



Frank Lasee

WISCONSIN STATE SENATOR
FIRST SENATE DISTRICT



Senator Lasee's Testimony Senate Bill 517— Improving collections of unpaid municipal utility debts

When a municipal utility provides service, they do their best to collect payments from their customers. When a person doesn't pay their municipal utility bill, the utility has one option - put the debt on the property owner's tax bill.

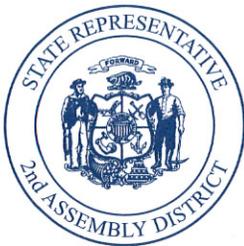
When the utility customer is the property owner, this system works well. However, some tenants have learned that they can stop paying their utility bills and the debt will end up on the landlord's tax bill, with no consequence to the renter.

This bill was written in collaboration with Wisconsin Realtors Association, the League of Wisconsin Municipalities, Municipal Environmental Group-Water Division, Municipal Electric Utilities of Wisconsin, the City of Milwaukee, and others to preserve the ability of municipal utilities to collect unpaid utility bills via property tax, while also creating provisions that will give them new tools to keep unpaid utility bills from getting out of control in the first place.

Throughout the drafting process, representatives from municipal utilities shared their ideas on how to address issues with tenant debt collection and recovery, and these ideas were incorporated into the bill. Having these stakeholders involved made the bill much stronger.

By making these changes, rental property owners will be more likely to recover for unpaid utility bills that the tenant should have paid. This will make it easier for them to provide affordable rental housing to the people of Wisconsin. These changes preserve the ability that municipal utilities already have under state law to collect bad debts, while creating new tools for them to collect, keeping costs down for all users.

Attached is a copy of a memo from Legislative Council to explain the provisions.



ANDRÉ JACQUE

STATE REPRESENTATIVE • 2nd ASSEMBLY DISTRICT

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Toll-Free: (888) 534-0002
Rep.Jacque@legis.wi.gov

P.O. Box 8952
Madison, WI 53708-8952

TO: Members of the Senate Committee on Insurance and Housing

FROM: Representative André Jacque

DATE: Thursday January 30, 2014

RE: Senate Bill 517

Committee Members:

Thank you for hearing this bill that will provide more safeguards for landlords and streamline some policies for utilities when non-property owners fail to pay bills.

I first became aware of the need for legislation in this area while working for the City of Green Bay in the Planning Department and Mayor's Office, and I am very pleased with the bill before you today. While legislation has addressed this issue in past sessions, SB 517 and its Assembly companion reflect a collaborative, balanced approach with extensive participation from stakeholders from municipalities and municipal utilities as well as property owners. This process began with the leadup to the introduction of Assembly Substitute Amendment 1 to 2011 AB 182, and has advanced considerably thanks to the involvement of Sen. Lasee's staff and my own.

Currently, as you are likely aware, if a municipal utility provides utility service to a property and payment for the service is in arrears, the utility has a lien on the property and may have arrearages inserted as a tax on the property if the certain procedures are followed. While the bill before you today does not disallow utilities from using the arrearage collection procedure for a rental dwelling, it does provide some new common sense procedures for both utilities and landlords to follow when dealing with past due or unpaid bills in order to encourage payment to a utility or reimbursement to a landlord.

For example, this bill provides that, if the municipal utility uses the arrearage collection procedure for a rental dwelling unit and provides a notice of arrearage to the owner, the municipality has a lien on the property of the tenant who is responsible for the arrearage. Accordingly, the utility or treasurer must then certify and file with the clerk of courts a list of those tenants so that if the owner pays the arrearage, the municipality must transfer the lien to the owner. This bill also allows an owner of a rental unit to request that a municipal utility terminate electric service to a rental dwelling unit if the tenant's utility charges are past due and the tenant has received certain notices. Additionally, it establishes tools for utilities:

1. A municipal utility must refuse to establish electric utility service at a rental dwelling unit rented by a tenant if the tenant has outstanding past-due charges for utility service from the municipal utility, and must inform the owner of the rental unit of the past-due charges upon the owner's request.
2. A municipal utility is not required to offer a customer who is a tenant at a rental dwelling unit a deferred payment agreement.
3. A municipal utility may adopt application, deposit, disconnection, or collection rules and practices that distinguish between customers based upon whether the customer is an owner or a lessee of the property receiving utility service where the possibility exists for unpaid bills of a tenant to become a lien.
4. Under the bill, if a municipality or owner of a rental dwelling unit has a lien against a tenant for unpaid utility services, the municipality or property owner may certify that debt to DOR so that DOR may collect the debt by subtracting the lien amount from any tax refund owed to the tenant.

