

# **Credit & Collections Review for the City of Denton, Texas**



**August 2025**

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Business Process Review

# **BACKGROUND**

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## Project Scope & Work Completed

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The Ascent Group conducted a focused operational assessment of the Credit & Collections functions for the City of Denton with the goal of identifying action items or areas of focus for further improvement. A similar assessment was conducted in 2018.

### **Scope of Review:**

- Residential and Commercial revenue collection cycle and practices
- Customer Deposit policy and practices
- Leak Adjustment policy and practices
- Payment Plan policy and practices

### **Work Completed:**

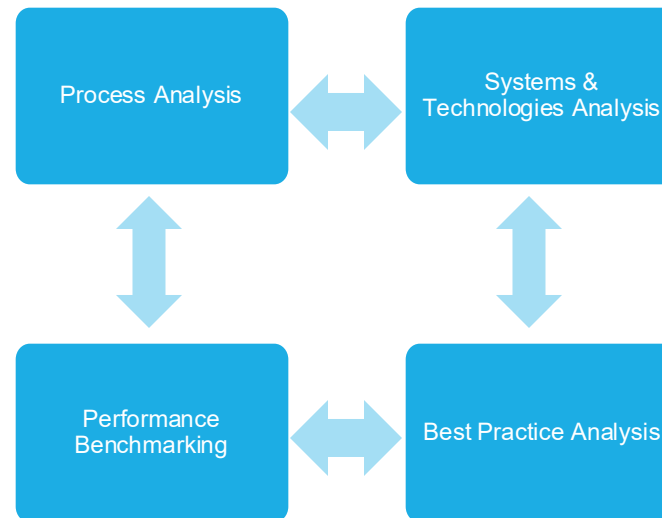
- Interviewed management and staff in Customer Service and Collections
- Reviewed business processes
- Listened to recorded customer calls
- Reviewed reports and business documents
- Gathered workload, cost, and performance data
- Benchmarked cost and service level performance to industry

# Project Approach



- Mobilize
- Work plan
- Communications
- Clarify expectations
- Identify sponsors & stakeholders
- Review data & results
- Schedule interviews & working sessions
- Initial data request
- Project management

## Work Plan



## Assessment Report

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Present Results to Management,  
Public Utility Board and City  
Council

# Denton Collection Practices Changes

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## 2011

Developed internal credit scoring and customer credit classes

Online Utility Exchange to verify identify and determine deposit based on credit risk

Shortened collections action timeline by 8 days

Deposit assessments quarterly based on internal credit rating

Refunded deposits for 12 months of good payment behavior

Began writing off bad debt at 180 days

Using the CIS to manage payment arrangements

Late fees increased to \$20

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## 2018

Lessened deposit requirements for average to higher risk credit classes

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Redefined credit class thresholds and internal credit points for collection actions

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Increased Plus One assistance funding and assistance available to individuals

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Credit & Collection Review

# **OPERATIONAL BENCHMARKS**

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## Benchmarks – Texas Municipal Utilities & U.S. Utilities

- We compared Denton's Credit and Collection practices to 23 other municipal utilities in Texas.

|                 |            |               |
|-----------------|------------|---------------|
| Arlington       | El Paso    | McKinney      |
| Austin          | Fort Worth | New Braunfels |
| Boerne          | Garland    | Plano         |
| Bryan           | Georgetown | Rowlett       |
| Carrollton      | Greenville | San Antonio   |
| College Station | Houston    | San Marcos    |
| Dallas          | Lewisville | San Marcos    |
| Denton          | Lubbock    |               |

- We compared Denton's Credit and Collection performance to our database of U.S. utilities:

| Type                           | Coop | Gas | IOU | Muni | Total |
|--------------------------------|------|-----|-----|------|-------|
| Electric / Gas / Water Utility |      |     | 1   | 2    | 3     |
| Electric / Gas Utility         |      |     | 21  | 1    | 22    |
| Electric / Water Utility       |      |     | 2   | 4    | 6     |
| Electric Utility               | 2    |     | 39  | 6    | 47    |
| Gas Utility                    | 1    | 3   | 13  | 1    | 18    |
| Water Utility                  |      |     | 1   | 14   | 15    |
| Grand Total                    | 3    | 3   | 77  | 28   | 111   |

- A list of benchmark utilities is included at the end of this section.



