

# LeGIT: Utility Fee Collections



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DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

Local Government Informational Tutorial

01/31/2025

What is our collection rate?

What happens if it's low?

How do we improve it?



## Utility Rate Setting

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# Utility Fee Collections

What is our collection rate?

$$\frac{\text{Amount Collected}}{\text{Amount Billed}} = \text{Collection Rate (\%)}$$



## Utility Rate Setting

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# Utility Fee Collections

What is our collection rate?

$$\frac{\$19,683}{\$20,000} = 98\%$$



## Utility Rate Setting

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# Utility Fee Collections

What is our collection rate?

$$\frac{\$14,089}{\$20,000} = 70\%$$



## Utility Rate Setting

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# Utility Fee Collections

What is our collection rate?

$$\frac{\$6,855}{\$20,000} = 34\%$$



## Utility Rate Setting

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Why are good collection tools important?



## Utility Rate Setting and Collections

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The blue box represents the total cost per month of your utility:

\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$

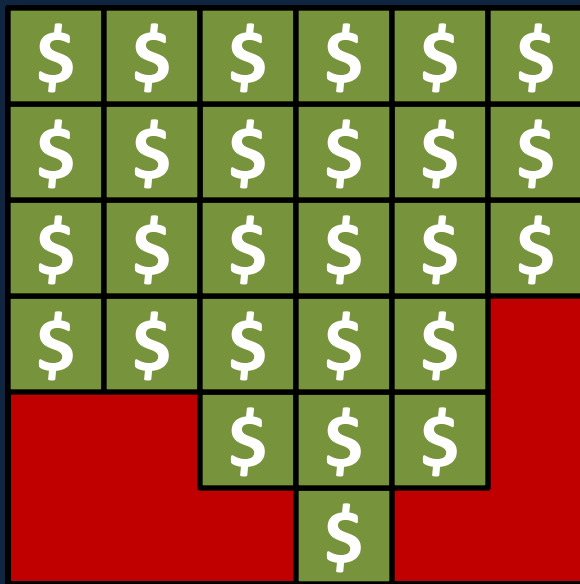
100% Collection Rate



\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$

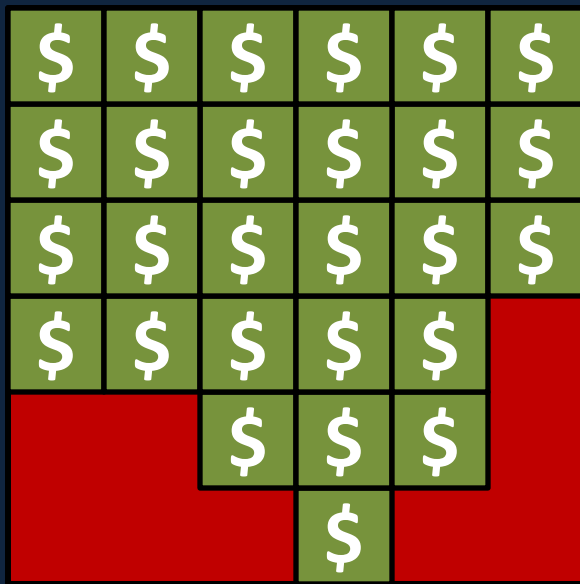
75%

~~100%~~ Collection Rate



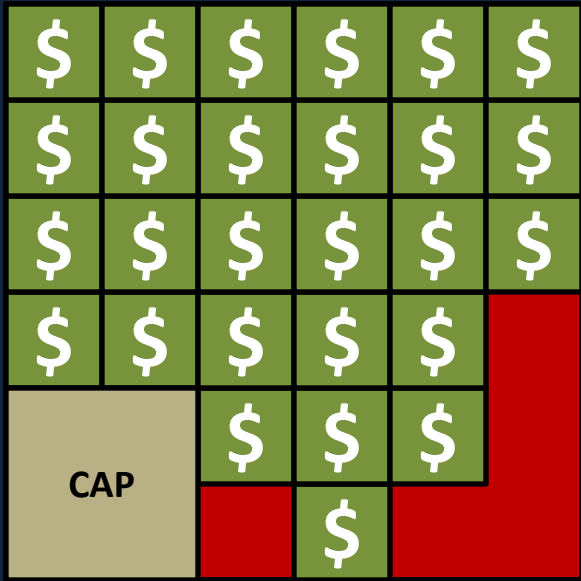
75%

~~100%~~ Collection Rate

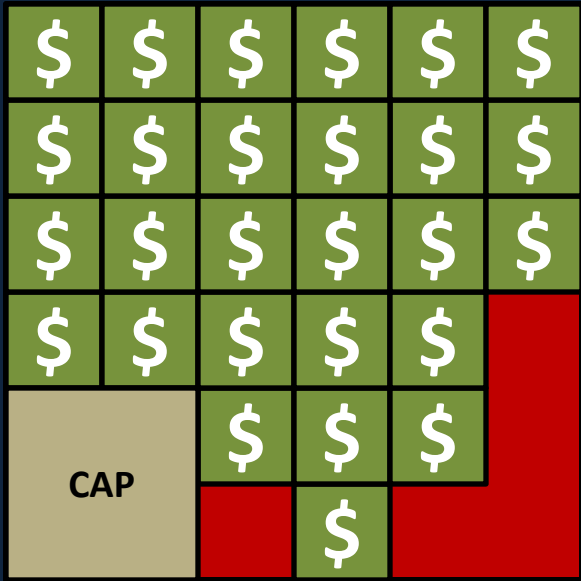


75%

~~100%~~ Collection Rate



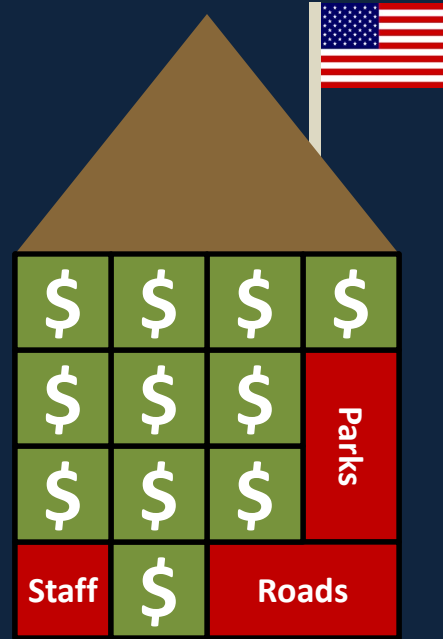
~~75%~~ 100% Collection Rate



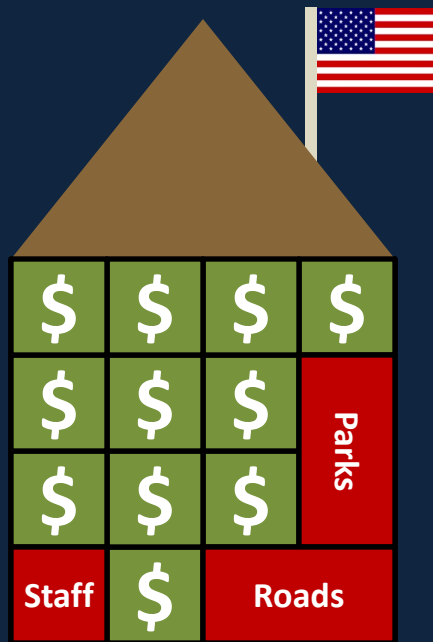
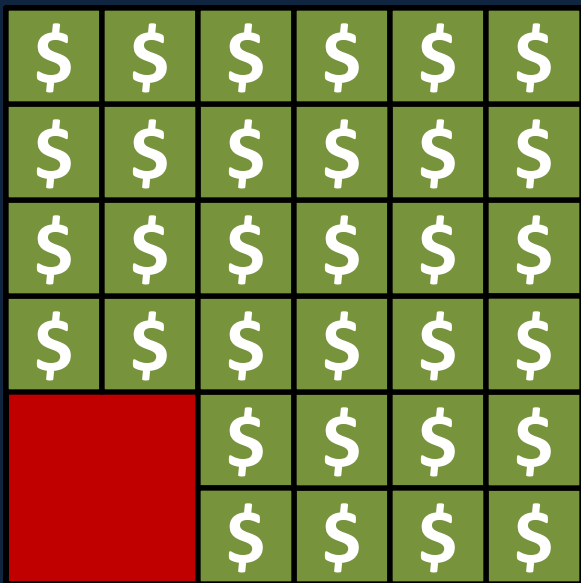
~~75%~~