Thank you for your consideration, and I welcome any questions you may have.



Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

January 30, 2014

DOR Testimony on Senate Bill 517
Senate Committee on Insurance and Housing

Chairman Lasee and members of the Senate Committee on Insurance and Housing, thank you for the opportunity to testify on SB 517, which requires municipal utilities, and allows landlords, to certify unpaid municipal utility charges of a tenant to the Tax Refund Interception Program (TRIP).

The bill standardizes the process by which a municipal utility collects for unpaid charges. The only aspect of the bill that DOR opposes is allowing a private individual or entity to use the public debt collection mechanism, TRIP.

DOR has generally opposed efforts to expand TRIP to collect private debts, and the department remains opposed to the expansion proposed by this bill. This bill expands the role of the government into that of a private debt collector, making DOR the replacement for private collection agencies. The TRIP program provides an efficient mechanism for state government and local governments to collect public debts when other mechanisms have failed. TRIP serves as the linkage between multiple public entities to which debts are owed. TRIP provides a key service for taxpayers by providing a focused, effective effort to collect debts owed to governments, ensuring that everyone plays by the same rules. If TRIP's narrow focus were changed, taxpayers would no longer have the efficient and effective service TRIP provides working solely on their behalf.

Accepting debt directly from individuals and businesses (landlords) for tax refund setoff creates challenges for DOR. Expanding TRIP to collect private debts for landlords in addition to public debts would require additional resources from the Department of Revenue.

DOR will need additional resources to:

- Provide customer service to tenants who will ask why their tax refunds have been offset, and to landlords who will ask why they have not received payment.
- Ensure due process has been provided, as currently required, before debts may be offset via TRIP.
- Provide a mechanism for payment to each landlord and keep track of each landlord to ensure we can reach them if the tenant claims the debt has been paid.

It is also important to note that if DOR collection agents were assigned to collect private debts, focusing on collection of private debts would compete with time and staffing that would otherwise be devoted to administering tax laws and collecting debt owed to public entities.

Thank you for the opportunity to discuss SB 517.



Wisconsin Rural Water Association
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January 30, 2014

Senate Committee on Insurance and Housing
Senator Lasee, Chair
Senator Olsen, Vice-Chair
Senator Cullen
Senator Erpenbach
Senator Schultz

Dear Senators:

As you know, current law allows municipal utilities to place unpaid customer's utility bills on the tax rolls at the end of each year. This process has worked very well throughout the years to keep utility rates lower for all customers and ensures that bill paying customers are not subsidizing the utility costs of others.

The Wisconsin Rural Water Association (WRWA) and our 585 municipal water & wastewater system members go to great lengths to help our customers keep their accounts up-to-date and support the current process as an important and effective tool in doing so.

In the past, legislation has been introduced to take away the ability of municipal utilities to use the tax roll collection process, legislation that we and our member communities have strongly opposed. However, over the last several months Senator Lasee and Representative Jacque worked together with various stakeholders, including the Wisconsin Rural Water Association, to develop legislation that addressed the concerns of all parties.

The result of this process is SB 517, a Bill that provides rental property owners with additional tools to keep tenant accounts up-to-date, and facilitate collections and reimbursement of unpaid balances. And while it does include additional requirements for municipal utilities and local government throughout the collection process, it does maintain the ability to use the tax roll collection process.

While the Wisconsin Rural Water Association supports the law currently in place, we also do not oppose SB 517 and would like to thank Senator Lasee and Representative Jacque for their efforts in developing compromise legislation that addresses the concerns of affected stakeholders.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Lawrence", is written over a light blue circular stamp.

David Lawrence
Executive Director
Wisconsin Rural Water Association



To: All Legislators

From: Tom Larson, Vice President of Legal and Public Affairs
Joe Murray, Director of Government Affairs

Date: January 28, 2014

RE: SB 517 -- Limiting a landlord's liability for a tenant's unpaid municipal utility bills

The Wisconsin REALTORS® Association supports SB 517, legislation aimed at limiting a landlord's responsibility for a tenant's unpaid municipal water and electric bills, and making tenants more accountable for their own bills.

