



Jefferson County PUD Citizen Advisory Board

A G E N D A

**Date: May 14th,
2018**

Time: 2:00PM

**Place of
Meeting:**

**PUD Electrical
Operations
Center**

**Address: 310
Four Corners
Road, Port
Townsend, WA.**

- Call to Order
- Review of Agenda
- Approval of Minutes from Last Mtg.
- Public Comment
- Introduction – Larry Dunbar, GM
PUD- GM Report-Gen. Discussion
Period on CAB Activities.
- Open Meeting Discussion – Joel
Paisner, PUD General Counsel
- Jefferson Land Trust – Erik
Kingfisher
- Governance Sub Committee Report
- Recommendation on Late Fees –
Tom Engel, Larry Dennison
- Broadband Sub-Committee Report
- Next Steps or Additional Board
Actions
- Public Comment
- Adjourn

Draft CAB Governance Policy

Prologue

The intent of these proposed Governance Policies is to provide Board-directed guidance and direction regarding the PUD's Citizen Advisory Board.

If this document in it's current draft or amended version is approved by the full CAB, it will be forwarded to the Board of Commissioner's for them to review and discuss at one of their regularly scheduled meetings. Then, hopefully, a Resolution will be drafted that the Board can approve.

(This Prologue is for informational purposes only and will not be included in the final version)

Draft CAB Governance Policy May 3, 2018

1. **Definition:** The Citizen's Advisory Board (CAB) of Jefferson County Public Utility District #1 (District) is a standing committee established by the Board of Commissioners (Board). The CAB provides advisory reports and recommendations to the Board.
2. **Code of Conduct:** The CAB expects of itself and its individual members ethical and business-like conduct. This commitment includes individual behavior acting in a respectful and courteous manner towards other CAB members, Board members, District staff, and the public.
3. **Membership:**
 - a. The full CAB consists of up to nine community volunteer members – three from each Commissioner District. CAB members are nominated by their respective Commissioner. Nominations must be confirmed by the Board before a nominee may join the CAB.
 - b. The Board wishes to maintain stability and institutional knowledge on the CAB while providing opportunity for increased citizen participation. To that end, the CAB members shall have staggered 3-year terms.
 - c. As terms of current CAB members expire, each Commissioner will normally nominate one person per year who resides within their respective district for a new 3- year term. A sitting CAB member must be nominated by their Commissioner to serve another term.
 - d. Vacancies on the CAB are filled by Commissioner nomination. The Board approved CAB member will serve the remainder of the unexpired term of the CAB position being filled.
4. **Removal of a CAB Member:**
 - a. The Board may remove a CAB member if, in the Board's discretion, the CAB member has not performed satisfactorily in carrying out his or her duties, provided, the CAB member first has been notified of the Board's concerns and has had a reasonable opportunity to correct the issue. However, the Board shall have absolute discretion whether its concerns have been adequately addressed.
 - b. A sitting CAB member may resign his/her CAB position by stating their intent at a CAB meeting. Should this occur, Policy 3d shall apply.
 - c. Should a CAB member miss three consecutive monthly meetings with an unexcused absence, that CAB member may be removed from the CAB. Should this occur, Policy 3d applies.

5. **Administration and Support:** The CAB shall:

- a. Be subject to the Washington State Open Public Meetings Act (RCW 42.30) and Public Records Act (RCW 42.56).
- b. Conduct a monthly meeting open to the public at an agreed-upon date and time which is published on the District website no fewer than two business-days before the meeting. The meeting agenda and, to the extent possible, all CAB meeting handouts should be published to the District website no fewer than two-business days before the meeting.
- c. Be provided an adequate meeting venue to hear public comments. The CAB Chair may, at his/her discretion, state a time limit for individual public comment. The CAB Chair shall ensure that the opportunity for public comment is kept fair and open, but also timely, orderly, and to the point.
- d. Conduct an annual election of a Chair and Vice-Chair to one-year terms at a time selected by the CAB. Current officers will remain in office until new officers are elected. The CAB Chair shall preside over the CAB meetings in accordance with these Governance Policies following *Robert's Rules of Order* (latest revision) with Special Rules for Small Boards. In the absence of the Chair, the Vice Chair shall preside over the meeting.
- e. Develop administrative procedures as may be reasonably necessary to carry out its purpose.
- f. Be provided a contact or District staff person to take minutes, and other such support as the Board may approve.
- g. Post approved and signed CAB Meeting Minutes to the District web site. CAB meeting audio recordings shall be posted to the District website within three business-days following the CAB meeting.

