



Billing, Credit & Collection Policy

Adopted by Shakopee Public Utilities Commission on: June 3, 2024

Policy Objective: The following policies and procedure have been established for the billing, credit and collections of electric and water services provided by Shakopee Public Utilities.

Account Set-Up/Deposit

- An application for new accounts must be submitted. The application for utilities can be found on shakopeeutilities.com.
- A deposit shall be required to be paid by all residential customers who do not hold title to the property at the customer's service address - (**Resolution #2023-17**).
 - Residential deposits are \$100 for standard electric service and \$200 for electric heat service.
 - Residential homeowners are not required to pay a deposit.
- A deposit shall be required to be paid by all commercial and industrial customers - (**Resolution #2023-17**)
 - Commercial and industrial customers are required to pay a deposit, equal to one month's average billings.
 - A Surety Bond or Irrevocable letter of credit in a form acceptable to SPU may be furnished in lieu of a cash deposit.
- Deposits are retained on the account until service ends or until the account achieves a five-year good payment history, at which time, it will be applied to the active account. Deposits will accrue interest annually at the rate set for by the Minnesota Department of Commerce and Minnesota State Statute 325.E.02
 - If deposit is surety bond or irrevocable letter of credit, these instruments will be released at this time.

Billing

Regular Billing

- Monthly bills are issued for the following utility service: electric, water, sewer, and storm drainage. Shakopee Public Utilities bills the sewer and storm drainage on behalf of the City of Shakopee.
- Each utility meter is read on or near the same day each month so that approximately 28-34 days of usage is recorded.
- Bills are created after all meters have been read. The date the bill is created is known as the billing date. It is mailed out the day of or the day after being created.
- Bills are due on the 15th of each month (or the following business day if the 15th falls on a Saturday or Sunday or holiday).
- Customers have the option of receiving their bills electronically or via the US Postal Service.

Final Billing

- Final bills are issued the first full week of the new month or during monthly billing depending on when the service is discontinued.
- Each utility meter is read based on the date of the customer's final day at the service address.
- Final bills approximate days of usage varies based on the customer's request.
- Bills are due on the 15th of the month the bill was issued (or the following business day if the 15th falls on a Saturday or Sunday or holiday).
- Any final billed accounts that have a credit remaining will receive a refund via check mailed out to their forwarding address.

Budget Billing

- Budget billing allows customers to pay an estimated amount each month, avoiding the fluctuation of utility costs throughout the year.
- A customer's average utility consumption over the previous 12 months is used to determine the budget billing amount for the next 12 months.
- A customer must have at least 12 months of consumption history and a \$0.00 to sign up.
- The average is reviewed each year. The consumption is trued up for the previous 12 months and a new budget billing amount is set.
- Customers are encouraged to also set up automatic payments.
- No more than 2 late payments in a 12-month period are allowed for budget customers. After 2, the account is removed from budget billing for 12 months and a letter notifying them is sent out.

Payment Options

- **Acceptable Forms of Payment** – Cash or cash equivalent, money order, check, or authorized credit card.
- **Auto Pay** – Payments are processed automatically for the amount due using a credit card, debit card or bank account each month on the due date.
- **Pay Now** –Online payment option via link found on shakopeeutilities.com
- **By Phone** – Call 833-498-1072 to make payments 24/7.
- **24-Hour drive-up drop box** – Located at our service center at 255 Sarazin Street. Payments are securely deposited into the building.
- **SPU Service Center** – Lobby or Drive-up window.
- **USPS Mail** – Payment can be sent through post office to Shakopee Public Utilities, PO Box 470, Shakopee, MN 55379.

Returned Payments

- Returned payments are assessed an NSF fee.
- Customer is sent a letter in the mail and via a door hanger letting them know about the NSF.
- Customer is given 7 days from issuance of letter to repay funds and NSF fee.
 - If it is not paid in that time, the account is up for disconnection of service.

Late Payment Fee

- A penalty of 5% will be added to the current bill if not paid in full on or before the stated due date.
- Penalties are billed 3 business days after the due date.

Dispute/Appeal Process

- When a customer disputes any water or electric charge on their bill the following process is followed:
 - All disputes are escalated to the Customer Service and Billing Supervisor. The billing dispute is reviewed to determine if staff may resolve the issue.
 - All disputes are investigated; this includes re-reading the meter, reviewing past usage, and/or testing the meter.
 - Customers are notified of the findings.
 - If a customer is dissatisfied with the findings, customers are directed to the written Appeals Policy for next steps.

