



# ***MONTHLY PERFORMANCE UPDATE & RESOLUTION SUPPORTING CPS ENERGY PLAN TO MITIGATE CUSTOMER DEBT***

*PRESENTED BY:*

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&

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December 19, 2022

*Informational Update*

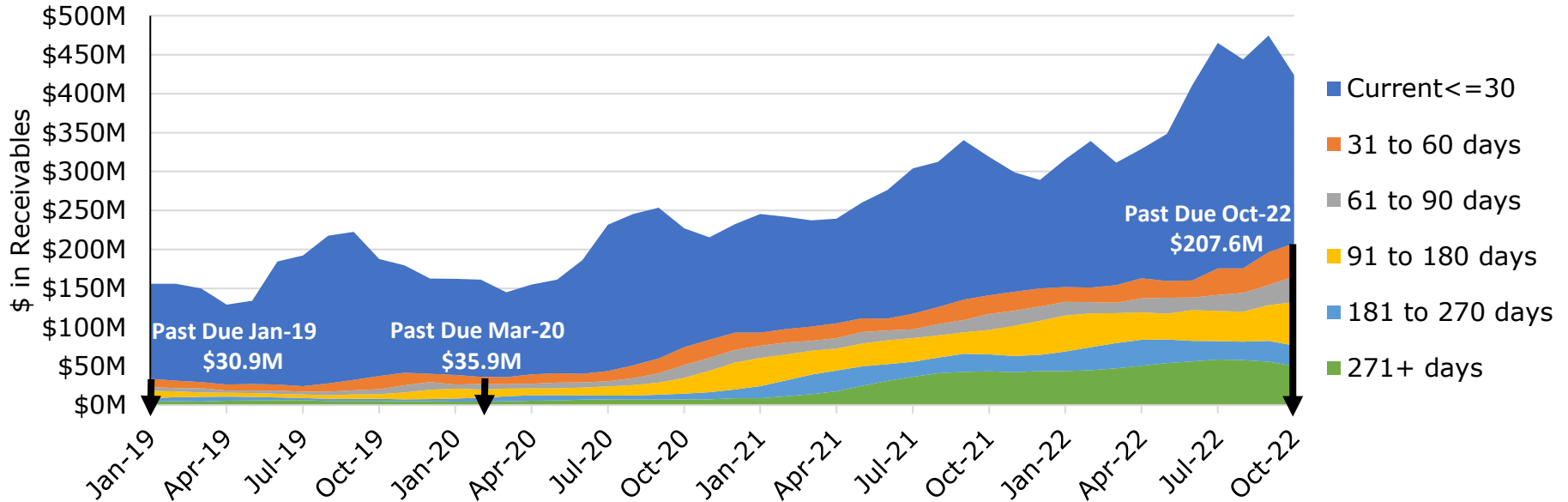
- **RECEIVABLES FAR EXCEED NORMS**
- **RECEIVABLES ACTIONS**
- **COLLECTION ACTIVITIES**
- **KEY FINANCIAL METRICS**

**We will provide an update on our collections activities & key financial metrics through October 2022 & seek your approval of a resolution supporting our plan to mitigate customer debt. The regular Monthly Performance Update will be available later this month.**

# RECEIVABLES FAR EXCEED NORMS



## Accounts Receivable Trend by Age of Debt



**In response to requests from the community & with your support, we paused disconnections & began waiving late fees in March 2020.**

# RECEIVABLES ACTIONS



## ARPA, REAP & Agencies

- ✓ **\$19.9M** for ~**19K** accounts
- ✓ **\$2.7M** donated
- ✓ **\$55M** connected with assistance



## Affordability Discount Program

- ✓ **65K** accounts enrolled



## Special Billing Programs

- ✓ **>58K** enrolled in Senior Citizen
- ✓ **~3K** enrolled in Critical Care



## Flexible Payment Options Plans

- ✓ **~67K** enrolled in installment plans
- ✓ **>18K** enrolled in due date extensions
- ✓ **>35K** enrolled in Budget Payment Plans



## Collections

- ✓ **>915K** collection calls
- ✓ **~\$8M** in late fees charges
- ✓ **>940K** written & email notices (*including disconnection letters*)
- ✓ **12K** disconnections completed



## Communications & Support

- ✓ **>1,500** community engagements
- ✓ **>950** community events
- ✓ **47K** community members connected with
- ✓ **>230** customer visits (*residential*)
- ✓ **~600** managed cases (*residential*)
- ✓ **>174** customer visits (*commercial*)
- ✓ **~600** managed cases (*commercial*)

**We have implemented our communicated collections actions to address accounts receivables. As part of our efforts, we have \$77M in installment plans, with an average length of 26 months.**

# COLLECTION ACTIVITIES

## RETURN TO PRE-PANDEMIC COLLECTION ACTIVITIES

1. Past-due alert to phone, text, or e-mail
2. Courtesy reminder call
3. Mailed collection notification
4. Additional past-due call
5. Send a delinquency notification
6. Mail final disconnection notification
7. Disconnect accounts

## INCREASING COLLECTIONS & DISCONNECTIONS

8. Increased disconnections to up to 600 per day
9. Targeted in-person outreach by council district
10. Reduced days of no disconnects around holidays
11. Increased investigation for theft of service
12. Identified vacant properties to disconnect
13. Escalated timing where possible to write-off accounts

