



City of San Antonio

Legislation Details (With Text)

File #: 20-3117

Type: Misc - Financial Services

In control: City Council A Session

On agenda: 5/21/2020

Title: Ordinance authorizing and ratifying the waiver of late payment fees in current CPS Energy tariffs for customers participating in deferred payment plans during the COVID-19 pandemic. [Paula Gold Williams, CPS Energy President and CEO]

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Ordinance Waiving CPS Energy Late Fees 04102020RP (3), 2. Ordinance 2020-05-21-0341

Date	Ver.	Action By	Action	Result
5/21/2020	1	City Council A Session		

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott, Deputy Chief Financial Officer

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Approval of an ordinance authorizing and ratifying the waiver of late payment fees in current CPS Energy tariffs for customers participating in deferred payment plans during the COVID-19 pandemic.

SUMMARY:

A request by President and CEO of CPS Energy, as unanimously approved by the Board of Trustees, to authorize and ratify the waiver of late payment fees in current tariffs for customers who make timely payments as part of a payment plan established during the period when electric and gas service disconnections are suspended due to the pendency of the COVID-19 pandemic.

BACKGROUND INFORMATION:

Established in 1860, CPS Energy is the nation's largest public power, natural gas and electric company, providing safe, reliable, and competitively-priced service to 840,750 electric and 352,585 natural gas customers in San Antonio and portions of seven adjoining counties.

CPS Energy is owned by the City of San Antonio and is governed by a five-member Board of Trustees with the Mayor serving as an ex-officio member. The City Council exercises its oversight of CPS Energy through the approval of rates and charges, authorization of debt issuances, approval of all condemnations, and the confirmation of the appointment of all Trustees except the Mayor.

In consideration of the challenges facing our community caused by COVID-19 and the economic pressures that are related to the on-going and evolving shelter-at-home and social distancing directives, CPS Energy quickly announced publicly that it would temporarily suspend its process of disconnecting the electric and gas services of customers who cannot pay all or part of their utility bills. CPS Energy has historically suspended disconnects for short and definitive periods of time during the peak of the summer and the December holidays to help its customers. CPS Energy has an established payment plan program that is offered to customers who need additional time and installments to pay their bills. As a whole, CPS Energy's customers typically have a proven history of paying their monthly bills, resulting each year in a low level of write offs/uncollectible balances, which in turn lowers operating costs and keeps everyone's bills affordable.

Pursuant to CPS Energy's tariffs and its terms and conditions of service, late payment fees are customarily applied to customer account balances that are not paid in full at the end of each billing cycle. CPS Energy routinely collects approximately \$7.5 million annually through late payment fees but will forego new late fee charges, in part, to assist customers who cannot pay their current bills on a timely basis due to economic distress and business disruption caused by COVID-19.

CPS Energy is currently asking customers needing payment assistance to call for information about helpful payment plans at (210) 353-2222 to avoid interruption of their critical utility services when the disconnection suspension period ends.

Concurrent with the disconnection suspension, CPS Energy began waiving late fees for customers who established payment plans on their accounts. The request seeks City Council authorize and ratify the waiver of late payment fees in current tariffs for customers who make timely payments as part of a payment plan established during the period when electric and gas service disconnections are suspended due to the COVID-19 pandemic. The late fees requirements of the tariffs will be reinstated automatically when the disconnect suspension period ends, as declared by CPS Energy's President & CEO or her designee, or when the Board of Trustees takes further action on this matter. CPS Energy will provide notice to the City Council and the public before and as this period ends.

SAWS has also waived late payment charges during the COVID-19 pandemic; however, Chapter 34 of the City Code grants SAWS the discretion to manage late payment fees without approval of an additional City ordinance.

ISSUE:

Temporarily waiving late fees for customers who make timely payments as part of a payment plan established during the period when electric and gas service disconnections are suspended.

ALTERNATIVES:

If this item is not approved, late fees will be added to the balance of customers attempting to work out payment

plans with CPS Energy.

FISCAL IMPACT:

Waiving late fees reduces the revenue billed by CPS Energy, which in turn reduces the amount transferred to the City. City revenues will be reduced by approximately \$87,500 for each month late payments are waived.

RECOMMENDATION:

Staff recommends approval of the proposed waiver of late payment fees in current tariffs for customers who make timely payments as part of a payment plan established during the period when electric and gas service disconnections are suspended due to the COVID-19 pandemic.