



**Putting Customers First**



# **Customer Accounts Receivable Continued Reduction Plan**

**Energy and the Environment Committee Update  
August 5, 2015**

# Customer Accounts Receivable Significantly Decreased



- CIS bills \$5.6 billion per year for all services
- As of July 26, 2015, active accounts A/R over 60 days
  - 4.0% of annual billings – goal is 2.7%
- Since January 2015, A/R over 60 days is down by over \$135M
  - Increased focus on collections is working
- Lowering collections thresholds to pre-go-live levels
  - Commercial collections threshold is \$250 and 19 days
  - Residential threshold is \$250 and 60 days
    - Residential down from \$1,000 and 60 days in less than 6 mos.

As of July 26, 2015:

	0 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	Total
<b>Active</b>	<b>\$311M</b>	<b>\$71M</b>	<b>\$39M</b>	<b>\$184M</b>	<b>\$605M</b>

# Where We Are Now

## Customer Payment Plans



Most customers repay their outstanding balances through payment plans

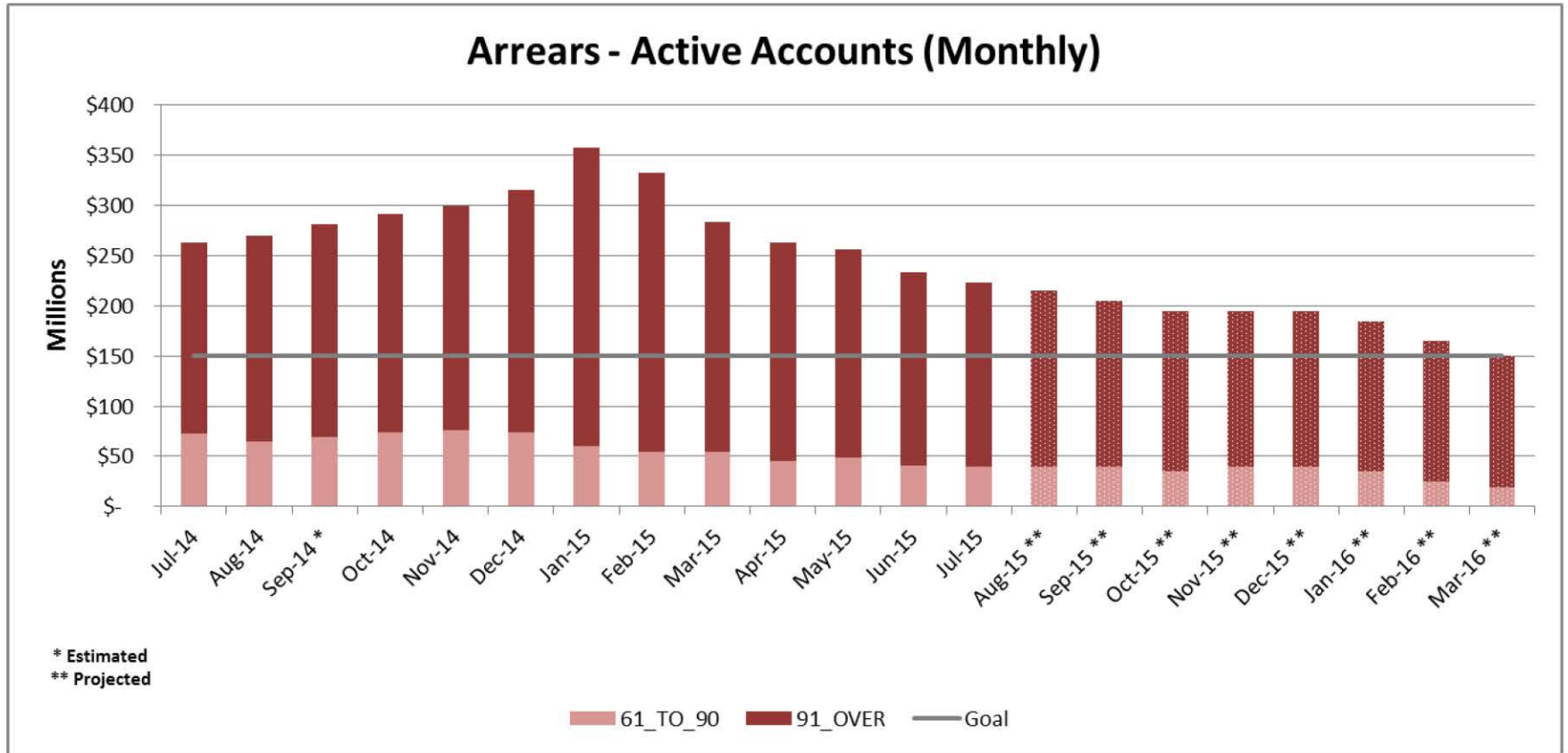
- As of July 30th, over 59,000 (3.7% of total) customers are on payment plans
- More than 24,000 customers successfully completed their payment plans over the previous 3 months
- Customers who have challenges meeting payment plans receive assistance in adjusting payment terms

Results to date:

- Oldest Accounts: A/R for active accounts over 90 days has dropped from appx. \$300M in January to \$184M, a 39% reduction
- Projected A/R Levels:
  - \$150M over 90 days by December 2015
  - \$150M over 60 days (goal of 2.7% of billings) by March 2016