100% Collection Rate

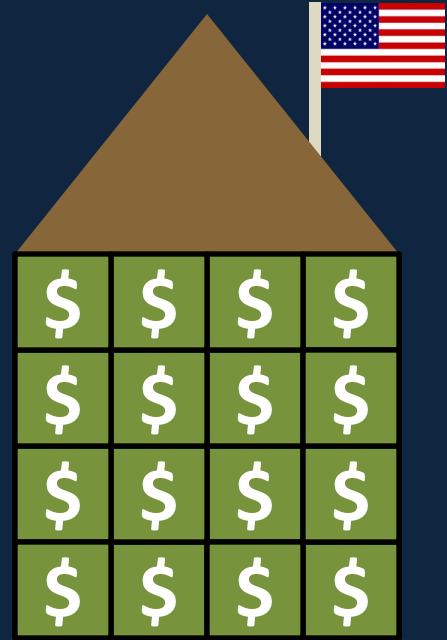
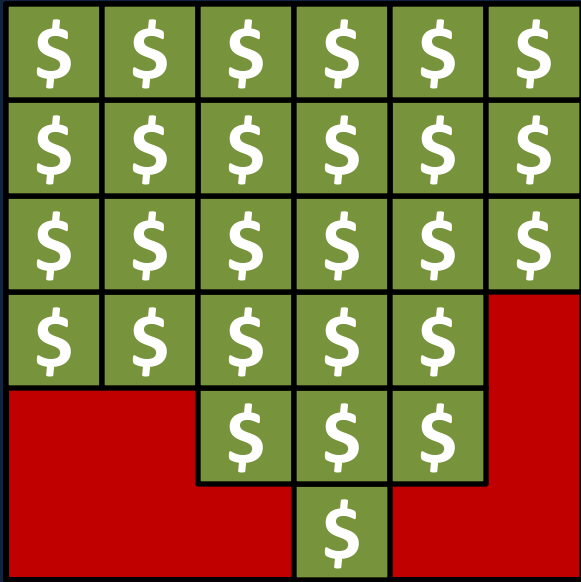
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$
CAP		\$	\$	\$	\$
		\$	\$	\$	\$