Background

Under current law, municipal-owned utilities are allowed to collect unpaid charges for utility service by placing a lien on the property served. This authority applies to municipal water, sewer, electric, natural gas, and telecommunication services. While the landlord is entitled to receive notice of the tenant's unpaid utility services, the notice requirement is ineffective because a municipal utility can choose to notify the landlord after the payment is late by one billing cycle, which is often every 3 to 6 months.

As a result, unsuspecting landlords in Wisconsin have been required to pay thousands of dollars because a tenant failed to pay their municipal utility bills for several months, and then left town without making a payment. To make matters worse, unless a landlord spends more money to obtain a judgment from a court (which would have little value if the tenant moved to a different state), the landlord has no way of collecting this debt from the tenant or notifying future landlords about this tenant's poor payment history.

SB 517

To remove this burden from landlords, SB 517 would allow landlords to limit their financial exposure by holding tenants more accountable for their unpaid bills. Specifically, this legislation attempts to lessen the burden currently placed on landlords by:

- **Providing landlords with earlier notice (14 days) of missed payments by tenants** – Because current law allows municipal utilities to notify landlords after payment is late by one billing cycle and tenants can rack up large utility bills over a several month period, current notice requirements are inadequate to protect landlords from significant losses. Landlords need to be notified early in the process to avoid being held responsible for large unpaid utility bills generated by tenants. Requiring landlords to be notified within 14 days after a tenant fails to make a payment will provide landlords with the opportunity to address this issue directly with the tenant before the unpaid bill increases further.

- **Allowing landlords to request electric utility service to be shut off** – Under current law, a landlord is not authorized to demand that utility service be shut off, even if the tenant has a large past due bill. (The utility may, but is not required to, honor the landlord's request.) Therefore, the landlord has no way to stop additional charges from being added to the bill. (Note – SB 517 does not change the current prohibition on shutting off utilities between November 1 and April 15.)
- **Eliminating ways in which tenants can “game the system”** – Current law provides tenants with numerous ways to avoid making full payment while still receiving utility service. For example, tenants can enter into a deferred payment program with the utility to pay a small portion of the past due amount over time. This allows tenants to pay a very small portion of the bill each month, while continuing to use the utilities and increasing the overall amount owed. As long as the tenant pays something, the municipal utility is not allowed to shut off service.
- **Creating a system to track tenants who don't pay their bills.** Currently, if a landlord pays a tenant's unpaid utility bill to avoid having a lien placed on the property, the municipal utility's records will show that the tenant does not have an outstanding balance on their bill. This allows tenants to avoid any accountability for unpaid bills, and allows tenants to repeat this behavior by moving from one apartment to another. To address this problem, SB 517 authorizes landlords to post unpaid tenant utility bills on CCAP so that future landlords will be aware of the tenant's utility payment history and to discourage tenants from not paying their utility bills.
- **Providing a mechanism for landlords to collect past owed debts from tenants** – While landlords can attempt to collect past owed debts from tenants by seeking a court judgment, such judgments are expensive to obtain and difficult to enforce. As an alternative, SB 517 authorizes landlords to utilize the municipal tax refund intercept program (TRIP) to collect unpaid tenant utility bills by allowing the landlord to receive any tax (income or property) refund payable to the tenant. While it may take some time before the debt owed to the landlord is paid off entirely, this mechanism will increase the likelihood that the landlord would eventually be reimbursed.

We encourage you to support SB 517. If you have questions, please contact us at (608) 241-2047.

January 30, 2014

HAND DELIVERED

Senate Committee on Insurance and Housing
Senator Lasee, Chair
Senator Olsen, Vice-Chair
Senator Schultz

Senator Cullen
Senator Erpenbach

RE: Comments on SB 517

Dear Senators:

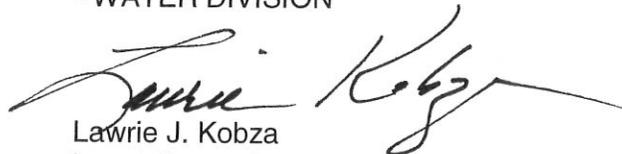
Under current law, a municipal utility may place a customer's delinquent utility bills on the property tax rolls of the property provided with utility service. This collection process is long established and cost effective. It keeps utility rates lower for all customers. The Municipal Environmental Group - Water Division (MEG - Water), an association of 58 municipal water systems that advocate on issues involving water supply, strongly supports maintaining the authority of municipal utilities to place delinquent utility bills on the property tax rolls.

