

NOTICE OF RULE REVISIONS

Proposed temporary suspension of rules and procedures on utility billing, payment and collections

August 5, 2022

Seattle Public Utilities is committed to addressing the needs of our most disadvantaged customers as we move through the COVID-19 recovery period after over two years of widespread financial hardship, increased utility account delinquencies, and growing debt and arrears for customers.

Background and overview

In March 2020, former Mayor Jenny Durkan issued the COVID-19 Emergency Declaration placing a moratorium on utility shutoffs and waiving late fees on delinquent utility account balances. Mayor Bruce Harrell extended the utility shutoff moratorium until April 15, 2022, when it was allowed to expire. During this time, Seattle Public Utilities continued to issue bills and collect payments but did not engage in the disconnection process for nonpayment. As of June 30, 2022, approximately 8 percent of SPU customers had past due balances totaling roughly \$18 million in arrears.

Under the direction of Mayor Bruce Harrell and in coordination with Seattle City Light, SPU has developed flexible repayment options to address customer needs during our transition back to normal collection activities, understanding that many customers may have overlapping arrearages with accrued back rent or other expenses caused by the economic disruption of the pandemic. SPU and SCL have engaged in a multi-channel outreach campaign that will continue through 2022 to help ensure that customers are aware of their repayment options, emergency assistance for past due bills and the Utility Discount Program to reduce the cost of future bills.

Mayor Bruce Harrell and the Seattle City Council have continued the suspension of late fees and interest charges for SPU and SCL customers five times through Ordinances 126058, 126182, 126254, 126355, and 126583; late fees have been waived through June 30, 2023 to help customers who have accrued arrearages during the pandemic to repay their obligations as we move through this recovery period.

Mayor Bruce Harrell and the Seattle City Council have also authorized continued expansion of SPU's Emergency Assistance Program through Ordinance 126585 to allow all income-eligible SPU customers with delinquencies access to two emergency assistance credits (up to \$954) each year for 2022 and 2023. In addition, SPU expects to receive a grant from the Washington State Department of Commerce that will further help to address account delinquencies of low-income customers.

SPU will approach the resumption of collection activities in phases. The first half of 2022 has included broad general awareness outreach, plus targeted encouragement to delinquent customers to repay through mailings and door hangers. Beginning in August 2022, we will begin to issue Urgent and Final disconnection notices to customers who remain \$1,000 or more in arrears who have not engaged in a repayment option. Through June 2023, SPU will be deferring any service disconnections related to nonpayment for customers enrolled in the Utility Discount Program while we apply for and distribute the Washington State Grant to Utilities for Residential Customer Arrearages.

Proposed rule/procedure changes

Resuming collection activities in a way that acknowledges the financial hardships caused by the pandemic requires SPU to adjust our normal business processes during the recovery period.

Under the authority of the Seattle Municipal Code 3.02 and 3.32.020, SPU proposes to temporarily amend or suspend sections of the following rules/procedures to apply through June 2023, subject to extension. Text with strikethroughs is to be suspended; underlined text is to be temporarily added.

CS-310.1: Customer Billing, Payments, Collections	
Section 2 Definitions	<u>Payment arrangement. An agreement between SPU and the property owner, his or her agent, or designated account holder, used to pay higher than normal bills or for circumstances as determined by the General Manager/Chief Executive Officer. A down payment is not required and payment may extend up to three (3) years. See Procedure CS-360: Pay Plans and Payment Arrangements for Retail Customers.</u>
Section 3. C. (2) Urgent Notice	Once an Urgent Notice is generated, customers can ((either)) <u>(1) pay their past due balance in full or ((pay a minimum of 50 percent of their past due balance in certified funds and))</u> <u>(2) establish a pay plan with a 25 percent down payment to pay the remaining past due balance within 60 calendar days from the date the</u> ((50)) <u>25 percent down payment is made or (3) establish a payment arrangement to pay the past due balance within three years with no required down payment.</u>
Section 3. C. (3) Final Shutoff Notice	Once a Shutoff Notice is generated, customers can ((either)) <u>(1) pay their past due balance in full or ((pay a minimum of 50 percent of their past due balance in certified funds, and))</u> <u>(2) establish a pay plan ((with a 25 percent down payment)) to pay the remaining past due balance within 60 calendar days from the date the</u> ((50)) <u>25 percent down payment is made, or (3) establish a payment arrangement to pay the past due balance within three years with no required down payment.</u>
Section 3. D. Water Shut off (Severance)	((If water services have been shut off for nonpayment, Pay Plans are no longer allowed.)) <u>To restore water services if water services have been shut off for nonpayment, the property owner, his or her agent, or designated account holder must pay ((100)) 25 percent of the Past Due Balance in certified funds and is strongly encouraged to establish a pay plan or payment arrangement to pay the remaining balance.</u>
Section 3. E (1) Pay Plans	((If an Urgent Notice or Shut off Notice has not been generated, a)) <u>A pay plan can be granted if the customer pays a down payment of 25 percent of their account balance in certified funds. The remaining balance must be paid in installments or in full within 60 calendar days from the date the down payment is made</u>
Section 3. E. (2) Pay Plans	((If an Urgent Notice has been generated, a pay plan can be granted if the customer pays a down payment of 50 percent of their past due balance in certified funds. The remaining balance must be paid in installments or in full within 60 calendar days from the date the down payment is made.))

CS-310.1: Customer Billing, Payments, Collections	
Section 3. E. (3) Pay Plans	((If a Shutoff Notice has been generated, a pay plan can be granted if the customer pays a down payment of 50 percent of their past due balance in certified funds. The remaining balance must be paid in installments or in full within 60 calendar days from the date the down payment is made.))

CS-360: Pay Plans and Payment Arrangements for Retail Customers	
Section 4: Payment Arrangements	<ul style="list-style-type: none"> • Must be agreed upon between SPU and the property owner, his or her agent, or authorized designee. • May extend up to three (3) years. Extension may be granted based on circumstances as approved by Utility Account Services (UAS) management. • Customers are eligible to enter a payment arrangement in the following circumstances: <ul style="list-style-type: none"> ○ Receipt of an unexpected, higher than normal bill (e.g. back billing) ○ Exceptional circumstances as approved by the GM/CEO or authorized designee ○ <u>Customer has a delinquent account balance.</u>

FIN-160 Customer Account and Billing Management	
Section 4. D.	((Late fees and interest will be assessed as a flat fee or percentage to a customer's account when the amount of the account becomes delinquent.)) [Note: Late fees and interest are being waived through June 30, 2023 per Ordinance 126583.]

FIN-220.1: Customer Charges	
Section 3. B. (1)	Property visit..... (((\$30)) <u>no charge</u>
Section 3. B. (2)	Meter shutoff for nonpayment of utility bill (((\$60)) <u>no charge</u>

Public comment

SPU invites interested parties to review the temporary revisions and send comments to

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Deadline for comments: August 23, 2022