

ROCHESTER PUBLIC UTILITIES BOARD POLICY STATEMENT

POLICY SUBJECT: Billing, Credit, and Collections

POLICY OBJECTIVE

To protect the rights of all our customers, the following policies have been established for the billing, credit and collection of reliable electric and water services provided by Rochester Public Utilities (RPU), as well as any billings on behalf of the City or any other City departments.

BILLING

Monthly bills are issued for the following utility services; electric, water, and/or any billings on behalf of the City or other City Departments. Each utility meter is read on or near the same day each month so that approximately 28-30 days of usage is recorded. Bills are created, on average, within four (4) working days of the meter being read. The date the bill is created is known as the Billing Date. Customers have the option of receiving their bill via the US Postal service or electronically.

All utility charges for the services RPU provides are calculated in accordance with the *Rate Schedule* approved by the RPU Board of Directors and Rochester City Council. All utility charges for the services Rochester Public Works provides are calculated in accordance with City Ordinances that have been approved by the Rochester City Council. Additional charges such as the Disconnection or Meter Tampering fees are included in the *Miscellaneous Fees Schedule*.

FINAL BILL

It is the Customer's responsibility to notify RPU that service to an account address is ending at least three business days prior to the date of final service. A forwarding address must be provided. On the first business day or after the date specified by the Customer (excluding weekends and holidays), a reading will be made and a final bill will be calculated.

MISCELLANEOUS BILL

A Miscellaneous billing may include charges for materials, vendor-provided services, RPU labor and equipment and related overhead charges for service work, customer contributions in aid of capital construction, and/or the costs to repair damage to utility property. Miscellaneous charges billed will follow the same collection procedures as a monthly utility bill. An account will be created for those Customers without a utility account and will fall under the same collection procedures.

CREDIT AND COLLECTIONS

PAYMENT TERMS

All billing statements will have a Due Date for payment approximately three weeks after the Billing Date. RPU allocates standard payments over all unpaid charges, paying the oldest charges first, and then in order of service; Water, Electric, Waste Water, Storm Water, Service Assured and any other miscellaneous fees. Assistance payments from third parties will be applied per the agreement with the third-party assistance provider.

LATE PAYMENT FEE

All billing statements are due and payable on or before the Due Date. Bills not paid by the Due Date are subject to a late payment fee equal to 1.0% of the average outstanding balance for the current billing period or \$5, whichever is greater.. The late fee will be added to the Customer's outstanding account balance. If the average outstanding balance amount is \$20 or less, a late payment fee will not be added. In the event of a billing error, late payment fees will be removed from the account as determined by RPU staff.

PAYMENT OPTIONS

Budget Payment Plan

RPU offers a voluntary ***Budget Payment Plan*** as a convenience for qualifying Residential and Small General Service Customers. The Customer must have at least 12 months of utility bills at the service address and their account must be paid in full before signing up for this program. Upon annual reconciliation, credit balances or arrearage may be rolled over into the averaging amount for the upcoming year.

If the Customer becomes delinquent on the ***Budget Payment Plan***, the account will be removed from the ***Budget Payment Plan*** and returned to a regular payment status. Delinquencies may result in further collection action, if the account is not brought current. Customers that voluntarily remove themselves from their ***Budget Payment Plan*** will need 12 months of acceptable credit history to be eligible to go back on the ***Budget Payment Plan***.

The ***Budget Payment Plan*** is a pre-arranged payment schedule and therefore no other payment arrangements are available. Customers disconnected for non-payment are not eligible for the ***Budget Payment Plan***. Customers may become eligible to participate in the ***Budget Payment Plan*** program again after achieving an acceptable credit history as defined below.

Automatic Bill Payments

RPU will accept ***Automatic Bill Payments*** made directly from a Customer's checking or savings account or from a credit/debit card. These payments are withdrawn on the bill Due Date. The customer must fill out a *Billing Options* form supplied by RPU Customer Care advisors or online at www.rpu.org. The Customer will receive their monthly utility billing statement showing the payment amount to be withdrawn. The Customer may contact RPU's Customer Care advisors before the amount is withdrawn, if they do not agree with the billing or have questions.

If a Customer's payment is returned for insufficient funds or declined two times within 12 consecutive months, the Customer may be removed from the *Automatic Bill Payments* program. All conditions in the *RETURNED PAYMENTS* section will apply.