In the past, landlords have raised concerns about this collection process. Senator Lasee and Representative Jacque have pulled together stakeholders to discuss whether a compromise on landlord concerns could be reached. MEG - Water participated in these discussions along with the Wisconsin Realtors Association and other stakeholders.

SB 517 represents compromise legislation that retains the authority of municipal utilities to place delinquent utility charges on the property tax rolls -- which is critical to MEG - Water -- while providing landlords with additional notice and other tools to help ensure that tenant customers pay their utility charges, and a mechanism for landlords to obtain reimbursement for utility charges paid on the tenant customer's behalf.

While this compromise will result in additional burdens being placed upon municipal utilities and local and county governments, MEG - Water's Steering Committee has determined that the benefit of retaining the ability to place delinquent utility charges on the property tax rolls is outweighed by these additional burdens. Therefore, although MEG - Water is not in favor of changing current law, it does not oppose SB 517.

MUNICIPAL ENVIRONMENTAL GROUP
- WATER DIVISION


Lawrie J. Kobza
Legal Counsel

cc: MEG - Water Members



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Viola
Waterloo
Waunakee
Waupun
Westby
Whitehall
Wisconsin Dells
Wisconsin Rapids
Wonewoc

TO: Members of the Senate Committee on Insurance and Housing

FROM: Zachary T. Bloom, Executive Director

DATE: January 30, 2014

RE: MEUW Testimony on Senate Bill 517 – related to collection of certain utility arrearages by a municipal utility and the provision of municipal utility service to tenants.

My name is Zachary Bloom and I am the Executive Director of the Municipal Electric Utilities of Wisconsin. MEUW serves all 82 Wisconsin communities that own and operate an electric utility. Combined our utilities distribute about 11 percent of Wisconsin's electric load to nearly 280,000 residential, commercial, industrial and farm customers.

This past summer, MEUW was a part of a stakeholder group that provided input to the Wisconsin Realtors Association's initial concepts to provide additional tools for their members to mitigate the impacts of delinquent utility bills. Municipal utilities have used the ability to place unpaid utility bills on the property tax rolls for over 100 years. Current law governing this issue was established over 15 years ago and continues to work well. That law provides that municipal utilities may place an unpaid municipal utility bill on the property tax bill at the end of the year. In the case of a rental property, a municipal utility may only use the tax roll process if the utility provides notice directly to the landlord when delinquent accounts arise.

Retaining the tax roll collection process helps municipal utilities keep their rates low by ensuring the cost of unpaid utility bills is not absorbed by all ratepayers. MEUW's Accounting & Customer Service Committee does an outstanding job administering education programs throughout the year to educate our members on the various tools available to collect delinquent utility charges. These opportunities vary from seminars and conferences on accounting, customer service, and collection procedures, to customer service roundtables where utility customer service and billing staff address timely topics. Our members are well versed on the PSC's service disconnection rules, as well as the overall tax roll process. Several state agencies, including the Public Service Commission, assist us in educating our members on all the collection tools available.

Managing rental real estate is a business venture for owners of rental property, and assurance of payment of all utilities provided to the property should remain with the owner of such property by whatever means are available. Landlords do have a number of tools to assist with the collection of delinquent utility accounts including the ability to deduct the delinquent amount from a security deposit.

Our Mission: To lead, unify, advance and protect the interests of municipally owned utilities.

MEUW Testimony on Senate Bill 517 – related to collection of certain utility arrearages by a municipal utility and the provision of municipal utility service to tenants.

Page 2 of 2

SB 517 aims to give landlords even more tools to track and collect from tenants with delinquent utility accounts by providing landlords with earlier notice of delinquent accounts, access to the names of habitual delinquent payers, a process to request the cancellation of service, and a mechanism for landlords to collect debts from delinquent tenants.