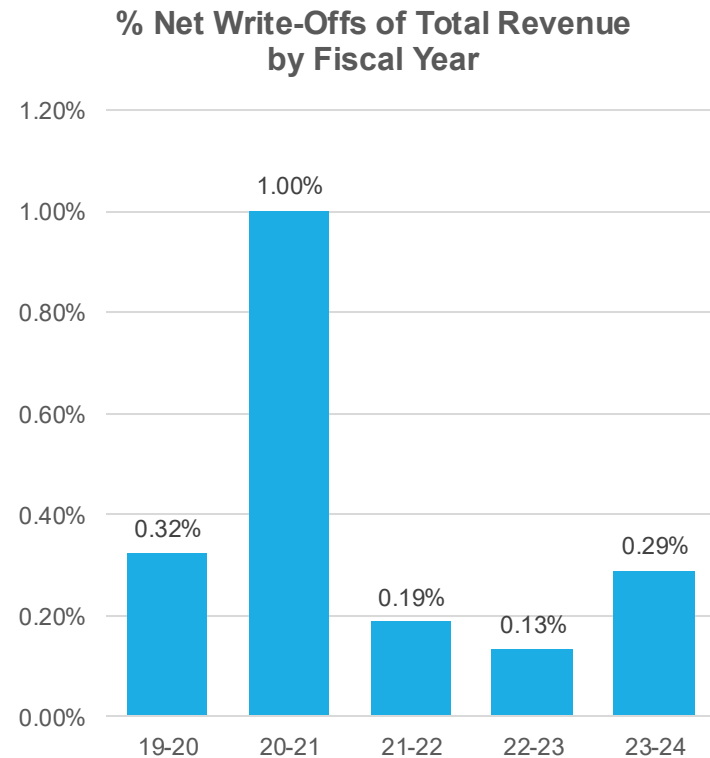
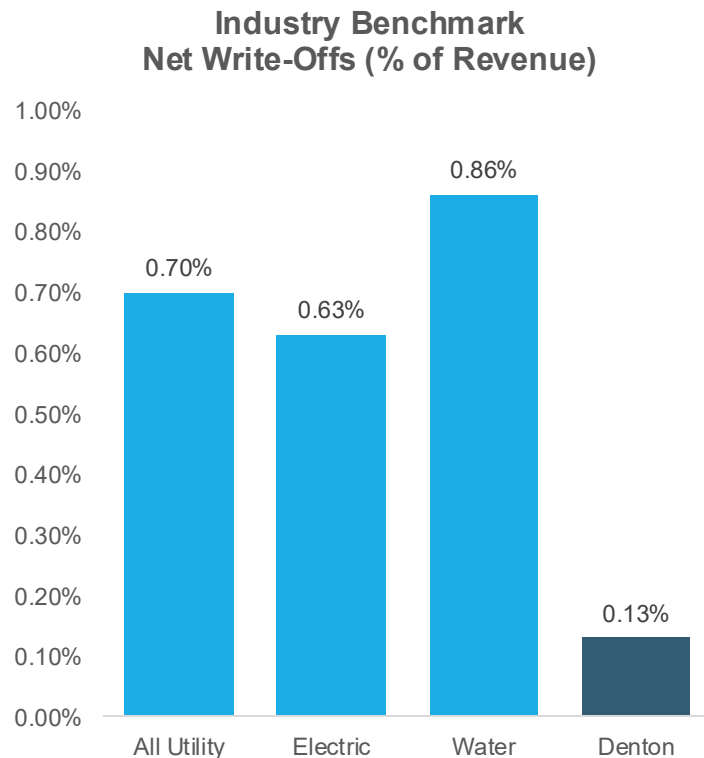
## Benchmarks – U.S. Utilities

We compared Denton's Credit and Collection performance to our benchmark panel using the following metrics:

| Metric                                    | Focus         | Definition   |
|---|---------------|--|
| % Net Write-Offs                          | Effectiveness | Uncollectible Accounts Receivables Written-Off (adjusted for recoveries) / Total Revenue |
| Days Sales Outstanding (DSO)              | Effectiveness | (Customer Receivables / Total Revenue) X days in period                                  |
| % Customer Receivables Older than 60 days | Effectiveness | Customer Receivables older than 60 days / Total Receivables                              |
| Collection Actions per FTE                | Productivity  | Number of Collection Actions / Collection FTEs   |
| Cost per Collection Action                | Unit Cost     | Collection Cost / Collection Actions   |

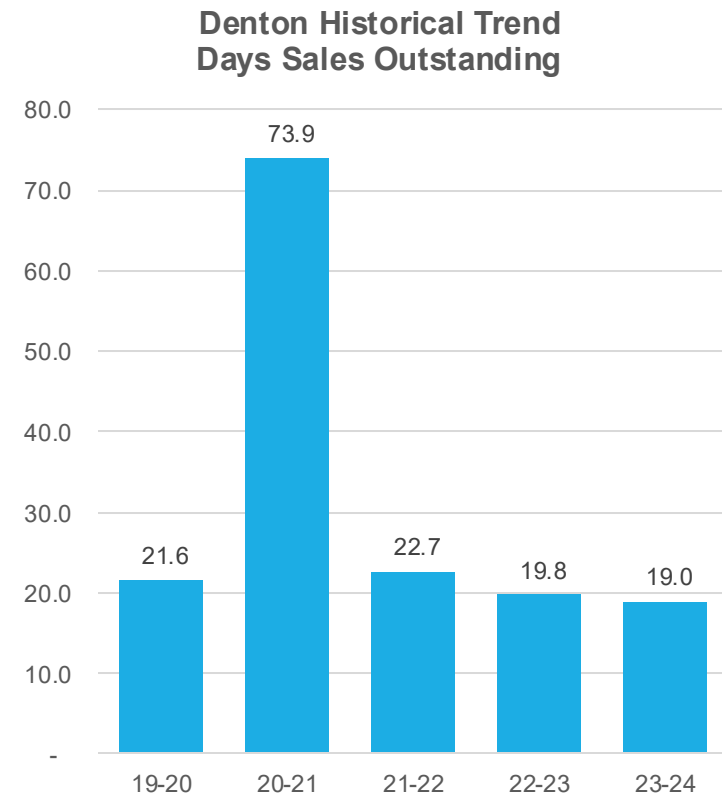
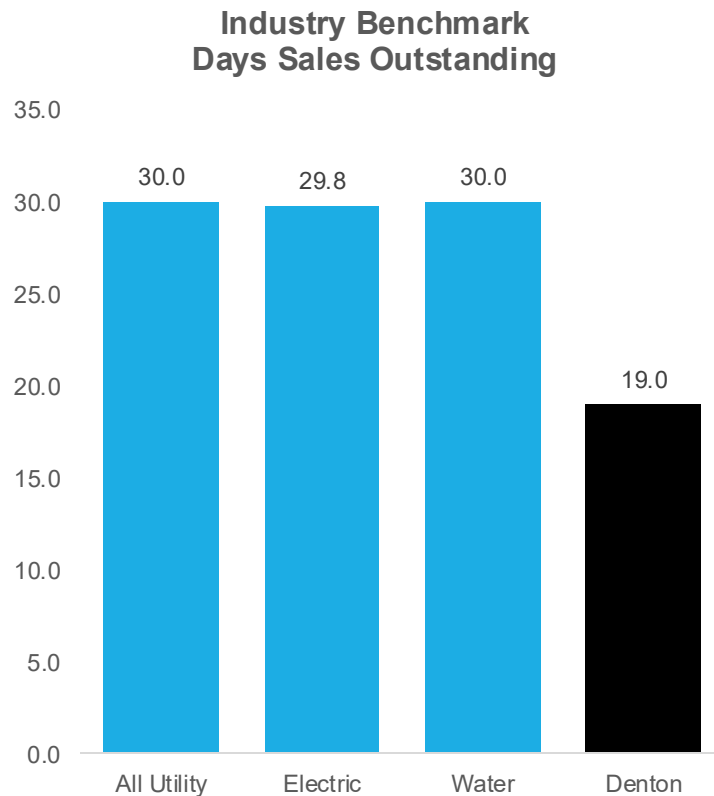
## Benchmarks – U.S. Utilities