6. **Procedure:** Issues studied by the CAB can be initiated in the following three ways: The Board may request that the CAB study an issue; the CAB may initiate their own issues to study; and the District General Manager may request issues be studied. In all cases, CAB reports are referred to the Board for consideration and potential action.

7. **Subcommittees:**

- a. The CAB will approve taking on an issue to be studied and ask for CAB member volunteers to form a study subcommittee. CAB members can volunteer to be on a subcommittee based on their area of expertise and personal interest.
- b. Subcommittees shall not constitute a quorum of the CAB. Only CAB members may be standing and voting members of a CAB subcommittee. A subcommittee may include non-voting members of the public with special expertise.

- c. Within a reasonable timeframe, the subcommittee shall designate a chairperson.
- d. When a subcommittee is formed, a timeframe for performing its duties and a scope or objectives is encouraged so as to communicate proper expectations to the Board, District staff, and the public. Timeframe and scope will be reviewed by the CAB prior to distribution to Board. As required, timeframes may be adjusted and communicated to all parties.
- e. Gathering outside knowledge and expertise may be valuable to a subcommittee's efforts. In performing their duties, the subcommittee may consult with Board members one at a time, District staff, other utilities, and subject matter experts. Should significant time or work be asked of District staff, then approval from their manager is required.
- f. The product of a subcommittee's work is a written report with recommendations. After approval at a CAB meeting, the report / recommendation is referred to the Board for consideration and potential action. If there is a Minority Report, that information shall also be provided to the Board.
- g. At a regular CAB meeting following approval, a subcommittee may be disbanded.

8. Manner of Communication:

- a. CAB and Board Communication: At the first scheduled Board meeting of the month, the CAB Meeting Agenda for that month shall be included in the Board packet. At each regular Board meeting that follows a CAB meeting, an agenda item shall be included entitled "CAB Update". Current CAB projects will be presented / reviewed by the CAB Chair or designee. Project reports and recommendations prepared by the CAB, along with a list of any new subcommittees/topics shall also be distributed to the Board.
- b. District and CAB Communication: Regarding issues that are being studied by the CAB, bi-directional communication between District staff and the CAB is essential. District staff and CAB members are encouraged to communicate pertinent issues with each other.
- c. CAB Communication: The CAB shall not speak on behalf of the District unless approved by the Board. Individual CAB members shall not speak on behalf of the whole CAB. CAB subcommittee members shall identify themselves as being a member of the CAB in the performance of their duties. However, CAB members do not relinquish their right to speak for themselves as individuals provided they express in any public communication that they do not speak on behalf of the CAB.

9. **Periodic Review:** The Board shall review the CAB purpose and effectiveness from time to time, no less than every three years. The CAB shall conduct an annual workshop, following the election of Chair and Vice-Chair, to review previous year progress and establish upcoming year objectives. A report of progress and objectives will be drafted and approved by CAB. The CAB shall have at least one meeting during the year to review progress on current year objectives and revision of remaining objectives and priorities.

10. **Supercedure:** This resolution supersedes any previous policy or resolution as they relate to the CAB.

