



**City of Seattle**  
**Seattle City Light Department**

**DEPARTMENT POLICY & PROCEDURE**

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**Subject**

**Number**

**DPP 500 P III-302**

**CREDIT AND COLLECTION**

**Effective**

**January 11, 2012**

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**/s/ by Jorge Carrasco**

**Supersedes**

**November 22, 2010**

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**Approved by Jorge Carrasco**

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**1.0 Purpose**

- 1.1 To establish the general credit and collection policies and guidelines of the Department concerning all monies owing, or that may become owing, and concerning the handling of customer disputes, appeals, and disconnections of electric service due in whole, or in part, to credit and collection actions. This general policy is in no way meant to halt discretionary actions by designated employees concerning customer accounts on a case-by-case basis, as provided in 6.3.

**2.0 Organization Affected**

- 2.1 Customer Care Division
- 2.2 Seattle Public Utilities Customer Response Division (Call Center)

**3.0 References**

- 3.1 City of Seattle Ordinance 123178 relating to the rates, terms and conditions for the use and sale of electricity; or as the same may be amended or superseded.
- 3.2 Seattle Municipal Code Chapter 21.49 or as the same as may be amended or superseded.
- 3.3 Revised Code of Washington 35.21.217 "Utility services — Deposit — Tenants' delinquencies — Notice — Lien" 35.21.290 "Utility Services-Lien For," 35.21.300 "Utility Services-Enforcement of Lien."

- 3.4 City of Seattle Ordinance 122991, approving and adopting an Identity Theft Prevention Program; or as the same may be amended or superseded.
- 3.5 City of Seattle Identity Theft Prevention Program, effective June 4, 2009, or as the same may be amended or superseded.

#### **4.0 Definitions**

- 4.1 Certificate of Medical Emergency. A document signed by a practicing licensed medical practitioner certifying that a serious life-threatening or health-threatening situation exists that would be aggravated if electrical service were terminated.
- 4.2 Credit History. A numerical rating assigned to each Credit Notice reflecting a customer's delinquent payment history.
- 4.3 Delinquency Penalty. A fee of 1% charged on delinquent balances equal to or greater than \$750.
- 4.4 Delinquent. An account balance not paid in full by the billing due date.
- 4.5 Designated Employees. Those Department employees, in addition to employees of the Credit and Collections Unit, who have been designated by the Credit Supervisor and delegated the authority to discuss credit problems and make payment arrangements with customers. Designated employees include the Customer Service Center Manager, Supervisors, and Customer Service Representatives, unless otherwise specified in the DPP.
- 4.6 Late Fees. A \$10 fee may be charged by City Light on any bills more than fifteen (15) calendar days past due on delinquent balances equal to or greater than \$75.
- 4.7 Life Threatening. A situation involving the use of a physician prescribed and recognized piece of life support equipment such as an oxygen concentrator or an in-home peritoneal dialysis unit, etc., which is dependent on continued electrical service in order to ensure its operation.
- 4.8 Health Threatening. A serious situation involving a physician certified temporary illness or condition in which loss of electrical service could result in prolonging or exacerbating the illness.
- 4.9 Medical Life Support Equipment. Any piece of equipment which is prescribed by a licensed medical physician, generally accepted in the medical industry as life support equipment, and solely dependent on electrical service for its operation, such as an oxygen concentrator or an in-home peritoneal dialysis unit, etc.
- 4.10 Medical Health Support Equipment. Electrically operated refrigerators, stoves, heaters, and health support equipment other than that described in 4.6 above that may be considered as essential medical health support equipment for a period not to exceed sixty (60) calendar days. However, this is only in extreme health threatening situations where the existing condition could be exacerbated by loss of electric service, and only when certified as absolutely essential by the attending licensed medical physician.