- Denton leads benchmark panel for Percent of Net Write-Offs.
- Denton has progressively reduced net write-offs over the past five years.
- FY20-21 reflects impact of pandemic on bad debt.



## Benchmarks – U.S. Utilities

- Days Sales Outstanding (DSO) measures how long it takes to collect.
- Denton leads industry and historical is trending positive.

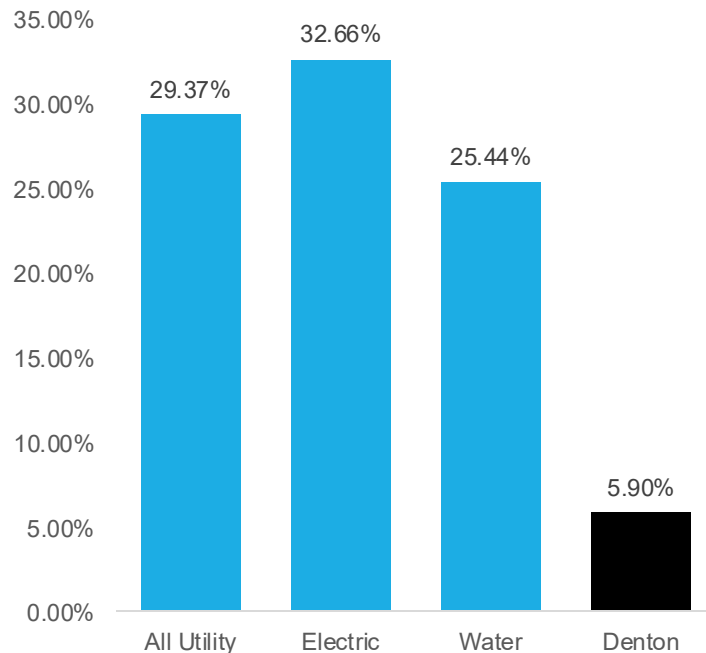


FY23-24 only 4 months of data

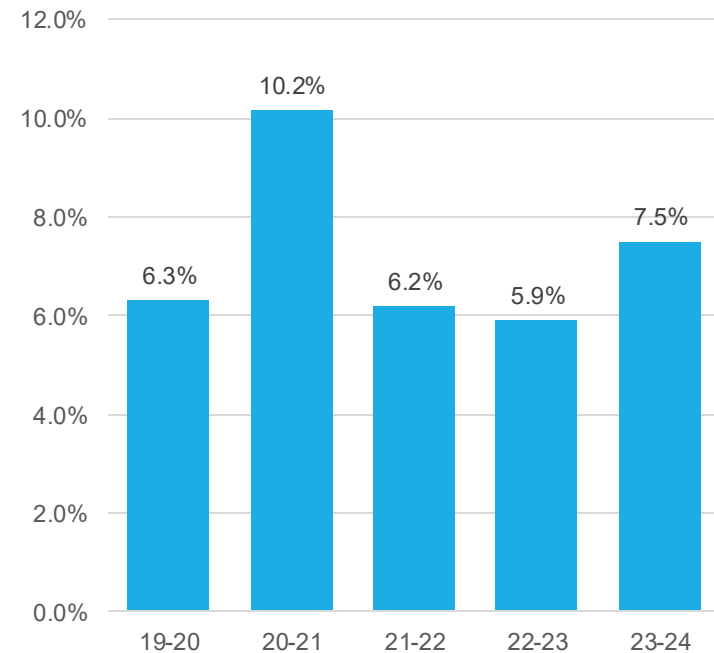
## Benchmarks – U.S. Utilities

- Denton well below industry benchmark for customer receivables 60-day or older.
- Customer receivables older than 60 days under 8% except during pandemic.

