Engineer, either through the Alaska Native Tribal Health Consortium (ANTHC) or through Village Safe Water (VSW). The Engineer can help assess the utility for capital project grant needs, and helps apply for some of these grants. You can find out who your Engineer is here:
<https://dec.alaska.gov/water/pdf/AlaskaSanitationContactList.pdf>.



We look forward to working with you and learning about your experiences with utility collections and utility management!