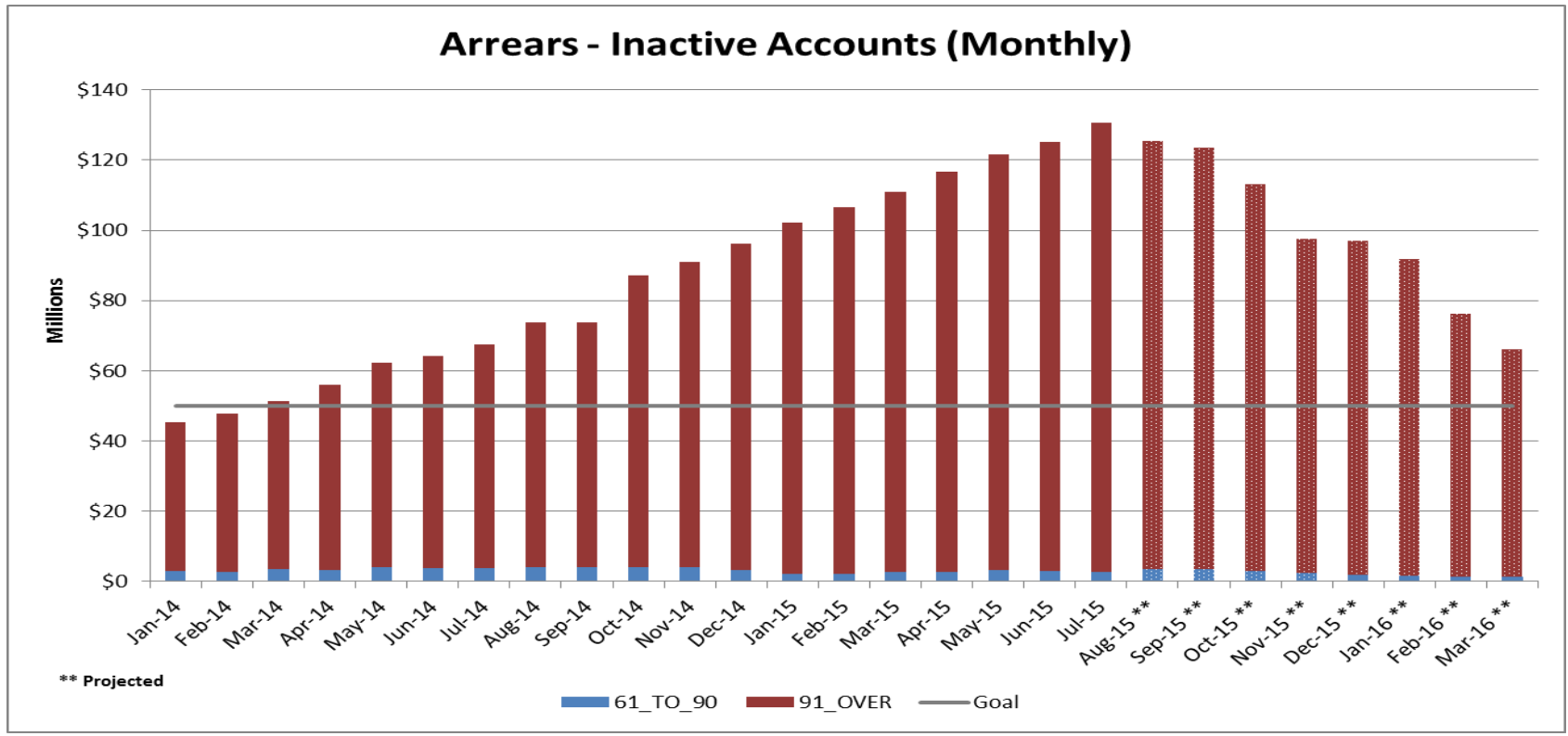
# Where We Are Going

## A/R – Active Accounts



# Where We Are Going

## A/R – Inactive Accounts



- Will attempt collections internally then send to collection agencies
- Goal of \$50 million- aged 4 to 6 months
- Total represents accumulated balances since “go live”

# Where We Are Going

## Next Steps



### **Corrective Actions Goal:**

- Maintain Key Performance Indicators (KPIs) at acceptable levels
- Complete remediation of “critical” system defects by fall/winter 2015-16, focusing on Billing and Collection defects
- Continue enhanced collection efforts on delinquent accounts
- Continue to create and monitor payment plans with affected customers
- Work on inactive account collections with greater automated effort as system remediation allows

# Where We Are Going

## Write-off Impacts



### **Any potential write-off amounts will have a very minimal effect on customers**

- Amount of uncollectible accounts too early to determine
- Estimate of a potential one-time extraordinary write-off of \$60M to \$110M for all commodities. This would include:
  - Electric: approximately \$33M to \$60M
  - Water: approximately \$6M to \$11M
- Amortize this potential one-time write-off over 10 years, consistent with past practice.
- Potential rate impact ranges from 0.08% to 0.15%
  - Typical monthly residential water and power bill would potentially increase by about 10 to 20 cents



**1-800-DIAL DWP**