**Industry Benchmark  
Aged Receivables Under 60 Days**



**Denton Historical Trend  
Aged Receivables Under 60 Days**



FY23-24 only 4 months of data

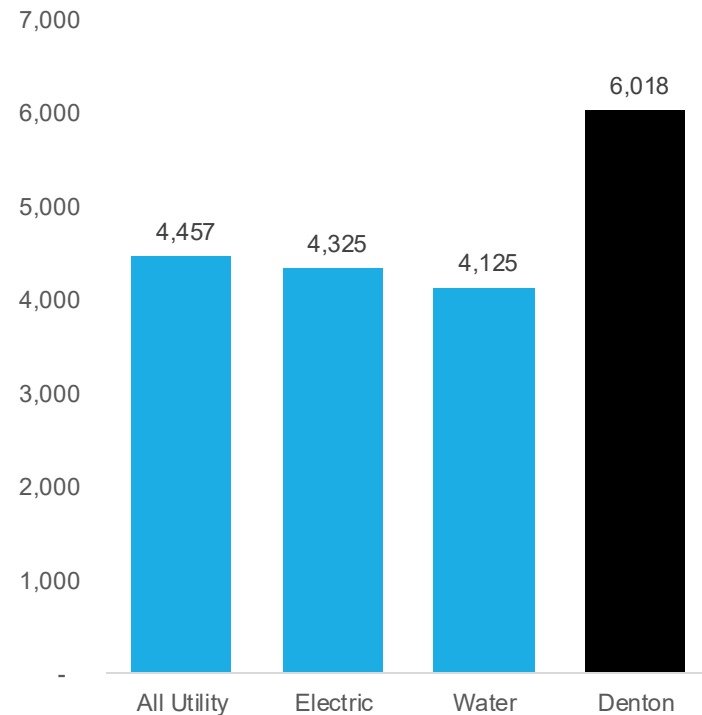
## Benchmarks – U.S. Utilities

- Denton's cost per collection action is better than industry as is collection productivity.

Industry Benchmark  
Cost per Collection Action



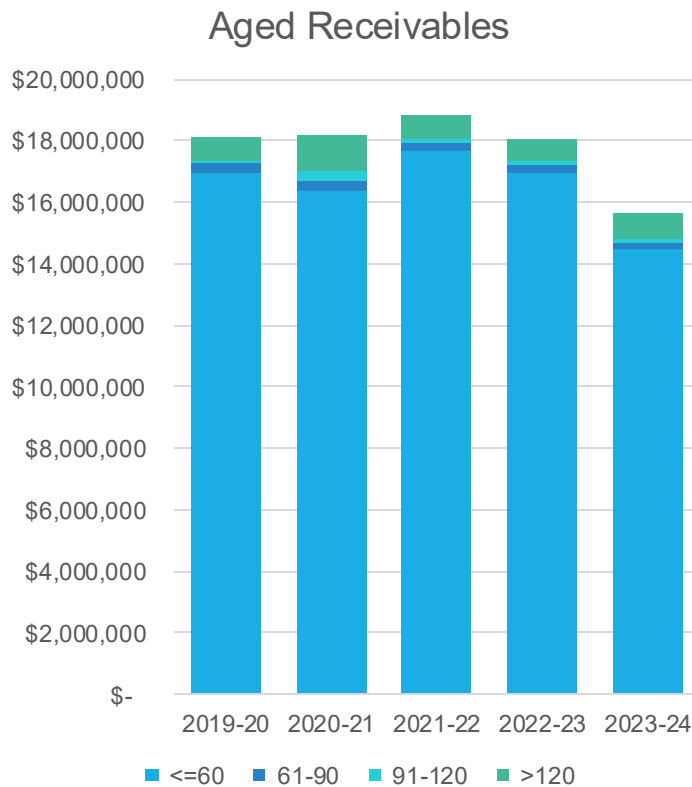
Industry Benchmark  
Collection Actions per FTE



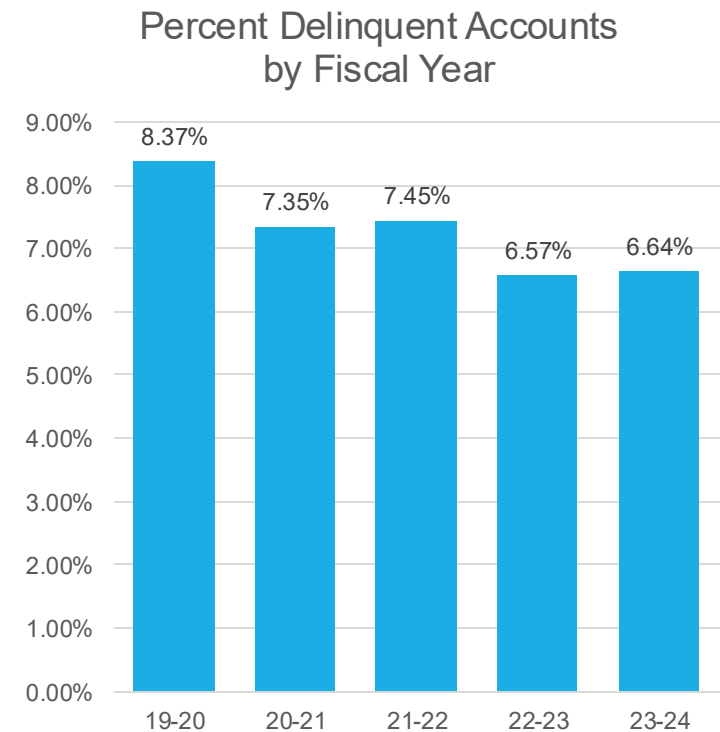
FY23-24 only 4 months of data

## Delinquencies and Arrearages have reduced

- Aged receivables are improving as the percent of delinquent accounts has declined.