~~75%~~ 100% Collection Rate



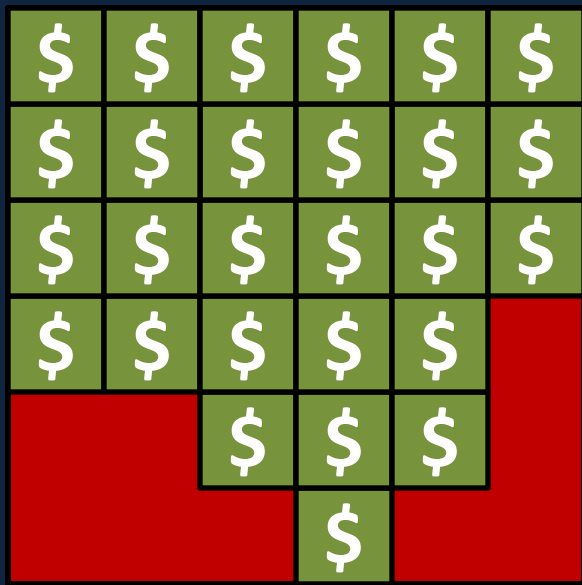
~~75%~~  
**100% Collection Rate**

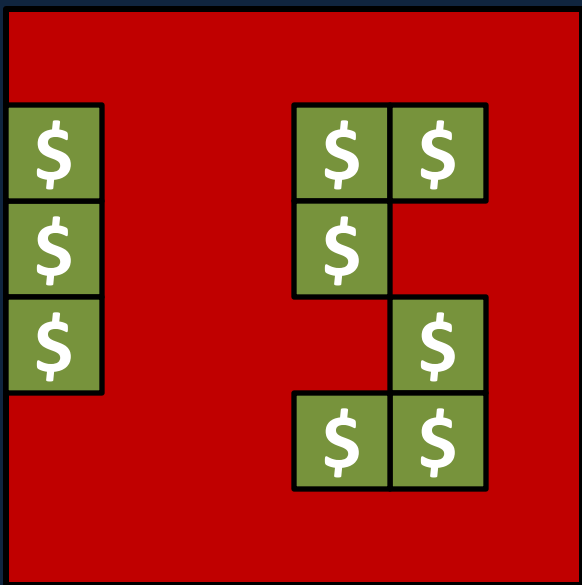


75%

~~100%~~ Collection Rate







\$\$\$\$	\$\$\$\$	\$\$\$\$
\$\$\$\$	\$\$\$\$	\$\$\$\$
\$\$\$\$	\$\$\$\$	\$\$\$\$

First off, reduce costs by:

Minimize  
water loss

Ensure  
meters  
work, if you  
have them

Use  
financial  
controls  
(budget &  
purchasing)

Look at  
service  
charges

Use cost-  
effective  
purchasing

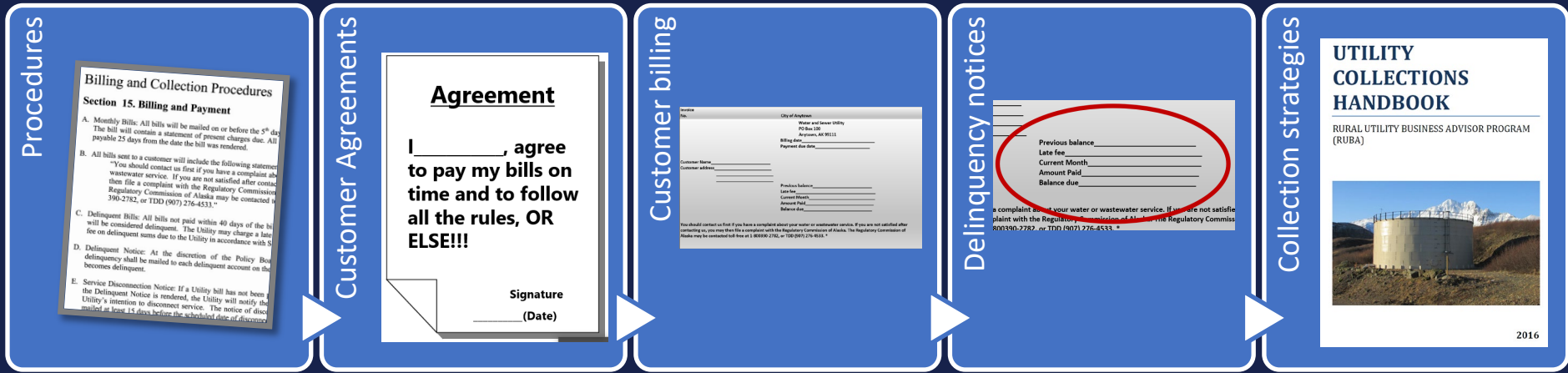
Review  
collections  
policies



## Utility Customer Payment Collections

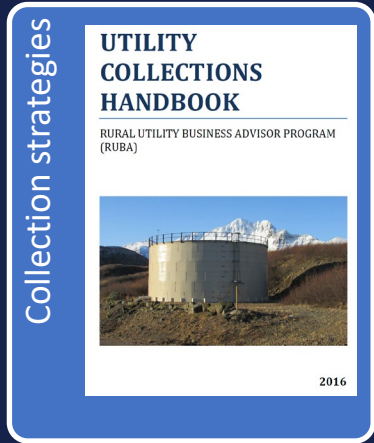
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## Next, ensure you have a good collection process in writing:



