



Utility Billing Update

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Background & Objectives

Background: City Council approved funding for an updated review of utility billing and collections processes and policy to ensure practices are competitive with the industry and continue Denton's history of excellence in performance.

Objectives:

Benchmarking & Revenue Trends

- Comparison of Denton Performance to Industry
- Review of Year Over Year Revenue Trends
- Overall Findings

Commercial Deposits

- Benchmark Findings
- Consultant & Staff Recommendation – Part 1

Payment Arrangements

- Benchmark Findings
- Consultant & Staff Recommendation – Part 2

Leak Adjustments

- Benchmark Findings
- Consultant & Staff Recommendation – Part 3

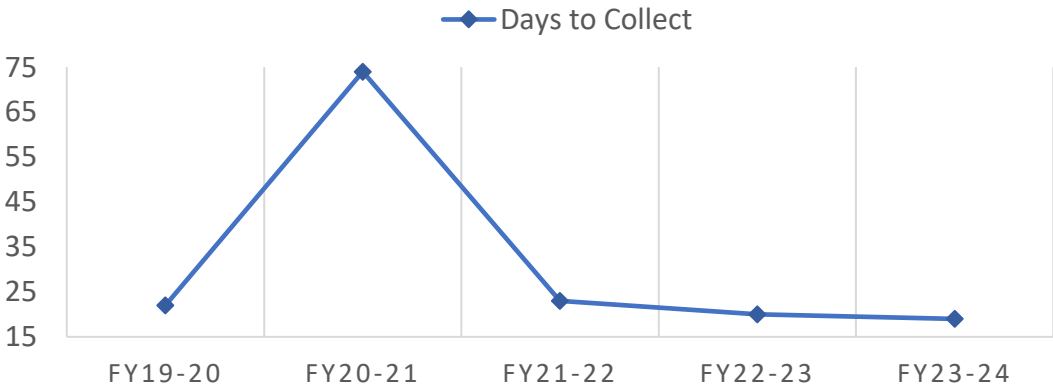
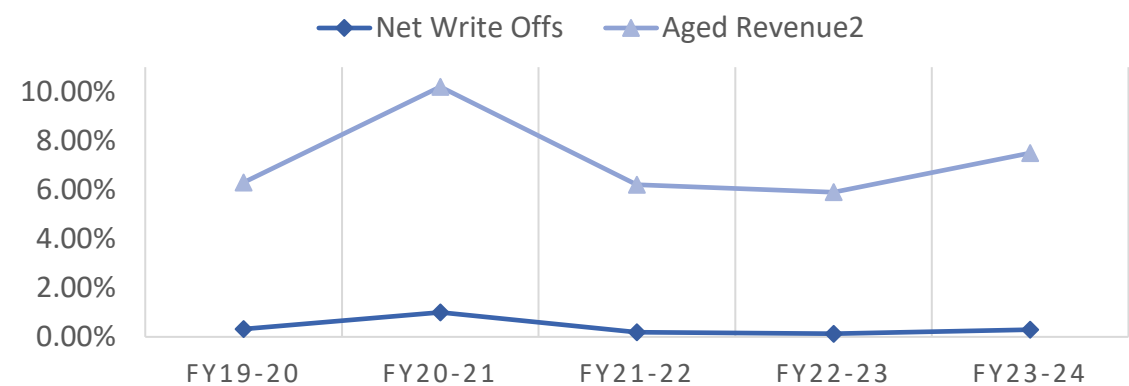
Summary of Recommendations

Questions

Benchmarking & Revenue Trends

- Performance compared to more than 100 US utilities including 22 Texas municipal utilities
- Denton performs significantly better than industry
- Performance is consistent over time
 - ✓ Irregularities are attributed to the pandemic

	Net Write Offs (% of Revenue)	Aged Revenue (>60 Days)	Days to Collect (Average)
All Utilities	0.70%	29.37%	30
Electric Utilities	0.63%	32.66%	29.8
Water Utilities	0.86%	25.44%	30
Denton	0.29%	7.50%	19



Commercial Deposits

BENCHMARKING RESULTS

- Deposit Calculation Requirement is Consistent with Peers
- Application of Deposit Interest is Consistent with Peers
- Retention Period Not Aligned with Other Texas Cities
 - ✓ Most Return Deposit with 1-2 Years of Good Payment History
- Current Ordinance Requires Manual Screening of All Deposit Refunds

RECOMMENDATION

- Residential Refund at 12 Months
Commercial Refund at 24 Months
- Qualifications
- “A” Credit Rating
 - No Disconnections
 - No Meter Tampering
 - Account is Current

Payment Arrangements

BENCHMARKING RESULTS

- Due Date Calculation is Manual
 - ✓ Time Consuming
 - ✓ Prone to Errors
- Eligibility and Administration is Restrictive
 - ✓ One Arrangement Allowed Every 6 Months
 - ✓ Any Deviation to Established Guidelines Require Council Approval

RECOMMENDATION

Move Due Date to Current Bill Due Date

Remove Restriction on Number of Arrangements

12 Month Suspension of Access for Failing 2 Agreements

Update Ordinance

- Authorize Program Authority to City Manager
- Authorize Discretion to Head of Customer Service
- Ensure Council Review Prior to Program Changes

Leak Adjustments

BENCHMARKING RESULTS

- Policy not Aligned with Benchmarks in Other Texas Cities
 - ✓ Process is Hard-Coded in Ordinance
 - ✓ All Deviations to Process Require Council Approval
 - ✓ Short Filing Time
 - ✓ Restrictive Policy in Comparison
- No consideration for AMI metering
- Low Customer Eligibility
- Language Excludes Renters

RECOMMENDATION

Revise 100,000g Cap to Commercial Customers

- No Cap for Residential

Add Provision for Sprinklers and Pools

- Excess Usage Capped at 5K Gallons
- Credit at Lower Rate (25%)

Increase Submission Deadline (30 to 60 Days)

Update Ordinance

- Provision for Renters
- Authorize Program Authority to City Manager
- Authorize Discretion to Head of Customer Service
- Council Review Prior to Program Changes
- Add Provision for AMI

Summary of Recommendations

Denton continues to compare favorably to other municipalities in Texas and nationwide. Overall, processes are effective and cost efficient. Collection and bad debt management are highly competitive with the industry.

SUMMARY OF RECOMMENDATIONS

- Implement Recommended Policy Changes to Be More Responsive to Customer Needs
 - ✓ Commercial Deposits
 - ✓ Payment Arrangements
 - ✓ Leak Adjustments

Questions?