MEUW is appreciative of the opportunity to work with the bill authors on the drafting of SB 517 and thanks the bill authors for preserving the ability for our members to continue to use the property tax collection process. We are taking a neutral position on the bill because it adds a number of new procedures prior to collection. The provision of utility service, and the billing and collection of charges for such service, is already a burdensome and time-consuming process for municipally-owned utilities and this bill will add to those requirements.

I appreciate the opportunity to appear before you today and would be happy to answer any questions you have. Thank you.



Waukesha Water Utility

SERVING WAUKESHA SINCE 1886

115 DELAFIELD STREET
WAUKESHA, WI 53188-3615

Telephone: (262) 521-5272 • Fax: (262) 521-5265 • E-mail: contactus@waukesha-water.com

MEMORANDUM

DATE: January 22, 2014
TO: Senator Paul Farrow
FROM: Daniel S. Duchniak, P.E., General Manager
CC: Scott Rausch
Cameron Sholty
RE: Proposed Landlord Bill LRB 0613/2

I am writing to oppose legislation recently circulated by Sen. Frank Lasee regarding the collection of municipal utility bills that are unpaid by tenants.

The intention of the legislation is to address concerns raised by landlords relating to those bills and the current process of collecting them through the tax roll.

Our analysis of the procedures contained in the legislation would require our rates to increase approximately 3%. This increase would come at a time when rates for most municipal utilities are already increasing for other reasons. In our case, that includes the increase necessary to implement a new water supply.

Unlike a new water supply, however, the 3% increase caused by the proposed legislation is not for the benefit of all our customers. It would benefit less than 5% of our customers. The costs however would be paid by 100% of them.

The bill would create a complex and cumbersome process when the simpler and cheaper solution is for landlords to simply add the cost of the water bill (approximately \$250 per year) to the tenants' rent. This is a case where a complex and costly government solution is not needed.

The bill would affect every municipally owned water utility – in other words, 99% of the water utilities in the State of Wisconsin (577 of 583 utilities). These utilities are owned

by municipalities and the people that live within each community. They are regulated by the Public Service Commission (PSC). Rates are set for us through the PSC's rate making process, which is based on the cost of service methodology.

Unlike the businesses the landlords run, these water utilities are not-for-profit enterprises that are run by the communities. They provide a public service to residents within the community. All of the revenue goes to pay for expenses or is put back into the water system.

Since water utilities are not-for-profit enterprises and rates are set using the cost of service method, any expenses that are incurred as a result of implementing this proposed legislation would be borne by the customers of the utility.

Currently, since we are municipally owned, water utilities have been allowed to "roll" any unpaid bills to the tax roll to ensure collection of the monies that are owed to the municipality's utilities. Any funds that are not collected – and the costs associated with collecting those funds – are paid for by the rest of the customers of the utility. The current process of utilizing the "tax roll" to ensure collections is effective at minimizing the cost to all of our customers from unpaid bills.

The proposed bill expands the role of government. It creates additional administrative responsibilities for the utility staff and the additional responsibilities benefit less than 5% of our customers. These 5% are the landlords whose water bills are sent to the tax roll. Yet, the costs of assuming these responsibilities will be borne by 95% of our customers – those who pay their bills.

Unlike privately owned electric or gas utilities, which are for-profit entities, water utilities do not have staff in place to implement a collections department and the complex requirements set forth in the proposed legislation. Staff would need to be expanded, budgets increased and policies and procedures updated in order to handle the additional administrative tasks associated with these procedures. The sole purpose of these procedures would be to transfer risk (that businesses get rewarded for assuming) to a Public Utility.

It is important to note that not all landlords would benefit from the bill. There are other landlords (nearly another 5%) who manage their businesses in ways that avoid the tax roll. These landlords recognize that they would not have a product to offer if water was not provided to their properties by the utility. These landlords build the total cost of their product (including water) into their rents.

From a historical perspective, Waukesha's own Housing Authority tried to bill the tenants of the 90 properties they manage directly in 2008. This resulted in the same

issues that are trying to be addressed by the proposed legislation. After having a large amount of bills go unpaid, which resulted in tax roll notices, the Housing Authority switched all of their units from water bills going directly to tenants to having the Housing Authority receive the bills directly. The Authority then incorporated those expenses into their operations with the rent for the units reflecting the cost of those expenses. Since changing that practice, they have not had an issue with "rolling" of unpaid bills over to the tax bill. This appears to be a practice the landlords could implement to eliminate the issue of unpaid water bills.