## HIRING

14. Increased hiring for all customer facing teams
15. Increased starting pay for Energy Advisors
16. Extended retention program for Customer Service

## IMPROVING SELF-SERVICE CAPABILITIES

17. Improving self-service capabilities
18. Building a dedicated "collections" line
19. Building a dedicated line for Commercial & SMB

## EXPANDING COMMUNICATIONS STRATEGY

20. Outreach & interviews with media
21. Updates on CPS Energy website, social media, employee communications
22. Targeted bill messaging, customer letters, customer service IVR messages, signage at walk-in centers, billboards, & stakeholder communications
23. Focused advertising campaign that includes radio public service announcements, & signage at VIA bus shelters & buses

## LEVERAGING CONSULTANTS

24. Assessment of practices by a utility consulting firm
25. Sponsoring utility-based forum with First Quartile to discuss macro view & ways to improve collections
26. Scoring & modeling of past-due accounts to target activities
27. Leveraging third-party call center for additional collection efforts

**We have >25 tactics dedicated to our efforts to get accounts back on track & support our financial stability.**

# KEY FINANCIAL METRICS

## REVISED FORECAST VS. BUDGET



	<u>Year to Date</u>	<u>Full Year Forecast</u>	<u>Full Year Budget</u>	<u>Threshold Levels</u>
<b>Debt Service Coverage Ratio</b>	<b>2.28</b>	<b>1.85</b>	<b>1.79</b>	<b>1.50</b>
<b>Debt Capitalization Ratio</b>	<b>60.76%</b>	<b>61.66%</b>	<b>61.66%</b>	<b>&lt;60%</b>
<b>Days Cash On Hand</b>	<b>138</b>	<b>160</b>	<b>170</b>	<b>150</b>

**We are aware of the risks associated with our current financial position. We expect to end the year with all metrics at acceptable levels. Our conversations with the Credit Ratings Agencies are transparent & ongoing.**

Note: Year to date through October 31.



***Thank You***

## **RESOLUTION SUPPORTING CPS ENERGY PLAN TO MITIGATE CUSTOMER DEBT**

**WHEREAS**, CPS Energy is a municipally owned utility and proud community partner to the City of San Antonio and surrounding communities; and

**WHEREAS**, a unique benefit of public power is the help and support CPS Energy provides to our community in its greatest times of need; and

**WHEREAS**, on March 11, 2020, CPS Energy temporarily suspended service disconnections for customers during the COVID-19 pandemic; and

**WHEREAS**, on April 27, 2020, this Board of Trustees unanimously passed a resolution, confirming and ratifying the waiver of late fees for customers who make timely payments as part of a payment plan established during the period of suspended disconnects; and

**WHEREAS**, on May 21, 2020, the San Antonio City Council unanimously passed an ordinance authorizing and ratifying the waiver of late fees for customers participating in deferred payment plans; and

**WHEREAS**, CPS Energy increased its efforts to connect customers to assistance, including to the Residential Energy Assistance Partnership (REAP), working with the City of San Antonio and other partners; and

**WHEREAS**, CPS Energy also began unprecedented efforts to connect with customers, including adjusting customer service center hours, increasing outreach efforts, and enrolling customers in eligible payment plans; and

**WHEREAS**, in July 2021, CPS Energy announced it would resume service disconnections, starting in September 2021 with large commercial customers and October 2021 with small commercial and residential customers; and

**WHEREAS**, in January 2022, late fees were reinstated for all customers, and

**WHEREAS**, although CPS Energy had resumed service disconnections and the application of late fees, the spring and summer months of 2022 saw record-breaking heat and increased natural gas prices due to global pressures, which increased the amount of past due receivables and limited the number of disconnections; and

**WHEREAS**, CPS Energy management and staff have continually kept this Board of Trustees informed of our evolving and increasing efforts to mitigate and address past due accounts, while still supporting our customers in need; and



**WHEREAS**, as of October 31, 2022, the amount of past due receivables is \$207,600,000 and CPS Energy recognizes the need to further monitor and address past due balances; and

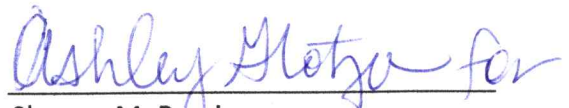
**WHEREAS**, CPS Energy and the Board of Trustees are committed to the welfare of the community and financial wellbeing of CPS Energy; and

**WHEREAS**, CPS Energy core values are accountability, safety & wellbeing, integrity, transparency, excellence, and achieving our mission as one team; and

**WHEREAS**, in keeping with our core values, CPS Energy management and staff provided this Board of Trustees with an updated comprehensive plan to address past due balances; and

**NOW, THEREFORE, BE IT RESOLVED**, CPS Energy Board of Trustees confirms and supports this comprehensive plan, and

**BE IT FURTHER RESOLVED**, CPS Energy Board of Trustees hereby directs CPS Energy to provide this Board of Trustees a monthly update on the effects of this comprehensive plan in addressing past due accounts.



Shanna M. Ramirez  
Secretary of the Board