FY23-24 only 4 months of data



FY23-24 only 4 months of data

# Benchmark Participants

|   |                                    |   |
|---|------------------------------------|---|
| AEP   | Eversource                         | Northern Indiana Public Service Co      |
| Alabama Power                                 | Exelon - Delmarva Power            | Northwestern Corporation                |
| Alliant Energy                                | Exelon Atlantic City Electric      | Nova Scotia Power                       |
| Ameren Illinois                               | Exelon BGE                         | NV Energy                               |
| Ameren MO                                     | Exelon ComEd                       | Oklahoma Gas and Electric Company       |
| Aquarion Water Co.                            | Exelon PECO Energy                 | Oklahoma Natural Gas                    |
| Arizona Public Service                        | FirstEnergy Corporation            | Orlando Utilities Commission            |
| Atmos Energy                                  | FirstEnergy JCP&L                  | Pacific Gas & Electric Company          |
| Austin Energy                                 | FirstEnergy Met-Ed                 | Pacific Power                           |
| Avista Utilities                              | FirstEnergy Mon Power              | Passaic Valley Water Commission         |
| Black Hills Power                             | FirstEnergy Ohio Edison            | Peninsula Light Company                 |
| CenterPoint Energy - Texas                    | FirstEnergy Penelec                | Peoples Natural Gas                     |
| Chelan County PUD                             | FirstEnergy Penn Power             | PHI - Pepco                             |
| Chesapeake Utilities                          | FirstEnergy Potomac Edison         | PNM Electric & Gas Services             |
| Chesterfield County Department of Utilities   | FirstEnergy Toledo Power           | Portland General Electric               |
| City of Boeme                                 | FirstEnergy West Penn Power        | PPL Electric Utilities                  |
| City of Clearwater                            | Florida Power & Light              | PPL Kentucky                            |
| City of Denton                                | Ft Worth Water Department          | PSE&G                                   |
| City of Independence Utilities                | Georgia Power Company              | PSEG Long Island                        |
| City of Long Beach                            | Golden Valley Electric Association | Sacramento Municipal Utilities District |
| City of Phoenix                               | Grant County PUD                   | San Antonio Water System                |
| City of Regina, Saskatchewan                  | Hawaiian Electric Company          | Sarasota County Environmental Services  |
| Clayton County Water Authority                | JEA                                | SD1                                     |
| Cleveland Water                               | Kansas Gas Service                 | SEMCO Energy, Inc.                      |
| College Station Utilities                     | Kentucky Utilities Company         | Southern California Edison              |
| Colorado Springs Utilities                    | Lakeland Electric                  | Southern California Gas                 |
| Consolidated Edison Company of New York, Inc. | Liberty Utilities - Empire         | Southern Company Gas                    |
| Consumers Energy                              | Liberty Utilities - NH             | Southwest Gas Corporation               |
| CPS Energy                                    | Louisville Gas & Electric          | Spire Alabama                           |
| Dominion Energy West Virginia                 | Louisville Water Company           | Spire Missouri                          |
| Dominion Gas                                  | Macon Water Authority              | Tampa Electric                          |
| Dominion Virginia Power                       | Madison Gas & Electric Company     | Texas Gas Service                       |
| DTE Energy                                    | National Grid - KEDLI              | Truckee Meadows Water Authority         |
| Duquesne Light                                | National Grid Massachusetts        | Tualatin Valley Water District          |
| East Central Energy                           | National Grid Upstate              | UGI Utilities, Inc.                     |
| El Paso Electric Company                      | New Jersey Natural Gas             | Washington Gas                          |
| Entergy                                       |                                    | Xcel Energy                             |

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Credit & Collection Review

# **POLICY BENCHMARKS**

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# Leak Adjustment Policy Benchmarks

## Texas Municipal Utilities

| City       | Eligibility   | Proof Required?   | Application Requirements  | Potential Adjustment Amount   | Limitations  | Pools & Irrigation leaks eligible?                                    |
|------------|---|---|---|---|--|---|
| Denton     | <p>Repaired within one month of detection, 60 days to submit proof, must be at least 50% higher than normal.</p> <p>Eligible if repair shows significant reduction in usage and plumbing permits were obtained and pass inspection.</p> | Yes, repair documentation with permit and permit inspection.  | Authorized account holder must submit Utility Assistance Form (online) with repair documentation.   | <p>Normal charges will be deducted from leak charges and 50% of the excess will be credited (up to 100Kg)</p> <p>Credits will be applied after one full leak-free month of billed service.</p>  | <p>One adjustment per year; may cover up to 2 consecutive months of water charges.</p> <p>Sprinklers, pools, water filtration units do not qualify for water adjustment but may for sewer adjustment.</p>  | No  |
| Garland    | Repairs must be completed and usage back to normal before submitting application.   | Proof of repair: receipts, photos, or plumber's bill.   | Submit Leak Adjustment Request with receipts, proof of repair within 6 months.  | Credit on water charges above normal usage  | Cannot exceed one adjustment per 12 months   | Not specifically excluded.  |
| Fort Worth | Residential leaks eligible if usage returns to normal after repair  | Repair receipts.  | Submit application within 60 days of repair with receipts   | 50% of excess usage at a max of two consecutive billing periods   | One adjustment per year. Adjustment only applies to water, not sewer   | No  |
| Dallas     | Substantial leak causing high usage eligible once per year  | Repair documentation  | <p>Complete form with repair details, account number, and related documentation</p> <p>Must pay typical bill during review period to avoid service disruption</p> | Recalculates excess water at the lowest rate, max of 3 months   | Limited to one adjustment per 12 months for a maximum of 3 months.   | No  |
| Austin     | <p>Eligible if leak repair shows return to average use</p> <p>Apply within 90 days of repair with proof of completed work</p>   | <p>Proof of work completed.</p> <p>For high volume adjustment, company investigates high usage and inspects meter and premise</p> | <p>Usage must be greater than or equal to 3X the normal usage</p> <p>Restricted to water consumption, not wastewater</p>  | <p>Credit calculated on excess usage; 50% of charges above normal will be credited; remainder will be adjusted to a discounted rate.</p> <p>Water leaks were not within customer's control and due diligence exercised in repairing leaks</p> | <p>Leak adjustment once per year for up to 2 consecutive billing periods. Sewer may be adjusted if lower volume charged.</p> <p>High volume adjustment limited to water usage up to 2 consecutive billing periods (once in 2 years and at least 4 months billing history).</p> | No, but irrigation system leaks may be eligible for sewer adjustment. |