Report of the CAB subcommittee on Credit Card Use and Late Fees

Thomas Engel and Larry Dennison with assistance and research results from Tammy Lehman

When the PUD was a water only utility, a late fee of \$2 per account was charged. If the customer didn't pay all of the past due amount before the current charges became due, an additional \$8 was charged on the previous past due amount (now 30 days late) and \$2 on the most recent past due amount, for a total of \$10. Some time prior to April 1, 2013, the PUD suspended charging late fees in anticipation of having billing issues brought about by the PSE acquisition. The intent was to resume charging a late fee after all the billing issues were resolved, as is the case at this time. As Table 1 shows, Jefferson PUD is the only PUD surveyed that does not currently charge a late fee and the subcommittee recommends that a late fee be introduced in the near future. The reasons that support this recommendation are summarized below.

1) Late Fees are consistent with Washington local government practices. According to the Municipal Research & Services Center, public utilities can and should charge interest on delinquent account balances. For certain types of utility service, a local government may establish penalties. For example, Cathlamet charges all delinquent accounts a \$30 late fee and Fircrest charges \$35 for returned checks. Many local governments impose a fee for shut-off and reconnection services. Except for a few statutory limitations, local governments are allowed to establish their own policy on penalties, however as a general rule, added charges should reflect the added costs to the agency. For more information, see <http://mrsc.org/Home/Explore-Topics/Public-Works/General-Utility-Topics/Utility-Billing-Procedures.aspx>.

2) Late payments generate unnecessary administrative costs for the PUD. Customers who cannot provide evidence of past utility payments pay an initial deposit upon being connected. The PUD currently has \$127,600 in deposits collected from approximately 800 customers which must be examined to determine if the payments on the previous 12 months' bills were received on time. If so, the customer is due a refund of the deposit. Currently, this process must be done manually.

The PUD also routinely makes payment arrangements with customers. Currently, customer service representatives (CSRs) have to manually review these accounts to determine if payment arrangements have been broken. CSRs also have to manually check accounts on customers who ask the PUD to provide letters of good credit to other utilities. The CIS (Customer information system) assigns a credit rating on each customer based on credit history postings. Since the billing system is not automatically updating late payment events into the customers' history, CSRs cannot always rely that the credit rating assigned to customers is up to date.

We can make an estimate of the administrative costs associated with the services outlined above. Assuming that CSRs and billing personnel spend 100 hours per month (approximately 1 hour per day per CSR), the total monthly cost of manually monitoring late payments is approximately \$3,500 (rate of pay plus benefits). There would be an initial cost of approximately \$900 for custom programming the CIS so that late payment history would be recorded automatically. Further costs may arise when the CIS software is updated.

3) Introducing a late fee into the billing system will allow the PUD to automatically generate data to work with customers who do not pay on time. In the 6 month period that was manually investigated for this report, approximately 11% of accounts were paid late in the period as shown in Table 2. A more detailed report on the frequency of late payments is shown in Table 4. Much of the data shown in the tables was generated by manually sorting through accounts. If this detail of data becomes automatically available, CSRs can work with

customers who frequently pay late to make arrangements such that they can pay more frequently on time in the future. Without introducing a late fee in the billing system, the CIS can't automatically distinguish account holders who pay on time from those who do not, Therefore the ability of the billing system to provide useful data is lost.

4) **Late fees encourage timely payments.** More than 85% of PUD customers paid on time over the 6 month period examined. We assume that this number will increase with the introduction of a late fee, which will avoid customers running up a large utility bill.

RECOMMENDATION

For residential accounts, we recommend that a late fee of a flat \$5.00 be added on any electric, water, sewer or combination electric, water and/or sewer account that is not paid by the bill's due date. A minimum amount due of \$50.01 would be required before the late fee would be assessed. There would also be a three business days' grace period so that all payments received could be processed before the late fee would be assessed.

For commercial accounts, we recommend the greater of 1% or \$5.00 will be added on any electric, water, or combination electric and water account that is not paid by the bill's due date. A minimum amount due of \$50.01 would be required before the late fee would be assessed. There would also be a three business days' grace period so that all payments received could be processed before the late fee would be assessed.