## Utility Customer Payment Collections

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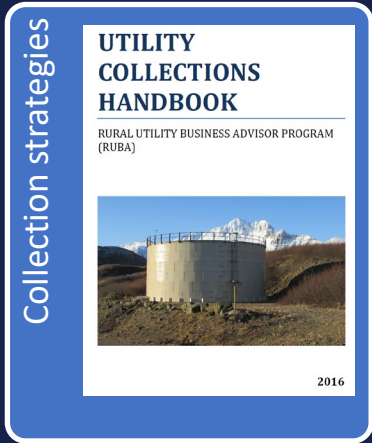
# Bundle Services

- Bingo: payment required prior to play; or winnings applied to delinquent payments.
- Electricity: bill together; delinquent accounts have services disconnected to whichever utility is easiest to disconnect.
- AMPY Cards: pay-per-use systems can apply a % of payments to other utilities.
- Oil & Gas: deny oil or gas service until all other accounts are paid up, or a payment is applied to delinquent accounts.
- Cable/internet/phone: bill together; delinquent accounts have services disconnected.



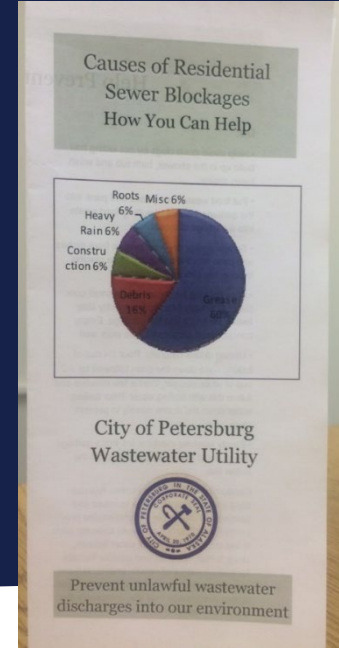
## Utility Customer Payment Collections

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# Information & Education

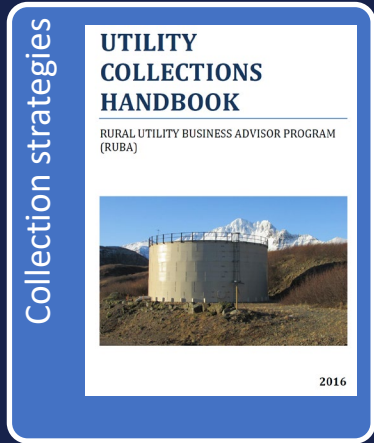
- Participate in community meetings.
- Offer tours of utility facilities.
- Participate in budgeting process.
- Share exciting news such as grants & expansion projects.
- Send informational brochures with bills.
- Distribute information at local events.
- Give presentations at schools.
- Student internships/apprenticeships.
- Share info on website.



## Utility Customer Payment Collections

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# Advance Payments

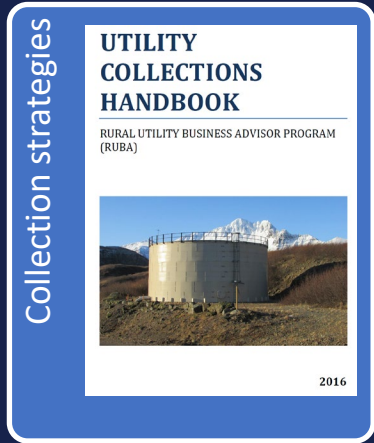
- Incentivize advance payments, especially for people with seasonal employment.



## Utility Rate Setting and Collections

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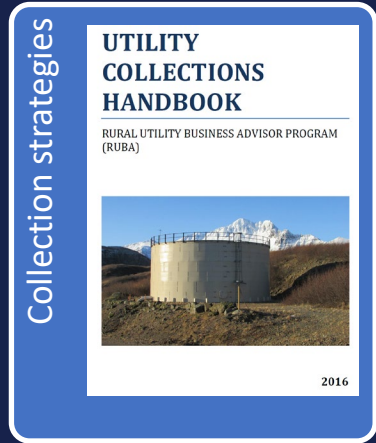
- Cash.
- Credit cards.
- Utility support providers.