# Leak Adjustment Policy Benchmarks

## Texas Municipal Utilities

| City            | Eligibility   | Proof Required?   | Application Requirements   | Potential Adjustment Amount   | Limitations  | Pools & Irrigation leaks eligible?                                    |
|-----------------|---|---|--|---|--|---|
| San Antonio     | Allowed for substantial water loss due to leaks, with completed repair. Receipts must be submitted within 90 days of repairs                | Provide documentation of repair and water usage details                           |  | Percentage of excess usage may be credited.<br><br>Courtesy adjustment up to 25% of the excess usage.   | Limited to 1 annually<br><br>Adjustments are discretionary; sewer charges are not adjusted   | Yes, both may be eligible.  |
| Houston         | Significant leak causing high bill eligible for residential accounts<br><br>File within 6 months a sworn written application of the repair. | Requires proof of complete repair, must resume normal usage after repair          | Application with repair documentation and receipts required<br><br>Leak balance must be greater than \$1000.00 or \$100 for elderly customers. | 100% repaired 30 days<br>75% repaired 60 days<br>50% repaired after 60 days; 100% credit on excess wastewater charges.<br><br>Account may be reduced by up to \$10,000 of an Exceptional Circumstance Adjustment (once) | Up to 3 consecutive months. Multiple leak adjustments per year.<br><br>Exceptional circumstances (2X average) 1 in 2 years.<br><br>Large bill (200% or greater than average) 1 per year - - adjusted to 125% of average. | No, but irrigation system leaks may be eligible for sewer adjustment. |
| College Station | Submit completed application with documentation within 60 days.   | Proof of repair.  | Must have an active account and proof of leak repair.<br><br>Written request   | 50% of the amount over average use for the last 12 months<br><br>Adjustments are based on prior consumption.  | Adjustments for one month's bill, not exceeding 50% of usage.<br><br>Only one adjustment per year.   | No, but irrigation system leaks may be eligible for sewer adjustment. |
| Arlington       | Proof of repairs and a request must be made within 90 days of the leak detection.   | Proof of repair is required, receipts or plumber's statement.<br><br>Residential. | Only residential accounts are eligible.  | Water usage must exceed 2X normal usage of same period over prior 3 years or twice the city average for customers without 3 years service (200%)  | One adjustment over two years.<br><br>Within past 90 days but limited to 2 consecutive months.   | No, but irrigation system leaks may be eligible for sewer adjustment. |

# Leak Adjustment Policy Benchmarks

## Texas Municipal Utilities

| City        | Eligibility  | Proof Required?  | Application Requirements  | Potential Adjustment Amount   | Limitations  | Pools & Irrigation leaks eligible?   |
|-------------|--|--|---|---|--|--|
| Georgetown  | Written request required with repair details.                      | Yes, repair receipts and verification by field personnel.                                | Residential and non-residential accounts can be eligible.<br><br>Non-residential customers must have more than 12 months continuous active water and/or sewer service and high usage must exceed 3X average monthly bill. | Residential customers (>1 year service) up to 50% of excess over system average usage (not to exceed \$250). Excess based on system average of 5,000 gallons per month usage for new customers.<br><br>Non-residential will be adjusted based on the excess | One adjustment per 12 months and 2 in five years.<br><br>Sewer can be adjusted if watering new landscaping or filling a swimming pool (only one month usage adjusted). | No, but irrigation system leaks may be eligible for sewer adjustment.            |
| Lubbock     | Application must be filed within 30 of leak's detection.           | Must provide repair receipts and demonstrate the leak was fixed.                         | Active accounts in good standing only.  | 50% of the overage for one billing period<br><br>Adjustments are capped based on historical averages  | One adjustment a year.   | Irrigation systems are not eligible however pools are not specifically excluded. |
| San Marcos  | Request must be submitted within 30 days of the leak's detection.. | Must provide proof of repair documentation, receipts or statement from a plumber, photos | Active accounts in good standing only.  | Credit up to 50% of the excess usage<br><br>10-14 days to process application.  | Adjustments are limited to one annually, up to 2 consecutive months adjusted. Not more than 2 months retroactively.  | No.  |
| Weatherford | Submit completed leaks within 60 days.                             | Must provide proof of leak repair and past consumption records.                          | Only available for leaks not caused by customer negligence.   | Credit for one billing cycle, up to 50% of excess usage   | One adjustment allowed every 12 months, maximum two months billed.   | No.  |

# Leak Adjustment Policy Benchmarks

## Texas Municipal Utilities

| City       | Eligibility   | Proof Required?   | Application Requirements  | Potential Adjustment Amount  | Limitations   | Pools & Irrigation leaks eligible? |
|------------|---|---|---|--|---|------------------------------------|
| El Paso    | Written request required along with explanation of repair; must occur within 60 days. | Show reduced consumption in subsequent month.   | Account holder. All customers are eligible and automatically opted-into ServLine Leak Protection Program.<br><br>More than 10 ccfs excess usage | 50 percent of the difference above standard use of same billing cycle a year ago<br>If customer participates and pays for Leak Protection Program covers up to \$1000 in leaks (ServeLine) but same basic limitations as normal leak adjustment. | Limited to one adjustment per 24 months.<br><br>Up to 2 consecutive months of usage.<br><br>Does not apply to sewer or other services.      | No                                 |
| Boerne     | Submit application  | Documentation of repairs needed and completed form.   | During Dec-Mar indicate if excess usage impacted sewer usage for possible sewer adjustment.   | Up to 50% adjustment of excess as compared to average usage (over Jan-Mar)<br><br>If usage is 50% higher than normal usage.  | One adjustment per year.  | Not specifically excluded.         |
| Carrollton | Submit application within 90 days of bill with leak.                                  | Proof of repair within 3 months of leak's detection.<br><br>Leak-free billing period confirmed. | Customer of Record.<br><br>Not pools or other manageable acts.<br><br>No adjustment if not repaired within 6 billing periods.                   | 60% adjustment for water leak outside sewer, difference between leak and average usage over same month for 2 prior years.<br><br>50% of the difference if inside sewer.  | One per 12 months, two within 60 months.<br><br>Up to two months of consecutive usage adjusted.<br><br>Not for irrigation systems or pools. | No.                                |

