

TITLE: Customer ~~Service Arrangements~~ UTILITY SERVICES

CATEGORY: Governance

SUBCATEGORY: Delegation to Management

NUMBER: 1.4.041

PURPOSE: This policy clearly defines the customer service arrangements and expectations for reliable GRPU electric, water, and wastewater services between the customer and Grand Rapids Public Utilities (GRPU) beginning with the application for service and ending with disconnection and/or final payment of services.

DELEGATION: The Commission delegates to the General Manager the ability to change the details of processes below if determined to be a change in best practices for municipal utilities, accounting standards, federal law, and/or MN state statutes so long as such changes are still in accordance with this policy.

POLICY: The customer service arrangements and expectations are identified in the following sections:

#### APPLICATION

There will be a written or computer-generated application for all GRPU customers. This application will include information from the customer which is necessary to establish an account with GRPU and may include some private customer data. The customer information will be kept private per MN state statutes unless allowed by MN law or the customer approves the release of this data. The application must be signed by the customer(s) on the account. This application is a legal binding agreement between the customer(s) and GRPU for utility services. The customer agrees to pay GRPU for services provided. The customer grants to GRPU the right and easement on the premises to determine utility usage and construct, operate, repair, maintain any and all GRPU meters, materials, equipment, and service connections/lines.

#### DEPOSIT

All customers shall be required to submit a deposit before the GRPU utility service(s) is/are supplied to the customer. The required deposit minimizes the GRPU exposure of bad debts and impact to all rate payers. In lieu of the deposit, a customer may provide documentation from their prior utility company which shows the customer was in good-standing. A customer in good-standing is defined as a customer who has paid their utility bill in full and on time for the prior 12 months. Existing GRPU customers who are establishing a new account or adding an additional account are also subject to the required deposit. Existing customers who have been disconnected by GRPU for non-payment shall be required to submit a deposit in addition to all amounts owed before service will be reconnected.

The required deposit amount shall be calculated either as a flat fee or based on prior months' usage of the same location or, if no data then, a similar use customer. If the required deposit amount calculation is not a flat fee then the calculation based on prior usage will need to reach a minimum deposit amount determined by best practices in the industry. The General Manager shall review the minimum required deposit amount.

## FORM OF DEPOSIT

The deposit shall be in the form of a cash deposit or an irrevocable letter of credit. If an irrevocable letter of credit, the letter of credit shall be renewed at least 30 days prior to its expiration. Failure to renew a letter of credit will result in the letter of credit being drawn on as a cash deposit.

## INTEREST ON DEPOSITS

Interest shall be paid on all deposits at the rate established by Minnesota Statutes, 325E.02(b). GRPU may, at its option, pay the interest at intervals it chooses, annually at minimum. Interest will be paid by a credit on the customer's account. If the customer requests discontinuation of utility services the interest on the deposit will be applied to the customer's final bill.

## RETURN OF DEPOSIT

Continued utility service(s) – any deposit received by GRPU shall be returned to the customer by applying the deposit to the customer's utility account, if the customer is in good-standing. A customer in good-standing is defined as a customer who has paid their utility bill in full and on time for the prior 12 months.

Discontinued utility service(s) – any deposit received by GRPU shall be returned to the customer by applying the deposit to the customer's final bill. If the deposit exceeds the outstanding amount due, the balance will be returned to the customer. If the deposit is not sufficient to cover the amount due, the customer shall remain liable to GRPU for the balance and shall pay the balance due within 15 days of final bill notice from GRPU.

## UTILITY BILLS

Utility bills based on flat fees and/or usage charges will be calculated, prepared, and sent to the customers on a monthly basis.

## CASH PAYMENT PENNY ROUNDING

For customers making payment by cash and requesting change back, GRPU will round the cash change provided to the nearest five-cent increment due to the limited circulation of pennies. Rounding shall be applied as follows:

- Amounts ending in \$0.01 or \$0.02 shall round down to \$0.00
- Amounts ending in \$0.03, \$0.04, \$0.06, or \$0.07 shall round to \$0.05
- Amounts ending in \$0.08 or \$0.09 shall round up to \$0.10

Customers may elect to leave any overpayment as an exact credit balance on their utility account or donate their change to the GRPU Caring Fund.

This rounding practice applies only when returning physical cash change. All non-cash payment methods shall be processed for the exact billed amount without rounding.

### LATE PAYMENT CHARGE

Customer payments must be received by the due date each month to avoid a late payment charge. The late payment amount will be based on best practices and current industry standards as a percentage of the current month's charges or a flat minimum dollar amount.

### DELINQUENT ACCOUNTS AND COLLECTION OF PAST DUE UTILITY BILLS

A delinquent, or past due, customer account is one in which the customer has not paid the current utility services charges/bill in full on time per the utility bill statement. If a customer has an outstanding balance for utility services, GRPU will use internal collection processes, external collection processes, services of a collection agency, and may request the City of Grand Rapids to specially assess the property for outstanding balances of utility bills.

### DISCONNECTION OF UTILITY SERVICES

GRPU has the right to disconnect utility services to a customer for non-payment; broken special payment arrangements; safety concerns; tampering with meters; failure to provide access to GRPU owned equipment; unauthorized use of GRPU utility meters, equipment, or service lines; a condition determined to be hazardous; customer has not complied with the requirements for application of services; or alleged and proven theft of utility services.

GRPU will provide all legal notices to the customer of pending disconnection of utility services and communicate to residential customers their rights per MN laws.

If a customer's services are disconnected for non-payment or broken special payment arrangements, the customer will be required to pay a reconnection fee plus a deposit and any unpaid balance on the customer's current or prior accounts with GRPU before the utility services will be restored.

GRPU will follow all MN state statutes regarding disconnection of utility services to a customer.