- 4.11 Sundry Sales Interest Charge. Past due balances of \$75 or more may be subject to a late fee of \$10 or an interest charge of 1% per month, compounded monthly, whichever is greater. Any payments are credited to penalty charges before being applied to other charges

## 5.0 Policy

- 5.1 All customers shall receive uniform consideration and courtesy in all credit and collection matters.
- 5.2 All charges are due and payable by the due date shown on the bill and become delinquent thereafter. Customers who question or dispute their bills shall be encouraged to contact the Department before credit action becomes necessary.
- 5.3 An electric service shall be subject to disconnection if the account is delinquent and the customer has been given a disconnect notice warning of impending disconnection of service. Such notices shall be given by first class mail or by hand delivery. Failure to receive mail or notice of delinquency is not a valid reason for failure to pay bills when due.
- 5.4 Electric services disconnected for failure to pay bills when due shall not be reconnected until payment in full has been received or payment arrangements satisfactory to, and approved by the Department have been made to pay all amounts due.

The minimum acceptable payment shall be the full delinquent amount, one-half the bill or any lesser amount approved by the Department, including interest and penalties. The Department may require a deposit pursuant to SMC 21.49.130 and the City of Seattle Electrical Rates and Provisions Ordinance 123178

- 5.5 In addition to the provisions of Seattle Ordinance 123178 currently in effect and subsequent ordinances from the date of this procedure the Department shall enforce and use as its authority the Revised Code of Washington (RCW) and the Seattle Municipal Code, which provide for enforcement and collection of delinquent charges by termination of service. The enforcement provisions of applicable state and local law shall be used ONLY in those instances where the Department intends to exercise its right to shut off service to the property, leaving electricity disconnected until the bill is paid. The authority to disconnect any service is authorized by the applicable state statutes and City Ordinances in force at any given time, governing Seattle City Light.
- 5.5.1 An owner shall not be liable for a tenant's usage of electric service provided the conditions of both 5.5.1.1 and 5.5.1.2 are met:
- 5.5.1.1 The amount owing is for electric service used during the period the premise was occupied or under the control of the tenant and, further, the Department was notified of the tenant(s) name, premise address, and dates the tenant occupied the premises.

- 5.5.1.2 The owner, or his agent, must provide notice to the Department of the dates a tenant starts and ends occupancy or has control of a dwelling. Notification must be within ten (10) business days of the date occupancy/control starts and within ten (10) business days of the occupancy termination date to avoid billing charges to an owner.
    - 5.5.1.3 In the case of a disputed electrical bill, a written agreement between the owner or owner's agent and the tenant, establishing responsibility for electric service, may be used to demonstrate responsibility, provided the owner or his agent has given the notifications as required in 5.5.1.2.
- 5.6 When ownership of property is transferred (e.g., sale of property) with an amount owing for electric service, and the escrow company closing the transaction requests information of outstanding liens for electric service and pays such lien(s), the Department shall actively pursue the original owner who incurred the expense for any excess not included in the estimate provided to the escrow company. However, if an escrow company fails to contact the Department prior to closing the transfer of ownership, the Department may in its discretion, exercise its rights under Washington Statute, RCW 35.21.290.
  - 5.6.1 The Department shall respond promptly to a request for account balance information concerning accounts from an escrow company or title insurance company. The Department shall provide the requested information either by return telephone call, mail, electronic mail, or fax.
- 5.7 Reconnection of services shall be given secondary priority in the event of power outages and other distribution system problems. The Department does not guarantee reconnection of service will occur the same day the Department approves the reconnection.
- 5.8 Electric service disconnected for failure to pay bills when due shall not be reconnected between the hours of 9pm and 8am, unless the absence of electrical service poses a serious threat to health, life, or is in the best interest of the Department. (See Appendix 8.2.)
- 5.9 Collection Charges – Fees as indicated in Schedule 100 of this policy shall be added to customers' accounts to cover cost of administration and collection efforts. Schedule 100 shall be reviewed annually by the Credit and Collections Unit, with recommendations to the Superintendent for any appropriate changes. (See Appendix 8.3.)
- 5.10 If electric service has been disconnected for non-payment of any charges or fees and reconnected without authority, the Department shall disconnect the service from the distribution system. Under these circumstances, electric service may not be reconnected until all electric charges, including utility collection fees, (DPP 500 P III-302, Schedule 100) late charges, administrative and legal charges, have been paid in full unless authorized by a Supervisor or Manager.
  - 5.10.1 If a service is reconnected without authority and electrical current is unmetered, the Department may pursue recourse under applicable law, including but not limited to State of Washington statutes, which consider theft of energy a crime, punishable by fine and/or