The Waukesha Water Utility opposes the proposed legislation. That being said, there are a number of specific issues we have with the proposed legislation.

The proposed Section 3:

This is a new section and it creates a process where the utilities would need to file, with the Clerk of Courts, a list of tenants of rental dwellings units who are responsible for arrears that result in a lien against the property. Right now, 10% of our bills go to "owner/occupant." This legislation would require us to have the correct occupant to bill. However, the utility is not always made aware that a tenant has moved out and a new tenant has moved in. We would need to put a procedure in place to monitor these properties and gain knowledge of when the tenant changes for the given property. How does the legislation propose utilities obtain this information?

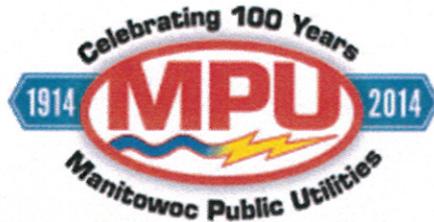
Once this list is filed with the Clerk of Courts, the utility then would have a "lien" on any assets of the tenant. If the property owner pays the utility bill, the utility would then be responsible to transfer the lien to be held by the property owner. Has a procedure been developed to accomplish this? Are the Clerks of Court aware of their role in this process?

The proposed Sections 14 - 23:

These sections introduce the Tax Receipt Intercept Program (TRIP) process into utility operations. This is the process by which a debt can be collected through a refund owed by the State to the tenant. This program is currently to collect debts owed to governmental units, not those owed to private individuals or businesses. Do we really want to open up this process to collect bills for the benefit of for-profit businesses?

There are many additional issues related to this proposed legislation and I would be willing to discuss them with you in person. You can contact me at (262) 521-5272, ext. 518, if you would like to discuss this further.

Thank you for your interest in this important utility issue.



1303 South 8th Street P.O. Box 1090 Manitowoc, WI 54221-1090 920-683-4600 FAX 920-686-4348 www.mpu.org

January 30, 2014

To: Members of the Senate Committee on Insurance and Housing
Senator Frank Lasee, Chair

For: Public Hearing – Senate Bill 517

Good morning members of the Senate Committee on Insurance and Housing. My name is Cara Zipperer and I am here representing Manitowoc Public Utilities and the customers we serve. I would like to address the bill presented before this committee, Senate Bill 517. While we appreciate the work that was put into the development of this bill, we need to state for the record, Manitowoc Public Utilities is in opposition of this legislation.

Our concern is the negative impacts on our senior citizens, low income customer and small businesses. This bill is written with a theory of structuring how debt is collected, not a representative legislation for our on-time paying customers. This bill fails in the points of how the bill is to be executed. The cost of operating a customer information system capable of implementation and compliance; additional labor and/or outside contractor's costs and finally the increased cost to our current and future customers for future maintenance outweigh any useful benefit for the community at a whole.

Based on the requirements for compliance necessary in this bill; the cost to modify customer information systems will be between \$ 25 to \$75 thousand dollars for initial installation. Each Section that requires a process change will have a programming cost associated with it. For example, printing the 10% on the initial notification in October as an exact amount will have an approximate programming cost of \$5,000. For moving the notification to be within 14 days of the bill being past due, the programming cost will be just under \$ 10,000. For the requirement of sending notifications on a monthly basis prior to moving it to tax roll for final billings, the cost for programming will be \$8,000 plus the added expense of \$ 1.25 per account per mailing. This will add an annual cost to our budget over \$13,500 in postage and paper supplies alone. In 2010, MPU selected a new customer information system which operates within the specifications of the rules laid out by the Public Service Commission of Wisconsin. The cost of this system was just under \$1 million dollars to purchase and implement. Customer information systems are a very vital and important part of our utility as well as others in our industry. This system operates with high reliability and customer accessibility. Critical functional changes will have an impact to all utilities in our position. With the increase in requirements of the system and programming, we anticipate an additional 20% in maintenance costs going forward on an annual basis, increasing the cost by \$ 13,000.

