



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Mark Freeman, Energy Management & Customer Service Manager
DATE: February 6, 2015
SUBJECT: Collection Agency Litigation
OBJECTIVE: Information Only

Issue:

As EWEB continues to look for more flexibility and resiliency in its Credit and Collections work, a source of revenue has been identified in the form of approximately 16,000 unpaid, written-off accounts currently assigned to Professional Credit Services for collection. Presently, EWEB allows Professional Credit Services to litigate such accounts if the balance owing is \$10,000 or more. By allowing Professional Credit Services to litigate accounts with an EWEB balance of \$300.00 or more, EWEB can realize greater revenues via its existing Collection Agency partner in a way that works within the framework of EWEB's existing staff and resources.

Background:

Currently, Professional Credit Services is holding more than 16,000 EWEB accounts with an EWEB balance of \$300.00 or more each. These accounts total approximately \$8,000,000.00 in potentially recoverable monies. Professional Credit Services projects recovery of more than \$800,000.00 of these monies within the first 12 months if the threshold for litigation is reduced from \$10,000.00 to \$300.00.

Consultation has occurred with EWEB legal counsel as well as with Professional Credit legal counsel, and customer notification processes have been updated to include language regarding potential litigation and fees. EWEB's Purchase Order with Professional Credit has been reviewed by legal counsel and updated appropriately. Following an inquiry of local utility and governmental agency practices, it was determined that the \$300.00 threshold is consistent with those entities.

For comparison:

- Springfield Utility Board allows their Collection Agency to litigate without a minimum balance threshold.
- Emerald Public Utility District does not litigate written off accounts
- Lane Electric Cooperative allows their third party collector to litigate with a minimum account balance of \$500.00.
- Blachly Lane Cooperative allows their Collection Agency to litigate without a minimum balance threshold.
- The City of Eugene has advised EWEB that there should be no threshold for litigation of accounts billed by EWEB on its behalf.

Discussion:

Based on EWEB's internal analysis and Professional Credit's data and input, EWEB will lower its threshold for litigating written-off accounts with assets from its \$10,000 to \$300.00 to allow Professional Credit Services to collect monies owed to EWEB for services already provided effective March 1, 2015.

Recommendation:

None. Information only.