



TO: Elizabeth Pauli, City Manager
FROM: John Hoffman, Assistant Customer Services Manager, TPU Customer Services
Steve Hatcher, Customer Services Manager, TPU Customer Services
COPY: **City Council and City Clerk**
SUBJECT: Proposed TMC 12.01 Changes for Disconnect and Reconnect Fees
DATE: April 19, 2022

SUMMARY AND PURPOSE:

Tacoma Public Utilities (TPU) recommends a temporary, two-year waiver of certain disconnection and reconnection service fees listed in TMC 12.01. The proposed changes would waive the standard field visit fee, daytime reconnection fee, and provide a one-time waiver per customer of an after-hours reconnection fee, if those fees are assessed in the next two years due to non-payment of charges incurred before March 31, 2022 and if the utility customer establishes or reestablishes an extended payment plan related to such non-payment. The recommended changes would be in effect until May 31, 2024 and are consistent with Mayor Woodards' Emergency Rule No. 2, which was amended to ensure that late fees are not charged on balances incurred by utility customers during the period of the emergency.

BACKGROUND:

This Department's recommendation is based on Emergency Rule No. 2, effective March 16, 2020, which postponed utility shutoffs for nonpayment. Emergency Rule No. 2 was amended on September 28, 2021 to ensure that late fees are not charged on balances incurred during the period of emergency. Emergency Rule No. 2 was rescinded as of March 31, 2022. Customers with delinquent balances as of March 19, 2022 were automatically placed on 24-month extended payment plans and a procedure was adopted administratively to ensure that late fees would not be charged on balances incurred by utility customers during the period of the emergency. The intent of the proposed code change is to ensure, for a two year period, that those customers participating in an extended payment plan to retire delinquent balances incurred when utility disconnections were postponed are not charged field collection fees associated with those balances.

Separately, TPU begun installing Advanced Meters, many of which have remote disconnection and reconnection capabilities. Customers who receive an Advanced Meter will not be assessed these specific fees on remote disconnections and reconnections, which is another benefit of Advanced Meter deployment.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The state of emergency created by COVID-19 has had an unprecedented impact on our community and utility account recovery will require an unprecedented response. After significant dialog with the community and community leaders, 30,260 automatic, 24 month installment plans were created for TPU and/or City of Tacoma Environmental Services customers on March 19, 2022. Multiple outreach attempts have been made to impacted customers to explore available assistance, provide payment options and notify them of these installment plan



obligations. That said, it is still anticipate that disconnection for nonpayment will occur for a subset of these customers. When it does this measure will proactively ensure fee barriers will be removed that might otherwise prevent reconnection from occurring.

ALTERNATIVES:

This measure is being proposed proactively and is not required. An alternative would be to take no action and continue with current processes.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Leave the current code language intact and assess disconnect and reconnect fees on all customers with delinquent balances, regardless of if they are participating in a repayment plan.	1. Ensures cost of service recovery. 2. Ensures a financial incentive for customers to stay current with payments.	1. May create a financial barrier for extended payment plan customers to get services turned on. 2. Maintains fee variance, based on cost of service, between manually and remotely connected services.

EVALUATION AND FOLLOW UP:

TPU Customers Services will be providing monthly reporting on the success rate of the 30,260 automatic installment plans. We have identified other utilities that are also offering automatic installment plans and will provide as much benchmarking as is available so this rate can be evaluated. Further, overall progress on collecting open items (balances) will also be reported throughout the 24 months.

STAFF/SPONSOR RECOMMENDATION:

It is recommended that, from the effective date of the code change up to May 31, 2024, disconnection and reconnection fees due to non-payment be waived, as long as the utility customer has established or reestablished an extended payment plan related to non-payment of charges incurred before March 31, 2022.

FISCAL IMPACT:

As the proposed action is limited to customers specifically negotiating an extended payment plan, related to charges incurred before March 31, 2022, it is estimated that the loss of revenue will be negligible.

What Funding is being used to support the expense?

Additional funding is not anticipated or required.



City of Tacoma

City Council Action Memorandum

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

NO, PLEASE EXPLAIN BELOW

Additional funding is not required.

Are there financial costs or other impacts of not implementing the legislation?

YES

If we were to maintain the status quo we would continue to collect cost of service fees for reconnection and disconnection to offset expenses.

Will the legislation have an ongoing/recurring fiscal impact?

NO

The provision will end in 24 months.

Will the legislation change the City's FTE/personnel counts?

NO

ATTACHMENTS:

Proposed TMC language with recommendations redlined.