We recommend that the current PUD policy governing disconnection and collection would be retained. Fourteen days after the due date, a written notice is mailed to the customer. Fourteen days later the customer would receive an automated reminder call from the PUD. Seven days after the call, a meter reader is dispatched out to disconnect if payment has not been received. A collection process on a past due bill is initiated 35 days after the due date, or 56 days from the date the account was originally billed.

As seen in Table 2, the average residential account bill for the 6 month period examined is \$223 (including low income program participants) and \$161 for low income plan participants. The proposed late fee is 2.2% of the average bill of the former and 3.1% of the average bill of the latter group. Table 4 compares the frequency of late payments for low income and non-low income customers. Because customers can have electrical, water, and sewer accounts, the number of customers shown in Table 4 is less than the number of accounts shown in Tables 2 and 3. Table 4 shows that 14% of regular residential customers and 16% of low income plan customers had a late payment in the time period examined. From this data, we conclude that low income plan participants would not be unfavorably affected by the proposed late payment policy relative to non-low income customers.

Although the late fee policy is not proposed for the purpose of generating revenue, if the number of late payments continues at the present level, we estimate that the PUD would generate an additional revenue of \$13,500 monthly. However, it is reasonable to assume that introducing a late fee will lead to a decline in the number of late payments. We also note that the period examined does not correspond to a full calendar year.

Table 1: PUD Late Fee Policy Survey Carried out by Clallum PUD May 2017

Clallam PUD would like the following information as it relates to customer late fees:			
PUD	Do you charge a late fee?	If yes, what is the charge?	Our utility has a 21 day due date and on day 22 the late fee is charged. What day in the billing cycle does your utility charge the late fee?
Benton	Yes	1% of past due balance	Due date is on day 20 (or following business day if day 20 is a weekend or holiday), late fees are assessed on day 25 (or following business day if day 25 is a weekend or holiday).
Clark	Yes	1% of past-due balance with a monthly minimum charge of \$2.50	Payments are due within 15 days of the billing date. If bill is not paid within 15 days of the due date, a late fee is added.
Cowlitz	Yes	\$10 or 1% of outstanding balance, whichever is higher	Residential & Commercial: Bill Due Date (day 15) - Late Fee charged (day 26) Industrial (non-contracted): Bill Due Date (day 30) - Late Fee charged (day 31) Industrial (contracted): As specified in contract
Douglas	Yes	\$5	Bills are due 16 days from the statement date. Late notices are sent on day 21. We give customers a 4 day grace period before sending late notices.
Ferry	Ferry PUD is not currently charging a late fee but will begin doing so next month. Since this was just approved by our Board, we are still working out the mechanics.		
Franklin	Yes	1% of balance due	On day 21 after bill is printed. (Franklin PUD billings are due and payable on receipt and are delinquent twenty days after the billing date.)
Grays Harbor	Yes	Residential: \$5 Commercial/Industrial: 1% - not to be less than \$5	26 days after billing.
Jefferson	No		
Kittitas	Yes	1% of the bill total	Billing statements are due on the 25th of each month and late fees automatically charge 2 days later.
Mason #1	Yes	1.5% of balance due	7 days after the official due date.
Mason #3	Yes	Residential: \$7.50 Commercial: greater of \$7.50 or 1% of past due balance	Our bills are due 21 days from the bill date. Bills become delinquent 28 days from the bill date. We charge the late fee on the 29th day after the bill date.
Pacific	Yes	\$17	Our billing cycle is approximately 21 days. The day after the bill is due a late notice is sent out giving the customer 7 days to pay. If no payment is received the late fee is applied on the 8th day following the due date.
Pend Oreille	Yes	1.5% for past due balances over \$50	We have a 20 day due date, with essentially a 10 day grace period. The late fee is charged when the customer account bills again.
Skagit	Yes	\$5 or 2.0% per month, whichever is greater, for all unpaid balances 14 days past due date.	On the 32 day. Bills become past due 18 calendar days beyond the bill date. Delinquent notices are mailed 14 calendar days after that date.
Skamania	Yes	\$10	30 days from bill date