# Payment Options



## Utility Customer Payment Collections

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## Late Costs

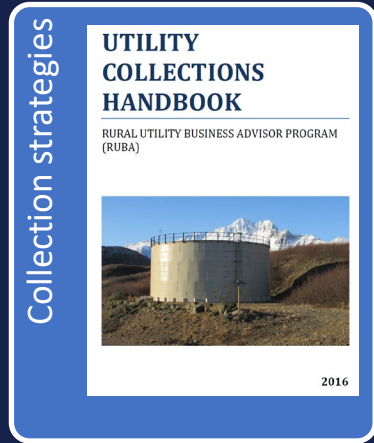
- Fines & Penalties: a dollar amount or percentage of bill added each month the bill is delinquent.
- Interest: a percentage of each delinquent bill added per month, based on the federal interest rate.
- Accounting software such as QuickBooks can do this automatically.



## Utility Customer Payment Collections

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# Payment Plans

- Customers sign agreements to repay past dues over a specified period of time and in a specified manner.
- Must make all current payments + an additional amount.
- Agreement states consequences for violating the payment agreement.
- May forgive late costs (fines, penalties, interest) as incentive.



## Utility Customer Payment Collections

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## UTILITY COLLECTIONS HANDBOOK

RURAL UTILITY BUSINESS ADVISOR PROGRAM (RUBA)



2016

# Voluntary Garnishment

- PFD.
- Public assistance.
- Paycheck, if an employee of the utility owner.



**myPFD**  
CLICK FOR INFO

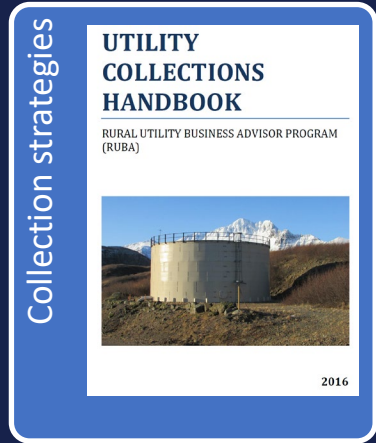
**myPFD** VIEW THE STATUS OF YOUR APPLICATIONS OR REPRINT YOUR SIGNATURE PAGE

**e-Sign** ATTACH AN APPLICATION E-SIGNATURE



## Utility Customer Payment Collections

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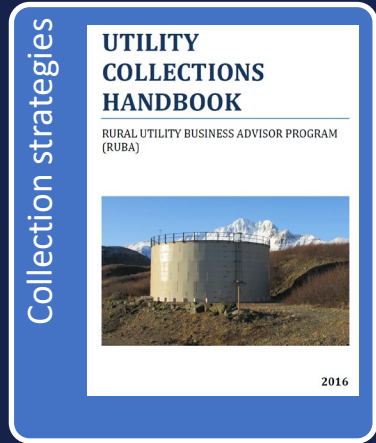
# Public Shaming

- For smaller communities, post the list of all utility customers and who has paid and who has not.
- For larger communities, post a list of delinquent customers and how much they owe.



## Utility Customer Payment Collections

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# Courts/Collections

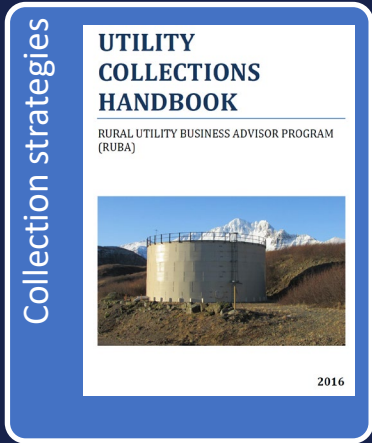
- Small claims court.
- Liens on properties.
- Collection Agencies (only ones certified by the Better Business Bureau).



## Utility Customer Payment Collections

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# Service Disconnection



## Utility Customer Payment Collections

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Utility Fee Collection

Rural Utility Business Advisors (RUBA)

Questions/Comments?

[ResourceDesk@alaska.gov](mailto:ResourceDesk@alaska.gov)



Utility Customer Payment Collections

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