Budget Billing # 1

A consumer is up for disconnection. She has broken two payment arrangements in the calendar year. Her bill fluctuates and usage is much higher in the winter months. Can she be offered a budget plan? If she goes on budget billing can the utility cancel the pending disconnection without payment on the arrears and allow the consumer to make the first payment when the next bill is due?

Q. Can she be offered a budget plan?

A. Yes. Board rule 3.302(D)(2) states that “A customer may elect to participate in the budget billing plan at any time of year.” The number of payment arrangements already made in the calendar year doesn’t apply because budget billing is not a payment arrangement; it is a method for future billing. However, once on a budget payment plan, Board rule 3.302(D)(4) allows “Any customer who applies for the plan and has a delinquent balance shall have the right to pay the delinquency in an extended repayment plan concurrent with the budget plan.”

Q. If she goes on budget billing can the utility cancel the pending disconnection without payment on the arrears and allow the consumer to make the first payment when the next bill is due?

A. Yes, although CAPI would encourage the consumer to make a payment if possible before the utility sends the next bill. However, if the consumer decides to go on the budget payment plan, the utility would need to send a bill for the budget (and any concurrent payment arrangement) amount first, and give the consumer the opportunity to pay the charges within 30 days, as specified in Board rule 3.301(B).

Budget billing # 2

A consumer opens a brand new utility account in an old 19th century farm house that has been divided up into two separately metered apartments by the property owner. The consumer has always utilized budget billing in the past with their previous utility accounts because they are on a fixed income, and requested to do so here with their new account. The utility company must calculate 12 months of billing data for the premises, because this is a brand new account, in order to provide the monthly budget amount to the consumer.

In looking at the address and the case notes from the previous occupant, the company realizes that the previous occupant in the last 12 months ran out of fuel oil for heat, and utilized a number of space heaters throughout the whole winter, while also utilizing medical notes. The annual budget amount, based on the previous 12 months at the premises, would be over $400 per month. Please comment on this scenario, and what your utility company would do faced with these facts.

The group that worked on this scenario came up with the following solution, which CAPI would support:

1. The utility would offer the consumer the option to establish their own history to determine the budget amount. Board rule 3.302(D)(2) allows the monthly budget amount to be “adjusted for known changes…” which would be the case here since the consumer moving in most likely would not have the same usage pattern as the previous occupant.
2. To determine the initial budget payment amount for the new tenant the group suggested that the utility use 12-24 months of usage history for the prior occupant, rather than just 12 months (during which time usage was higher), to arrive at a more comparable average monthly usage on which to base the budget payment amount for the current tenant. And, under Board rule 3.302(3), “Between three and six months after the payment plan is initiated, the utility shall compare the payment plan bill with projected energy consumption and shall make adjustments necessary to minimize under- or over-payment by the customer. Between six and nine months after the payment plan is initiated, the utility may compare the payment plan with the projected energy consumption and if the difference exceeds 10% of the estimated annual consumption, the utility may adjust the monthly payment amount.” Following this rule would adjust the current tenant’s bill based on his/her own usage.