



Quarterly Rules

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Consumer Services

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Section 6

DPA'S

From the General Service and Telecommunications Providers Rules

With summer behind us (well almost) and Mother Nature hopefully giving us some relief from high utility bills, I felt we should review the Rule dealing with delayed payment agreements (Dpa) and extensions. We already know many customers come out of both seasons (winter and summer) with large balances that have stacked up. Many will be calling to try to set up some sort of payment arrangements, either extensions or delayed payment agreements. So what better time to take a closer look at this Rule?

Rule 6.13.

Applies to any residential customer and to small commercial customers whose average bill for the most recent 12 months is \$200.00 or less. As used in this Rule, the term "customer" shall mean only such customers as so defined in this paragraph.

Parts A & B of this Rule talk about how a customer may inform the company of the need for a payment plan (in person or by phone) and the documentation that must be done by the utility when a customer enters either a dpa or an extension with the utility. It states that the utility must clearly inform the customer that if they default on the agreement, the company has the right to shut them off without notice! I often wonder just how clearly this is explained to customers because many who call our office seem confused as to what they have agreed to!

Of course the Rule states very clearly that payment must be made by the due date of the current bill, but are you sure you are taking that extra few seconds to explain what that means? If a customer has fallen behind and gotten accustomed to paying by the shut off date and not the bill due date, they are just the ones that you would need to spend an extra few seconds with. You should be able to see the customer's payment pattern and know

this person will need to be told that paying past the due date will NOT be accepted while under this agreement.

It's just good customer service and might be an interesting statistic to track next month. Make it a goal for all your reps to try doing this and see if the number of defaulted dpa's doesn't go down.

Before moving on to part C of this Rule, let me make it clear that there is a difference between an extension and a dpa. This Rule states that you **shall** offer a dpa if the customer qualifies, but if you'll notice; the Rule does not state that you **shall** offer an extension. You **may** offer an extension, but we will expect you to do this for **all** of your customers if you do it for **one**.

Many of you only offer dpas.

To offer extensions is above and beyond what is asked of you from the Rules. Although, for those that do not, I can only imagine the headache you guys deal with when a customer's only option is to enter into a dpa and then pay it off early. Seems like a lot of paperwork and time on your part when someone only needs a week to get caught up.

It is always your choice when you see the word "**may**" in the Rules and seeing the word "**shall**" of course is by regulation and means you must do it! "May" is permissive; "shall" is NOT (unless you have an exception). Once again, "may" does not mean that you can pick and choose which customers get extensions. If you offer extensions, they must be available to all qualifying customers.

6.13. C. – Availability of Delayed Payment Agreement

(1) A utility shall offer and enter into a delayed payment agreement with a qualifying customer if the customer agrees to:

- a. pay the down payment and all installments by the due dates; and**
- b. pay all bills from that utility coming due during the period of the agreement in full by each bill's respective due date.**

(2) A utility may not limit the number of delayed payment agreements a customer may enter into if the customer qualifies under all other conditions of this Rule.

You do not have to enter into a delayed payment agreement with a customer if they have broken another delayed payment in the past 12 months. This also includes those that failed to pay the agreed-

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upon down payment within 3 business days.

You do not have to enter into one after the last day to pay, as printed on the most recent shut-off notice, has passed.

You do not have to enter into a second one if the customer is currently on one. (unless it is a renegotiated situation)

You do not have to enter into one if a customer has engaged in tampering in the last 24 months.

You do not have to enter into one if a customer has misrepresented a fact relevant to the conditions under which they obtained or continued utility service in the last 24 months.

Think about those last two for a second. This is yet another reason for your customers to be totally forthcoming with you or lose a right!

The utility may require some form of identification from the customer or the person making the agreement. If the information is not provided or is not acceptable evidence of identity, the utility may refuse to enter into a delayed payment agreement.

The down payment must be made by the close of business on the third business day after the date the agreement was requested. All delayed payment agreements **shall** be in writing and must include relevant portions of the Rule.