Payments on Disputed Amounts

Payments for disputed bills must be sent to or made at the RPU Service Center at 4000 East River Rd NE, Rochester, MN 55906. Payments received through the standard PO Box address that appears on the remittance stub may be returned to the Customer if payments and account balances per the remittance stub(s) do not match.

DEPOSITS

All Residential and Commercial Customers are required to pay a Deposit when initiating a new electric and/or water service(s) account or adding a new service to their existing account. The Deposit requirement for Customers will only be waived, if;

- 1) the Customer's credit rating meets the established criteria verified by a third party or;
- 2) the Customer has an existing account with an acceptable credit history as defined below, or;
- 3) the Commercial Customer provides a guarantee. A non-revocable letter of credit can be provided if it is for 36 months and equal to the deposit amount.

The customer must provide and authorize the use of their full and legitimate identity information, including a Social Security Number for an individual, proprietorship, or partnership; or a Federal Employer Identification Number for all persons or entities applying for or guaranteeing payment, to facilitate a credit check. If the customer is unable or unwilling to provide this information, a deposit in accordance with this deposit policy will be required.

The Deposit for Residential Customers will be calculated using the average of the previous 12 month's billing times two at the service address. If the service has been vacant, usage from previous years may be used to calculate the Deposit amount. If a prior history is not available for the service address, a Deposit will be based on use of a like type of Customer.

The Deposit for Commercial Customers will be calculated using the two highest month's bills from the previous 12 months at the service address if this is representative of the anticipated future use. If the service has been vacant, usage from previous years may be used to calculate the Deposit amount. If a prior history is not available for the service address, a Deposit will be based on use of a like type of Customer.

The Deposit payment is due before the service connection date. Refusal or failure by a Customer to satisfy the Deposit requirement(s) will result in discontinuance of service until such time as the Deposit has been paid. When payment is received for the Deposit, a communication will be delivered to the Customer specifying the conditions of when the Deposit will be refunded.

Deposit requirements for previous or existing Customers;

- 1) if a Customer has a previous balance written off as uncollectible and requests new service, the uncollected amount and the Deposit is due on or before the service connection date.

- 2) if a previous Customer, with no service currently, requests new service and they have more than one delinquent payment from their previous service within the most recent 24 months of account history for a Residential Customer or the most recent 36 months of account history for a Commercial Customer, a Deposit is due on or before the service connection date.
- 3) if a person is transferring service from one service address to another and a Deposit is required because of past payment history, the Deposit payment is due on or before the service connection date.
- 4) an existing Customer disconnected for non-payment may have a Deposit or Deposit upgrade required to be paid prior to the service reconnection.

ACCEPTABLE CREDIT HISTORY

An acceptable credit history is defined as meeting all of the requirements defined below within the past 24 months of account history for a Residential account and within the past 36 months of account history for all other accounts:

- No non-pay disconnections
- No more than 1 delinquent notices
- No more than 1 late payments
- No returned checks or declined electronic payments because of insufficient funds or closed accounts
- No delinquent outstanding balance(s) from a prior account
- No bankruptcies within 7 years
- No uncollectible balances outstanding
- No unpaid miscellaneous billings

BANKRUPTCY

Customers who file for bankruptcy will be subject to the bankruptcy law, in effect, at the time of their filing. Customers filing for bankruptcy will be required to provide a Deposit in order to continue service.

INTEREST

Interest on the Deposit will be applied to the Customer's account as a credit on their monthly billing statement at least once each calendar year. The interest rate is calculated and published as provided in Minnesota Statutes, Section 325E.02.

TRANSFERS

Deposits are non-transferable from one applicant to another and are only payable to the original applicant.

REFUNDS

Residential Deposits will be applied as a credit to the Customer's account at the end of 24 consecutive months, if an acceptable credit history has been established.

Commercial Deposits will be applied as a credit to the Customer's account at the end of 36 consecutive months, if an acceptable credit history has been established.

For Customers without an active service, the Deposit and interest will be applied to their final bill. Remaining credit balances will be refunded within 45 days after the termination of service.

RETURNED PAYMENTS

Payments by check or ACH that are returned for non-sufficient funds (NSF), account closed or credit/debits that are declined, may result in the Customer's account becoming delinquent. The Customer's account will be assessed a return fee, as established by the *Miscellaneous Fees Schedule*, and *Late Payment Fee*, if applicable.