# Leak Adjustment Policy Benchmarks

## Texas Municipal Utilities

| City       | Eligibility  | Proof Required?   | Application Requirements   | Potential Adjustment Amount  | Limitations  | Pools & Irrigation leaks eligible?  |
|------------|--|---|--|--|--|---|
| Greenville | Application with proof of repair.<br><br>No timeframe indicated.   | Proof of repair, plumber receipt or statement or notarized statement detailing self-repair. | Residential accounts only, 3 months of billing history at the location.<br><br>Concealed leaks.  | If approved, water usage will be charge at production cost of \$1.45 per 1,000 gallons.  | One adjustment in 2 years.   | Not specifically excluded.  |
| McKinney   | Submit adjustment form within 60 days of repair date.  | Proof of repair.  | Three times normal bill during same period of prior year.  |  | One adjustment within 12 months  | Not specifically excluded.  |
| Plano      | Request must be submitted within 90 days of repair.<br><br>Submit application within 6 months of repair. | Proof of repair required.<br><br>Verified by AMI meter reading data                         | Account in good standing.<br><br>Leak must exceed 30,000 gallons over average usage on a single statement.   |  | Limited to three billing statements, excess determined based on average consumption.<br><br>One adjustment every 2 years.  | Pools are not eligible. Irrigation systems are not specifically excluded. |
| Lewisville | Repair within 30 days of detection, submit application withing 60 days of bill.                          | Proof of repair.  | Customer of record.<br><br>Hidden leaks only. Submit written request with proof of repair.<br><br>Substantial increase in water or one that impacts the three-month winter average period. | In excess of 100% of average water usage for same month over 3 prior years.<br><br>Bill average of two monthly water usage levels billed immediately preceding the excess usage. | One in 12 months, up to two consecutive months.<br><br>Sewer adjustment for one month usage, during November to February and no adjustment for water or sewer within prior 6 months. | Not specifically excluded.  |

## Leak Adjustment Policy Review

### Current Policy/Process

- Low customer eligibility.
- Language excludes renters.
- Policy not aligned with benchmarks from other cities in Texas:
  - Process is hard-coded in Ordinance
  - Permit requirement
  - Short filing time
  - Restrictive policy in comparison

### Recommended Changes

- Proposed redlines to ordinance are appropriate and will provide needed flexibility to enhance and change Leak Adjustment policy and process going forward without requiring changes to ordinance.
- Eligibility should continue be determined systematically and consistently.
- Discretion to handle individual situational exceptions without City Council approval.
- Self-service application process should be intuitive and offer payment plan options to eligible customers.
- Once Water AMI is available, it will shorten time to identify leaks and alert customers sooner to reduce amounts adjusted.
- Water AMI should be used to verify leak resolution.

# Commercial Deposit Policy Benchmarks

## Texas Municipal Utilities

| City            | Amount  | Waivers   | Refunded When?   |
|-----------------|---|---|--|
| Arlington       | 2.5X or minimum of \$300  | No waivers  | Account Closure  |
| Austin          | 1/6 average bill  | Letter of Reference or Good Credit History  | 24 months good status  |
| Boerne          | 1/6 <sup>th</sup> average annual usage charges  |   | 36 months if no more than 2 past due payments  |
| Bryan           | Minimum \$175 electric, \$85 water, \$50 solid waste (or 1/8 annual billing)                                |   | 24 months good standing  |
| Carrollton      | \$100 or 1/6th average annual usage   |   | Account closure for commercial and apartments.                                       |
| College Station | 2X monthly bill   | Letter of credit  | 24 months no late payments, returned checks or disconnects non-pay.                  |
| Dallas          | 1/6 <sup>th</sup> annual billings   |   | 12 months good standing  |
| Denton          | 2 X Average Bill  | Irrevocable letter of credit  | Account Closure  |
| El Paso         | \$150 Commercial, \$500 Industrial; 2x average for poor payment history                                     |   | Account closure  |
| Fort Worth      | Varies  | No waivers  | Account Closure  |
| Garland         | Varies  | Established acceptable credit.  | 12 months acceptable pay history   |
| Georgetown      | 2X or minimum of \$300  | Letter of Credit or AutoPay for 12 months   | 12 months good status  |
| Greenville      | \$250 min for electric, \$40 garbage, \$150 water and up to 2 or 3x highest bill depending on credit score. | Experian good credit score  | 24 months with no cuts for non-payment and no more than 2 late payments              |
| Houston         | Varies  | Surety bonds for \$5000 or more deposits.   | Account closure  |
| Lewisville      | \$150 to 1,850 based on meter size  | None.   | Account closure  |
| Lubbock         | \$550   | Letter of Credit  | 12 months good status  |
| McKinney        | 2 months or minimum of \$100  |   | Account closure.   |
| New Braunfels   | 2x average bill   | Irrevocable letter of credit or small business customers with 24 months good credit history | 36 months good standing for small commercials, life of account for large commercial. |
| Plano           | 1 month or \$100  |   | 36 months in good standing   |
| Rowlett         | \$150   | Letter of credit  | Account closure  |
| San Antonio     | \$100 to \$800 depending on meter size.   |   | 12 months of good payment history.   |
| San Marcos      | Electric is 1/6 <sup>th</sup> (\$50 min), Water is \$50, Sewer is \$50, and Garbage is \$35                 | Letter of credit  | 12 months good status  |

## Commercial Deposit Policy Review

### Current Policy/Process

- Denton's 2x average bill deposit requirement is consistent with peers
- Application of deposit interest is consistent with peers.
- Current Ordinance requires manual screening on all deposit refunds.
- Denton's policy to retain deposits for the life of the account is not aligned with benchmarks from other cities in Texas.
  - Most return deposits with 1 to 2 years, with good payment history.