When a utility arranges a delayed payment agreement, the utility **shall** send or give the customer a copy of the delayed payment agreement within 5 business days of receiving the customer's down payment. You **may** require the customer to sign the agreement and return it to the utility within 10 calendar days of the making of the agreement, but the customer's signature is not necessary for validity and enforcement of the documented agreement.

This Rule also states that the utility may not require more than a fourth of the overdue bill as the down payment and that the company must allow the customer at least 3 months on the dpa. If the customer requests less time for one then you will need to make sure your notes show this to be at the customer's request. This does not pertain to those situations where a utility is setting up one to correct an "under billing" situation. You must follow the Rules in section 5 and this would be to give the customer the same amount of time that the billing mistake occurred.

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Renegotiating the Delayed Payment Agreement

If a customer can substantiate a change in ability to pay resulting from a serious medical condition or the loss of a major source of income, the utility must document its good faith effort to renegotiate a delayed payment agreement one time during the period of the agreement. The customer loses this right if any term of the delayed payment agreement is not kept. A renegotiated agreement is not a new delayed payment agreement.

We tell customers they should not agree to make payments if they already know they can't keep them, but this Rule is there for those that make a promise to pay based on their current situation and then have either a medical issue or loss of income occur after the fact. For example: I might enter into a dpa today based on the knowledge of my income and walk into work next week and receive my walking papers from the state because...lets say this newsletter stinks! (just an example of course, I hope you're loving it) At any rate, my promise was based on different facts than what I have today. If I could prove this to you.....you would have to re-work the dpa for me.

Your company may charge interest on delayed payment agreement installments. You may suspend service without prior notice if a customer does not keep the terms of the agreement. Just remember if you send out a shut off notice, you cannot shut them off till the date on that notice! I have found that if you explain it all as a promise to pay and a promise broken, the customer understands the deal in a much simpler way. Now, last but not least is the fact that a customer does not give up any right to complain to the Commission by signing a dpa or entering an extension.

Remember it is your choice to do extensions, but dpas are a Rule and **shall** be done. If you choose to do extensions just remember that you must offer it to all customers.

If you do offer extensions and a customer breaks their promise, they would still be allowed to make a dpa with you. If they then break the dpa you would not have to work with them again for 12 months.

The melting pot of Rule information

A few helpful bits of info from other rules:

Not that I'm pushing Old Man Winter into Arkansas early, but you won't hear from me again till late December so it would be a good idea to refresh yourselves with the revised Cold weather Rule(6.15).

Suspension Moratorium Agreement (SMA) is a new part of this Rule and was put into place for those that qualify to help them make it through the winter heating season without getting cut off! It is for Gas or Electric service when the customer uses that service for heat.

I will talk more about this Rule in the next newsletter, but the SMA program begins November 1st through March 31st and I wanted you to be aware of this as we roll into the winter months!

Last but not least **Consumer Services Breaking News**

We would like to introduce and welcome two new faces in our section!

Jessica Neal – 501-682-5722 or jneal@psc.state.ar.us
Sonya Jones- 501-682-5862 or sjones@psc.state.ar.us

Jessica has taken Celeste's place on the phones and I'm sure some of you have already spoken to her or will in the near future. (Not to say I don't have faith in your ability to keep those customers happy...but one never knows what tomorrow brings!)

Sonya will be working with me as a project manager and possible back-up for the ladies on the phones.

Remember, effective January 1, 2009, any party initiating a new Docket must complete and file with the initial application, petition, or complaint a Summary Cover Sheet describing the nature and financial impact of the action or relief requested. The required cover sheets can be found in PDF format on the Commission's website at www.arkansas.gov/psc, then click on "Rules and Forms" and then "View a Listing of all Docket Summary Cover Sheets". There are different cover sheets for different types of dockets. These Summary Cover Sheets are required by Order No. 1 in Docket No . 08-181-A.

That's all folks!

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