In section three, the listing of this debt with the clerk of courts will not be free. Standard fee today is \$ 96.50 per small claims action. For 2013, the tenant accounts were just over 225 accounts, equaling a file fee alone of \$21,715.50. With this action, there is also a processing service fee – if you have a correct forwarding address as well as being able to verify if there are any military personnel in the home. There will be a cost to produce the claim either in house or thru a contracted service. Estimating 225 accounts annually, a law firm may be able to complete 5 claims per hour at a rate of \$200 per billable hour, adds an additional charge of \$9,000 to our annual operational costs. As our tariffs currently stand, we do not have provisions for charging the customer for this variable cost. There will be additional labor dollars to maintain verification on all payments which this bill requires

to be updated within 7 days. Will these additional court costs associated with the water and sewer lien also be a part of the tax roll charges? It would be unfair to expect our senior citizens and small business to cover higher overheads and expenses to maintain compliance with this legislation.

Senate Bill 517 also addresses disconnection practices and processes. Under the current tariffs, we are allowed to recover \$ 35 for a reconnection fee for electric. This fee by no means covers the true cost of a truck roll and technician. This translates to all good paying customers covering the additional overhead not recovered as part of the reconnect fee. With strong language stating a utility shall disconnect electric service if not paid in full – the business risk is that there will be truck rolls for balances less than \$ 100. Where will the utilities recover these costs? The answer is they will be passed on to our good paying customers. Loss is a risk for any business. Owning investment property is a risk and a reward. But just as every business must prepare for a fire, a hail storm or tenant damage – potential unpaid utilities should also be planned for.

Overall, these items and objections stated are not just a burden to Manitowoc Public Utilities which will mark 100 years of public service this year. This will have a negative effect on public power municipalities as well as the almost 600 water municipalities. Several of the committee members here represent public power communities as well as those members who have chosen to co-sponsor this bill. Each one of these communities has a share of occupants that are in rental dwelling units. This legislation instructs us to treat customers differently based upon the customers' ability to own. In 2012, the top 5 customers with the most debt placed on the tax roll were landlords with joint metering situations or multiplex units. They accounted for 22% of the total dollars placed on the tax roll at just over \$ 10,000. In 2013, MPU has approximately 18,000 customers and less than 2% (a little over 300 customers, active and final billed) had a debt go to tax roll totaling just over \$ 42,000. How will accounts that are more than \$5 but less than \$20 be handled? What about those who pay the principal but not the interest? There are fine technical points that need to be discussed. All of the facts need to be considered prior to approving and passing this senate bill 517.

In closing, we ask the members of this committee to look at the whole picture, look at those who make up their constituents. This bill asks utilities to treat customers differently based upon a customer's ability to own real estate. Our senior citizens and small business operators would then be subject to these new rules as they are our greatest demographic of renters, not to mention those customers who find themselves financially challenged. Thank you for your time and consideration of the information presented.

Respectfully Submitted:



Cara Zipperer, MBA
Customer Service Supervisor



January 30, 2014

HAND DELIVERED

Senate Committee on Insurance and Housing
Senator Lasee, Chair
Senator Olsen, Vice-Chair
Senator Schultz

Senator Cullen
Senator Erpenbach

RE: Comments on SB 517

Dear Senators:

The Village of Weston Municipal Utilities is a member of the Municipal Environmental Group – Water Division (MEG-Water) and, as such, comments have been provided to this committee regarding MEG-Water's position on this proposed bill. In its current form the compromise legislation retains our utility's ability to place delinquent utility charges on the property tax roll. Although we do follow a turn-off procedure for delinquent utility bills, there are ultimately some charges that our utility must collect via the tax roll. It is vital to retain this collection mechanism so that responsible customers who pay their bills on time are not saddled with the additional financial burden imposed by those who do not.

Our specific concerns with SB 517 are with respect to the additional time and complexity of the proposed collection process. While it is difficult to estimate the impacts, additional time taken to collect bills ultimately translates to higher costs. Our organization is small and there is allocation of labor costs among various enterprises and entities that we serve as a municipal government. Changes in processes, however small they may be, work against the principle of attempting to keep government enterprises from growing ever larger and holding costs down.

As a MEG-Water member, we appreciate the opportunity to be involved in the process of crafting this proposed compromise legislation. While we are not in favor of changing the current law regarding collection of delinquent municipal utility bills via the tax roll, retaining the ability to utilize the tax roll is ultimately an acceptable compromise.