Wahkiakum	Yes	\$5	Wahkiakum has a 15 day due date with about a week grace period and the late fee and late notice is charged/generated on the 21st day (approximately)
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Table 2: Total Late Accounts (Including Low Income) for Period 8/18/17-2/9/18

bill date	# late	total late	avg late bill	% Late
8/18/17	769	137,191.88	178.40	
8/25/17	231	52,137.72	225.70	
9/1/17	327	45,658.51	139.63	
9/11/17	590	160,849.20	272.63	7.70%
9/18/17	758	144,778.03	191.00	7.70%
9/25/17	200	72,243.73	361.22	7.50%
10/4/17	385	52,270.15	135.77	7.80%
10/12/17	659	117,229.35	177.89	8.10%
10/18/17	946	174,387.59	184.34	8.80%
10/25/17	267	86,118.47	322.54	9.10%
11/3/17	546	82,462.04	151.03	9.70%
11/9/17	942	188,349.22	199.95	10.90%
11/17/17	1,157	244,433.43	211.26	11.70%
11/22/17	359	78,913.65	219.82	12.10%
12/4/17	691	114,926.69	166.32	12.70%
12/11/17	611	117,532.85	192.36	11.30%
12/18/17	1,329	312,738.16	235.32	12.00%
12/22/17	362	114,108.67	315.22	12.00%
1/4/18	582	117,570.18	202.01	11.60%
1/11/18	1,177	301,828.10	256.44	13.90%
1/18/18	1,315	332,664.53	252.98	13.80%
1/25/18	355	126,119.15	355.27	13.80%
2/2/18	642	120,448.40	187.61	14.00%
2/9/18	1,054	234,986.10	222.95	13.50%
Totals	16,254		223.24	
Total Accounts	24,861			
Average % Late	10.90%			

Table 3 -Total Low Income Accounts for Period 8/18/17-2/9/18

bill date	# late-LI	total late-LI	avg late bill	% Late
8/18/17	40	6,237.25	155.93	
8/25/17	6	820.02	136.67	
9/1/17	18	3,286.79	182.60	
9/11/17	6	856.56	142.76	9.90%
9/18/17	35	6,182.21	176.63	9.20%
9/25/17	7	914.87	130.70	9.30%
10/4/17	17	1,999.16	117.60	9.20%
10/12/17	10	1,387.99	138.80	9.70%
10/18/17	49	6,910.61	141.03	11.70%
10/25/17	9	1,494.03	166.00	12.00%
11/3/17	25	3,148.43	125.94	13.10%
11/9/17	36	4,908.04	136.33	16.80%
11/17/17	83	13,006.98	156.71	21.60%
11/22/17	15	2,873.98	191.60	22.40%
12/4/17	46	7,037.08	152.98	25.40%
12/11/17	31	4,339.91	140.00	24.70%
12/18/17	75	12,942.54	172.57	23.60%
12/22/17	12	2,748.37	229.03	23.10%
1/4/18	38	7,122.64	187.44	22.00%
1/11/18	34	6,077.20	178.74	22.40%
1/18/18	59	9,060.45	153.57	20.20%
1/25/18	9	2,187.21	243.02	19.70%
2/2/18	29	4,881.83	168.34	18.50%
2/9/18	22	3,318.67	150.85	16.80%
Totals	711		161.49	
Total Accounts	709			
Average % Late	16.70%			

Table 4 - Summary of Frequency of Delinquent Customers

Mos. Late	Non-Low Income	Low Income	Total
1	2,492	99	2,591
2	1,239	69	1,308
3	896	46	942
4	551	21	572
5	393	19	412
6	284	1	285
Totals	13,531	560	14,091
Total Customers	17,401	604	18,005
Average % Customers Late	13.00%	15.50%	13.00%
% Customers Late Once	14.30%	16.40%	14.40%