imprisonment and civil action to recover treble damages, fees and other costs pursuant to RCW 80.28.240.

- 5.11 The Department reserves the right to require payment by cash or certified funds from any customer who has previously tendered a dishonored check on an account, or has indicated that sufficient funds are or may not be available to cover any check tendered.
- 5.12 Credit History – Each customer shall be assigned a credit history.
  - 5.12.1 The customer shall accrue their own credit history, as determined by the customer's own bill payment and delinquency notice history with City Light.
  - 5.12.2 Where such history is not established, the customer's credit history as recorded by credit-reporting agencies may be used.
  - 5.12.3 The credit history structure shall be applied uniformly, based on the Department's structured delinquency notice system.
- 5.13 Deposits – Deposits may be required by the Department whenever the possibility of financial risk occurs. The deposit amount shall be equal to the charges the Department estimates will accrue during two typical billing periods. Such financial risk may be evaluated by factors including, but not limited to:
  - 5.13.1 New customers without an established credit rating.
    - 5.13.1.1 A customer may establish credit by demonstrating to the Department any one of the following factors:
      - 5.13.1.1.1 Prior electric service with the Department during the previous 24 months for at least 12 consecutive months during which service was rendered and no more than two delinquent notices were issued on the customer's account.
      - 5.13.1.1.2 Written proof of prior electric service and a satisfactory payment record as required in 5.13.1.1.1 above, from another electric utility. The responsibility rests with the customer to provide the necessary information.
      - 5.13.1.1.3 Furnishing of a satisfactory guarantor, acceptable to the Department, to secure payment of bills for service rendered.
    - 5.13.1.2 Customers with continuous delinquencies, as reflected by their City Light credit history.
    - 5.13.1.3 Customers disconnected for nonpayment.

- 5.13.4 Customers who file bankruptcy and require the Department to file its account with the customer as a claim.
- 5.14 Account Liability – An owner is responsible for electric service provided to his/her property.
  - 5.14.1 An owner shall not be responsible for a tenant's usage except as stipulated in 5.5.1.
  - 5.14.2 A tenant is responsible for electric service for the period they occupy or have control of a dwelling. Tenants have a responsibility to notify the Department when opening or closing an account. A tenant is responsible for providing a forwarding address on a closed account to facilitate final billing and/or refund.
- 5.15 Special Claims – The Credit and Collections Unit shall be responsible for collection of special claims against customers, such as bankruptcy, probate, and Sundry Sales. Sundry Sales includes but is not limited to accounts such as property rentals, underground and real estate contracts, damage claims, installation charges, power sales, and other miscellaneous billings.
  - 5.15.1 Depreciation of poles or other materials shall not be allowed when settling damage claims.
  - 5.15.2 When necessary, the Credit Supervisor may secure the assistance of the City's Law Department, a collection agency, or any other legal means to effect collections.
- 5.16 The Credit and Collections Unit shall make every reasonable attempt to secure payment of all delinquent accounts receivable. If unsuccessful, the Credit and Collections Unit may disconnect service, may charge a late fee or interest, may refer accounts to the Law Department or to a collection agency, or use other available legal procedures.
  - 5.16.1 When a customer is unable to pay a bill in full, the Department, under some circumstances, may authorize a payment arrangement whereby the customer pays the bill in installments. (Late fees may be assessed as described in 5.16.2). City Light may consider the following factors in determining the reasonableness of entering into a negotiated payment arrangement plan on the entire bill or undisputed amounts, include:
    - 5.16.1.1 The size of the account;
    - 5.16.1.2 The customer's ability to pay;
    - 5.16.1.3 The customer's payment and credit history;
    - 5.16.1.4 The length of time the debt has been outstanding;
    - 5.16.1.5 The reasons why the debt has been outstanding;
    - 5.16.1.6 The importance of continued electrical service to the customer; and