Sincerely,

Village of Weston
Keith E. Donner, P.E.
Director of Public Works and Utilities
5500 Schofield Avenue
Weston, WI 54476

Weston Municipal Center

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Green Bay Water Utility

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January 30, 2014

HAND DELIVERED

Senate Committee on Insurance and Housing

Senator Lasee, Chair

Senator Olsen, Vice-Chair

Senator Schultz

Senator Cullen

Senator Erpenbach

RE: Comments on SB 517

Dear Senators:

SB 517 represents compromise legislation that retains the authority of municipal utilities to place delinquent utility charges on the property tax rolls, which is critical to Green Bay Water Utility.

I am writing to express concern with some of the provisions in legislation SB 517 regarding the collection of municipal utility bills that are unpaid by tenants.

Under the proposed legislation in 66.0809 (3m) (b) – it states that if the owner has paid the tax to the municipality, the municipality shall transfer the tenant's lien to the owner. My questions is – If the owner has not paid the municipality (county treasurer) for the taxes, and the tenant satisfies the lien, does the utility then pay the lien amount to the county treasurer or do they pay it to the owner? The legislation does not make this clear.

Under Section 3, in 66.0809 (3m) (c) – it states that if the tenant has satisfied the lien, the utility shall provide certification to the clerk of courts to that effect so that the tenant's name can be removed from the lien docket. My question is – If the tenant pays the delinquent amount directly to the landlord, which is what commonly happens if the tenant decides to pay the delinquent amount, how is the tenant's name then going to be removed by the clerk of courts from the lien docket since the utility will have no record of the transaction between the tenant and the landlord and cannot therefore prepare a certification of satisfaction of the lien? I can easily foresee a tenant coming to the utility a year after their name was placed on the lien docket and telling the utility that they paid the landlord a year ago and they want us to remove their name from the lien docket. If the landlord that owned the property at the time that the tenant's name was placed on the lien docket is no longer available, the utility will have no method available to verify that the tenant's payment was ever made to the landlord.

On this same item, for how many years would the utility be required to try to maintain a record of the tenant making partial payments or payments years after the fact to eventually satisfy the lien and have their name removed from the lien docket?

If the property owner has changed after the lien docket was established, how does the utility determine which owner would be the proper party to receive the reimbursement when the tenant makes their payment to satisfy the lien?

Also, when the utility prepares the list to be sent to the clerk of courts for placing liens on the tenant's assets, I can foresee serious issues developing because of multiple people with the same name. Since these liens are public record, social security numbers would not be eligible to publically distinguish between individuals.

Under Section 19, in 71.935 (2) (b) – it states that if a municipality has a lien against a tenant under s. 66.0809 (3m), the municipality shall certify that debt to the Department of Revenue so that the department may set off the debt against any refund owed to the tenant. To comply with this mandate, every Wisconsin utility will need to gather and maintain the social security numbers for any tenants responsible for paying utility bills. This appears to be a very cumbersome task for a relatively few possible beneficiaries of this legislation.

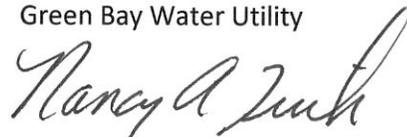
In the City of Green Bay in 2013, we have 36,020 customers. Of that amount, only 932 tenants' delinquent bills were placed on the tax roll equaling **2.6%** of our total customers. To implement the recordkeeping requirements mandated by the proposed legislation, our utility would need to hire additional staff and therefore need to increase rates to 100% of our customers for the possible benefit of only 2.6% of our customers.

As you can see from this preliminary analysis of the proposed legislation, unless these changes are fully thought through and analyzed as to their effect on the operations of all the utilities and clerk of court's offices throughout Wisconsin, the changes can easily become an operational nightmare.

Some of the landlords owning rental property in the City of Green Bay have elected to have the water bills placed in their own name rather than placing them in their tenants' names. The landlords then include the cost of the water bill with the rent charged to the tenant. This has worked well for these landlords since it eliminates the accrual of late fees by their tenants and the possibility of the tenants moving out and leaving them with unpaid utility bills or having unpaid bills placed as liens on their property.

Thank you for your consideration of our concerns.

Green Bay Water Utility



Nancy A Quirk, P.E.
General Manager