### Recommended Changes

- Return commercial deposits, with deposit interest, after 2 years total service and at least 12 consecutive months of excellent payment history:
  - Account is current
  - "A" credit rating
  - No disconnections for non-payment
  - No meter tampering



# Payment Arrangement Policy Benchmarks

## Texas Municipal Utilities

| City            | Eligibility   | Type Arrangement   | Down Payment                    | Duration             |
|-----------------|---|--|---------------------------------|----------------------|
| Denton          | If payment arrangement are broken twice in 12 months, must wait another 12 months before another payment arrangement. | Payment extension and payment arrangement  | 50% down                        | 3 months             |
| Garland         |   | Payment extension  |                                 |                      |
| Fort Worth      | No broken arrangements<br><br>Elderly and disabled receive standard 10-day extension                                  | Payment arrangement and extensions   |                                 | 10-day               |
| Dallas          |   | Payment plan and online platform launched in August 2024   |                                 | Up to 6 months       |
| Austin          | Max of 8 months terms with down payment for "subject to disconnection" status customers.                              | Deferred payment arrangement   | Up to 50% down (due in 15 days) | Up to 24 months      |
| San Antonio     | Customers can apply online or by phone. No prior broken promises  |  |                                 | 3, 6, 9 months       |
| Houston         |   | Deferred payment arrangement   |                                 |                      |
| College Station |   | Payment arrangement  |                                 |                      |
| Arlington       |   | Payment extensions and plans   |                                 |                      |
| Georgetown      | \$15 administrative fee   | Repayment plan for unique circumstances (substantial water leak or electrical equipment malfunction) |                                 | Up to 6 months       |
| Lubbock         |   | "Pay in 6 Plan"  |                                 | Up to 6 installments |
| San Marcos      | Request no later than 1 day prior to the date an account is subject to disconnection                                  | Extended payment arrangements  |                                 |                      |

# Payment Arrangement Policy Benchmarks

## Texas Municipal Utilities

| City       | Eligibility   | Type Arrangement                                       | Down Payment   | Duration   |
|------------|---|--|--|--|
| Greenville | Extensions of not more than fourteen (14) calendar days from the last day to pay will only be allowed for two (2) billings during a rolling twelve (12) month period. No extensions will be allowed on first bills nor extensions on top of extensions, nor bills containing additional deposits. | Payment extension                                      |  | 14 days  |
| El Paso    |   | Up to 6 installments                                   |  | 6 months   |
| Boerne     | Payment extensions and contract payment plans<br><br>Deferred Deposit Installment Plan  | One payment extension per year                         | 25% of the balance at payment extension contract signing.<br><br>Additional deposit payment plan | Up to 5 months on the deferred deposit installment plan for additional deposits. |
| Carrollton | 14-day extension or 45-day payment extension  | Payment extension                                      |  | 14 days or 45 day extensions.  |
| Lewisville | Request made in writing   | Service extension agreement                            | 15% of balance   | Up to 6 months   |
| McKinney   | Not on first bill<br>Request prior to extension date, no disconnects or returned payments in past 6 months, only allow 2 non-consecutive requests per year  | 19-day automatic payment extension<br><br>Payment plan | 50% of the balance for the payment plan  | 19 days for extension<br><br>Up to 12 installments                               |
| Plano      |   | 30-day extension no approval needed                    |  | 30 days  |
| Rowlett    | Available once every 3 months, extensions cannot be consecutive, signed agreement, 12 months without broken agreement.  | 10-day extension                                       |  | 10 days  |

## Payment Arrangement Policy Review

### Current Policy/Process

- 5-day extensions are available to customers, but employees must manually calculate the due date of the extension (5 days past interruption date) which is time consuming and prone to mistakes.
- Multi-month arrangements (up to 3 months) with 50% of outstanding balance are available, one every six months.
- Only one extension or multi-month arrangement is allowed in six months.
- Ordinance states that payment arrangement guidelines will be established by the City Council and on file in the City Secretary's office.

### Recommended Changes

- Match due date of payment extension to next bill due date.
- Payment arrangement can be made for up to 3 months with 50% down.
- Do not limit the number of allowed payment arrangements if arrangements are not broken.
- However, if broken twice in 12 months, the customer must wait 12 months before entering another payment arrangement.
- Ordinance should be updated to require payment extension and arrangement guidelines to be approved by the City Manager and on file with the City Secretary. City Council should be notified of any changes prior to implementation.
- Discretion to handle individual situational exceptions without City Council approval.

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Credit & Collection Review

# **FINDINGS & RECOMMENDATIONS**

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## Continued Best Practice Success

### **Denton Continues to Improve Collections Effectiveness:**

- Compares favorably to other municipalities in Texas and nationwide.
- Bad debt has declined significantly.
- Customers have more options to self-serve.
- AML meters provide billing data sooner, remote connect/disconnect capabilities.
- Increased participation in Pay As You Go program.
- More funding available for P L U S assistance program.
- Liens now used for delinquent drainage accounts.

## Growth & Opportunity

- Implement recommended changes to make policies more responsive to customer needs and less onerous to change for:
  - Leak Adjustments
  - Commercial Deposits
  - Payment Arrangements
- Investigate the option to apply outside collection fees on customers' final accounts (with proper notification) prior to sending accounts to outside collections.
- Continue to expand IVR and Web self-service options.
- Continue investigating options to help payment-challenged customers reduce bills.
- Expand customer outreach for crisis assistance.