- 5.16.1.7 Unusual or severe weather conditions.
- 5.16.2 On delinquent active accounts, an account may be charged a \$10 late fee if the delinquent amount is equal to or greater than \$75. A delinquency penalty of 1% will be charged on delinquent balances equal to or greater than \$750. Late fees and delinquency penalties shall accumulate and be added to the delinquent balance.
- 5.16.3 On accounts being closed, if the closing date is more than forty-five (45) calendar days on bi-monthly accounts or twenty-five (25) calendar days on monthly accounts from the previous billing date a late fee and/or delinquency penalty may be applied on past due balances as outlined above in 5.16.2.
- 5.16.4 Customers having payment arrangements and who comply with the requirements of such arrangements may not be assessed a late fee or delinquency penalty.
- 5.16.5 On Sundry Sales accounts, an account may be charged a late fee or delinquency penalty beginning on the 25th calendar day after the billing date. A late fee of \$10 or an interest fee of 1% per month, whichever is greater, may be charged on delinquent balances of \$75 and greater. Unpaid interest and late fees shall accumulate and be added to the delinquent balances upon which the fee criteria will apply.
- 5.17 Informal Conference – Customers who question or dispute their bills shall have the right to an informal conference with a Customer Service or Electric Service Representative, Supervisor, or Manager who shall have the authority to make adjustments and/or payment arrangements with the Customer as part of this process. During the informal conference and/or appeal process, any customer pursuing this course of action shall continue to receive electrical service provided that any undisputed amount or undisputed payment arrangement amount is paid. Every reasonable effort shall be made by the Department to accommodate its customers in these disputed matters.
  - 5.17.1 Informal conferences may be conducted by telephone or in person during regular business hours, 8am to 5pm, Monday through Friday.
- 5.18 Right of Appeal – Customers who disagree with the decisions of designated Department employees after informal conferences shall have the further right to appeal to the Department's Hearing Officer.
  - 5.18.1 Appeals resulting from informal conferences must be submitted to the Hearing Officer, together with the reasons therefore, within ten (10) business days following the date of the informal conference decision. Appeals shall be in writing and shall be addressed to the attention of the Hearing Officer, Seattle City Light, 700-5th Ave., Suite 3200, P.O. Box 34023, Seattle, WA 98124-4023.
  - 5.18.2 The Hearing Officer shall refer issues to the appropriate Department Manager if lower level review and decisions have not been made.

- 5.18.3 Appeal hearings shall be conducted during normal business hours 8 a.m. to 5 p.m., Monday through Friday, within ten (10) business days following receipt of an appeal to the Hearing Officer. Hearings may be held off-site and at alternate hours at the customer's request.
- 5.18.4 The customer or customer's representative shall open the hearing with a statement of the customer's position in the matter and a presentation of the appeal.
- 5.18.5 The Hearing Officer shall provide the customer with a written decision within a reasonable time following the appeal hearing. The written decision shall be hand delivered or sent to the customer by regular or electronic mail.

The written decision shall contain:

- 5.18.5.1 A summary of the customer's appeal and supporting evidence;
  - 5.18.5.2 A summary of the Department's actions; and
  - 5.18.5.3 The Hearing Officer's decision.
- 5.18.6 If the customer refuses to accept delivery of the written decision or fails to make the payments required by the Hearing Officer's decision, the Department will proceed with appropriate action, which may include disconnection of service, and seeking recovery of all amounts unpaid, due and owing, or that may become unpaid, due and owing, including costs and damages incurred by the Department, by any legal means the Department deems appropriate.
- 5.19 Identity Theft Prevention – All Department actions related to credit and collections policies and procedures, including Department use of third party service providers to assist in credit or collection actions shall be consistent with the City of Seattle Identity Theft Prevention Program as authorized by City of Seattle Ordinance 122991, or as either of both may be amended or superseded.