The account will immediately be subject to the *Disconnection Procedure*. If the Customer has already been notified of a pending disconnection and their payment is returned by their bank, service will be disconnected without further notice.

A Customer with more than two (2) of any combination of the following: NSF or account closed checks, declined ACH payments, or declined credit/debit card payments; within a twelve (12) month period, will be required to make future payments in cash, money order, cashier's check, wire transfer or credit card until achieving an acceptable credit history as defined above.

OVERPAYMENT & UNDERPAYMENT

In the event a Customer overpays their utility bill, and is not delinquent, the overpaid amount will remain on the account and be applied to the next bill. Overpayments caused by payments made via check or ACH may be subject to a waiting period before a refund is issued to ensure funds clear the Customer's bank.

For overpayments and underpayments as a result of a billing error, refer to *Adjustment of Utility Services Billed*.

Partial payments, although accepted, will not prevent disconnection of utility service(s) unless other payment arrangements are made with RPU staff.

DELINQUENT ACCOUNTS AND DISCONNECTION OF SERVICE

PAST DUE ACCOUNTS

Unpaid accounts shall be considered past due on the first calendar day following the Due Date.

COLLECTION OF PAST DUE ACCOUNTS

When all administrative efforts at collecting a past due account have been exhausted, alternative collection methods may be used, including but not limited to legal action, utilizing collection agencies, and/or submitting a claim to the Local, State or Federal Revenue Recapture Programs.

RPU also reserves the right to assess delinquent electric, water, and/or any billings on behalf of the City or other City Department charges incurred by the property owner, against the property,

with Olmsted County through approved legal process for assessment, according to all state and local laws.

DISCONNECTION OF SERVICE

RPU shall attempt to collect delinquent accounts promptly. Where satisfactory arrangements for payment have not been made, and after notification requirements have been complied with, utility services will be disconnected.

Emergency Situations

Where it is necessary that the utility service be temporarily disconnected or connected to protect health, life or property, RPU will, at its discretion, take such action without charge or notice to the Customer.

COLD WEATHER RULE

From October 15 to April 15, RPU acknowledges and complies with the State of Minnesota Cold Weather Rule for Municipal Utilities under Minnesota Statutes, Section 216B.097.

DECEASED CUSTOMER

Upon death of a Customer, the service will be removed from that person's name as quickly as possible. As soon as the death of a Customer is known, RPU will send the family a letter giving them a sixty (60) day notice that the name needs to be changed on the account. In the event that service is not transferred within sixty (60) days, RPU reserves the right to discontinue service and apply the Deposit (if applicable) to all outstanding balances owed to RPU in the name of the deceased individual's account.

DISPUTES AND APPEAL

DISPUTED PROCESS

The Customer may dispute a bill that they feel is in error by calling or writing to RPU. We will investigate all disputes. We will not disconnect a service for non-payment of a disputed bill provided: (1) the Customer notifies us before the bill is delinquent and (2) the Customer pays all other undisputed charges when due.

APPEAL PROCESS

When a Customer is dissatisfied with action taken on his or her dispute, he or she has the right to appeal. A detailed written notice of the issue must be received by RPU within 30 days of the initial dispute. The appeal will be reviewed by RPU management to decide whether or not RPU policies and procedures have been administered properly on the Customer's behalf. Management will respond to the Customer with their findings and any further course of action, if needed.

METER TAMPERING

TAMPERING/THEFT

RPU follows Minnesota Statutes, Sections 325E.026 and 609.52 with regards to the unauthorized use of Utility meters and theft of service.

All connections to RPU's service equipment shall be made by RPU or RPU authorized personnel only. Unauthorized connections to or tampering with any RPU meter, associated equipment or meter seals, or indications or evidence thereof subjects the Customer to immediate discontinuance of service, prosecution under the laws of Minnesota, adjustment of prior bills for services rendered, and reimbursement to RPU for all legal and other expenses incurred on the account. Prior to service reconnection, Customer will be required to have an inspection of the meter completed at their own expense.

EFFECTIVE DATE OF POLICY:

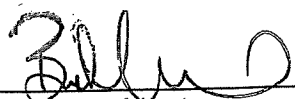
July 24, 1990

DATE OF POLICY REVISION:

December 17, 2019

May 25, 2021

POLICY APPROVAL:



Board President

5/27/21

Date