Payment Plans

- Payment plans are allowed but must be requested by the customer.
- Terms are determined based on the current outstanding amount, the projected amount billed for the duration of the payment plan, and the customers' ability to make payments. Generally, payment plans fall into the following categories:
 - \$0-\$200 – 2 months
 - \$201-\$500 – 4 months
 - \$501-\$1,000 – 6 months
 - \$1,001+ - 8-12 months
- After the first default, customers are notified and must make payment to keep the payment plan current. Staff follow up on past due payments plans by phone calls, emails, or mailed communications.
- After the second default, payment plans are revoked, and customers must make full payment of the past due balance to prevent being disconnected.
- Disconnects are performed weekly for past due payment plans based on payment dates.

Notice of Disconnect and Disconnecting Service

- SPU may disconnect a customer's service, with notice for non-payment of billings.
- Delinquent notices are mailed to active accounts with past due balances approximately one week after the due date. These notices identify that electric service (or water service, where applicable) will be disconnected if payment is not received in 20 days.
- Second disconnection notices are sent 5 days before the planned disconnect day via an email or automated phone call.
- Disconnects are performed during the third week of the month. Service will not be disconnected on Fridays, Saturdays, or Sundays, the day before an observed holiday, or when inclement weather is applicable.
- On the day of disconnect, the list of customers to disconnect is provided to the Electric department dispatcher. Customers are required to pay the past due balance or become current on a payment plan to be removed from the disconnect list. Staff have access to the online billing and payment system to view real-time payments. Customers to be removed from the disconnect list, or to be reconnected are communicated with the dispatcher.
- Those customers that are disconnected must pay a reconnect fee plus the past due balance to be reconnected.
- Customers who request payment plans after being disconnected must pay the reconnect fee plus the first payment plan payment to be reconnected.
- During the cold weather months, any accounts that are disconnected will be reviewed and water will be shut off to prevent bursting water pipes at the property.
- Cold weather rule is followed October 1 – April 30. Customers must apply for cold weather rule status (inability to pay form) and make reasonably timely payments under the acceptable payment agreement that considers financial resources of the household.
- After two weeks from the physical disconnect, a billing system disconnect will also be completed if payments remain past due assuming the residence is vacant to formally close out the account.

Cold Weather Rule

- Minnesota's Cold Weather Rule (Minnesota Statutes, Section 216B.097) is in effect from October 1 to April 30 each year. SPU must provide communication regarding the Cold Weather Rule to all residential customers between August 15 and October 1st each year. This communication must identify the rights and responsibilities under the Cold Weather Rule.
- The Cold Weather Rule is available to all residential customers: owners and renters if the required conditions are met.
 - The household income is at or below 50 percent of the state median income. A customer is deemed to meet the income requirements of this clause if the customer receives any form of

public assistance, including energy assistance, that uses an income eligibility threshold set at or below 50 percent of the state median household income. SPU may request income verification from the customer or obtain verification of income from the local Energy Assistance Provider (CAP Agency).

- The customer enters into a payment agreement and makes reasonably timely payments under the payment agreement that considers the financial resources of the household.
- Income can be verified by:
 - Accepting a signed statement of eligibility
 - Receiving verification from an energy assistance provider or government agency
 - Reviewing income tax returns, two months of pay stubs for all members of the household, or pension documentation.
 - If this documentation proves that the customer meets the income guideline, no other documentation is required.
- Payment plans under the Cold Weather Rule must not exceed 10% of the household income.
- Modifications to the payment plan may be made if a customer's household income has changed or if the customer is unable to make reasonably timely payments on the current payment plan.
- Customers must apply for Cold Weather Rule protection each year.

Collections Process

- A series of letters are sent out monthly notifying inactive electric and water customers of their past due balances. Sewer and Storm Drainage charges billed on behalf of the city of Shakopee are managed through the city versus the SPU Collection process.
- The first letter is sent 21 days after the bill date. This letter is a reminder of the balance due on the utility account.
- The second and final notice is sent 15 days later. This letter notifies customer that payment is due and if not paid balances will be sent to collections.
- Electric and Water customers are allowed an additional 10 days to make payment. After 10 days the collections file is created and sent to the collection agency.
- The collection agency will proceed with the collection process per the agreements in place. The collections efforts include, mailings, phone calls, and legal avenues as applicable.
- Payments on collection accounts can be paid directly to SPU or to the collection agency until the account balance is satisfied.