## **6.0 Responsibilities**

- 6.1 The Hearing Officer or her/his designee shall be management-level employees not associated with the Credit and Collections Unit.
- 6.2 The Credit and Collections Unit, Customer Care Division, shall be responsible for:
  - 6.2.1 All credit and collection matters.
  - 6.2.2 Using discretion on a case-by-case basis in executing assigned duties.
  - 6.2.3 Reviewing and revising the present DPP as needed.

- 6.3 Department personnel dispatched to disconnect electrical services for nonpayment shall be responsible for reporting circumstances which present reasonable justification for delay of interruption of service and allowing such services to remain connected pending review. Additionally, field credit representatives shall be responsible for using discretion on a case-by-case basis in executing their assigned duties. Every reasonable effort shall be made by the Department to accommodate its customers in these disputed matters.
- 6.4 Department personnel charged with ordering service disconnected, performing actual disconnection of service, ordering service reconnected, or performing actual reconnection of service, shall be responsible for delaying the disconnection of electrical service and/or restoring electrical service already disconnected in cases where, in their opinion, service should be on. This could include: a payment received late, a life or health threatening situation in the family where the service is to be disconnected, or is already disconnected and other factors and conditions, such as those specified in 7.1. Conditions governing delay of service interruption or service restoration are specified in 7.5.

## **7.0 Procedure**

### **7.1 Credit and Collection Relative to Life and Health Threatening Situations.**

Notwithstanding any other provision, service will not be disconnected for nonpayment, or will be promptly restored if already disconnected, when, in the Credit representative's opinion, it would be in the best interest for all concerned where any of the following situations exist at the service address:

#### **7.1.1 A life-threatening situation involving a recognized piece of life support equipment.**

7.1.1.1 In life-threatening situations where life support equipment exists and the representative is made aware of this, an automatic 72 hour service extension is granted which may be extended up to four weeks at the discretion of the Credit and Collections or Customer Service Center Supervisors or Managers. The extension is granted to: (1) receive verification of the type and essential nature of such equipment from the attending physician on a standardized City Light Certificate of Medical Emergency form (Appendix 8.4); (2) allow the customer time to resolve the situation by making acceptable credit arrangements thereby averting shutoff; (3) allow time for qualified customers to apply for federal energy and other community energy assistance programs; or (4) allow for the customer to make other dwelling accommodations. The continuation of electrical service will be determined on a case-by-case basis.

#### **7.1.2 A health-threatening situation involving a serious illness or suspected illness.**

7.1.2.1 In health-threatening situations involving serious illness or suspected illness, an automatic 72 hour service extension will be granted to the customer to: (1) obtain verification from the attending physician on a standardized City Light Certificate of Medical Emergency form (Appendix 8.4); (2) allow the customer

time to resolve the situation by making acceptable credit arrangements thereby averting shutoff; and (3) allow time for qualified customers to apply for federal and other community energy assistance programs. In extreme instances, the Credit and Collections or Customer Service Center Supervisors or Managers may authorize this automatic service extension for a period not to exceed two weeks. In health-threatening situations, service with a signed Certificate of Medical Emergency may be extended up to thirty (30) calendar days.

7.1.2.2 Instances of health-threatening situations involving self-declared low-income customers (125 percent of federal poverty level set by the U.S. Department of Health and Human Services) are to be processed as in the above paragraph except that the Credit Supervisor may extend service up to four weeks to allow the customer time to apply for federal energy assistance and to verify income eligibility.

7.2 The Certificate of Medical Emergency is to be signed by a licensed medical practitioner and is extended to the customer and any member of the customer's household. The certificate must include:

7.2.1 The name of the person to whom the Certificate applies and relationship to the customer;

7.2.2 An explanation of how the health of the person will be significantly endangered by the termination of service;

7.2.3 A statement indicating how long the health condition is expected to last;

7.2.4 A statement specifying the particular type(s) of life support equipment the person uses;

7.2.5 A statement indicating whether utility service is needed to support necessary life support equipment; and

7.2.6 The signature of a licensed medical practitioner.

7.3 The Certificate of Medical Emergency is valid only for the length of time the health or life endangerment is certified to exist and for no more than sixty (60) calendar days when a health threatening condition exists. No Certificate of Medical Emergency is valid for more than one year without renewal.

7.4 A person submitting a Certificate of Medical Emergency is not excused from paying for utility service. Customers are required to enter into a payment agreement where an overdue balance exists.

7.5 Conditions governing delay of service interruption or service restoration.

Interruption of service may be delayed or service may be restored where:

- 7.5.1 The Customer has receipt for payment in full.
- 7.5.2 Electrical service is needed for the operation of life support equipment, such as an oxygen concentrator or an in-home peritoneal dialysis unit, etc. The Department maintains a priority code within the computer system which includes a "life support equipment" code, entered into the customer's master file when the Department is advised that life support equipment exists. The Department may be notified by a licensed medical practitioner or the customer of a condition. The Department reserves the right to verify the existence of such equipment. The Northwest Kidney Center sends a monthly update of all persons within King County on home dialysis. This update is checked against the previous month's update and required changes (deletions and additions) are made. Copies of this update are then forwarded to: North Service Center, South Service Center, System Control Center, and Customer Service Center (CSC), CSC forwards any orders to close accounts that contain a life support equipment code to the Credit and Collections Unit Supervisor prior to closing the accounts. Any other section(s) that now or in the future close and open accounts, either via batch or direct to terminals, will also alert the Credit and Collections Unit prior to closing accounts that contain the life support equipment code in the priority code section. The Credit and Collections Unit then is charged with the responsibility to verify that the customer has moved.
- 7.5.3 The customer has a current Certificate of Medical Emergency on file in the Credit and Collections Unit.
- 7.5.4 Service disconnection for nonpayment by one customer interrupts the service of another customer.
- 7.5.5 Although the Department does not maintain a special code for handicapped (unless such handicap condition requires life support equipment of which the Department is advised), if, in the opinion of the representative, the handicap condition could cause more serious problems with the loss of electricity. An example of this could be where an individual is on crutches, and the loss of service could possibly exacerbate the condition (i.e., lack of light to see living area).
- 7.5.6 Any other reason in which good judgment deems the reconnection of service or the delay of interruption of service to be in the best interests of the Department.
- 7.5.7 Service is not interrupted during the period it has been determined weather could adversely affect health of the occupants such as extreme snow conditions or any weather condition which closes the Seattle Public School System.
- 7.5.8 In all cases, credit representatives are charged with the responsibility to make a reasonable effort to make personal contact with all customers before service is disconnected, unless the disconnection is in response to an ordinance violation where the customer who has been disconnected for nonpayment has reconnected service without payment or authorization by the Department.

7.6 Collection Procedures.

The Credit and Collections Manager shall establish procedures for all credit and collection policies.

**8.0 Appendix**

8.1 Distribution: Posted online at <http://sclweb.light.ci.seattle.wa.us/dpp/>

8.2 Certificate of Medical Emergency

8.3 Schedule 100, Collection and Other Account Service Charges

**9.0 Revision History**

Version	Date	Changes Made	Author/Key Contact
2.0	10-11-11	Revised Section 4.6: “ <del>working</del> <u>calendar</u> days.”  Update Coordinated By: Jackie Kirn	Pamela Fowlkes
1.0	10-28-10	Revised to update text.  Update Coordinated By: Jackie Kirn	Pamela Fowlkes