

# Using Data Analysis to Improve Utility Bill Payment Rates: One Utility's Journey

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WATER FINANCE  
ASSISTANCE

# A Little About Me



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# Opelika Utilities, Alabama

- 46,000 people served through about 15,000 connections
- Serving a typical mix of residential and non-residential customers



# Radical Redesign of their Rates

- Changing the price
- Lowering the gallon allowance in the base rate from 4,000 gallons a month to 0 gallons
- Dynamic volumetric rate that changes monthly based on actual costs of providing water service
- Concern: **Affordability**



Are our rates  
affordable?



Can customers  
afford our rates?



# We ran the standard affordability metrics...

- **Nothing** stood out!
- Some low-income households, of course, but most of their numbers were close to state and national averages



Are customers  
affording our rates?





# One More Reason!

“**Affordability**” can be a controversial subject for utility leadership

Getting more customers to pay their bills on time is **not!**



# Bill Payment Rate

- We often measure this as the number of bills or amount billed annually that is paid
- Opelika Utilities had a high percentage of bills that were paid...**eventually**



1 out of 6

bills was  
paid late



So what?

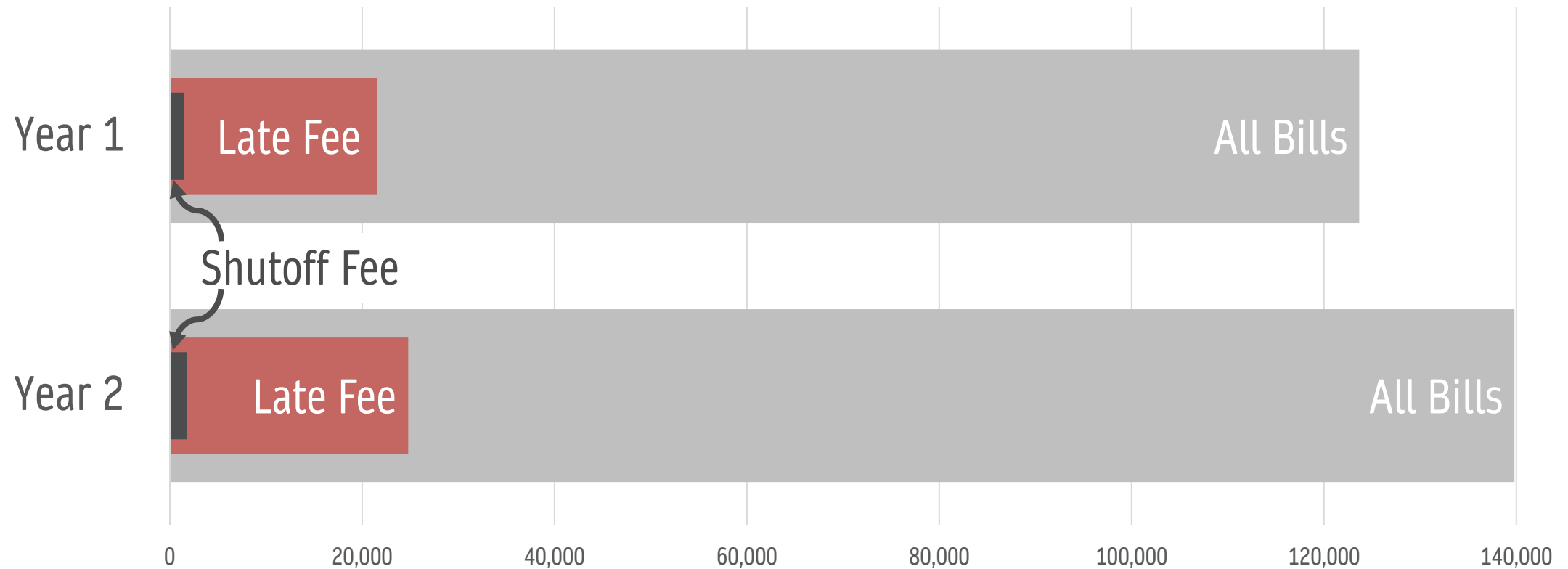


# Opelika's Delinquency Policy

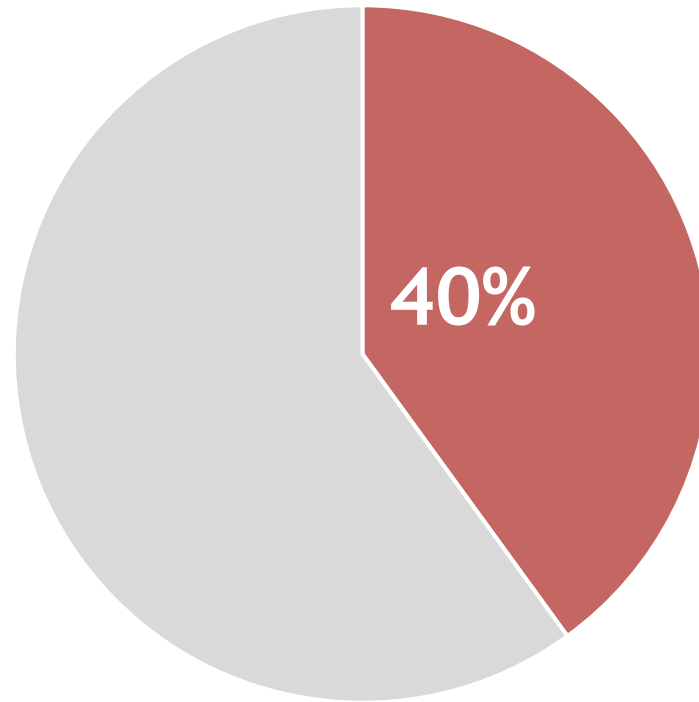
- Payment is due in 15 days
- Late bills are assessed a \$5.00 fine and given 5 business days to pay up
- After five days, the account is levied a \$35.00 fine and service is disconnected



# A Tiny Percentage of Bills that Received at **Late Fee** Also Received a Shutoff Fee



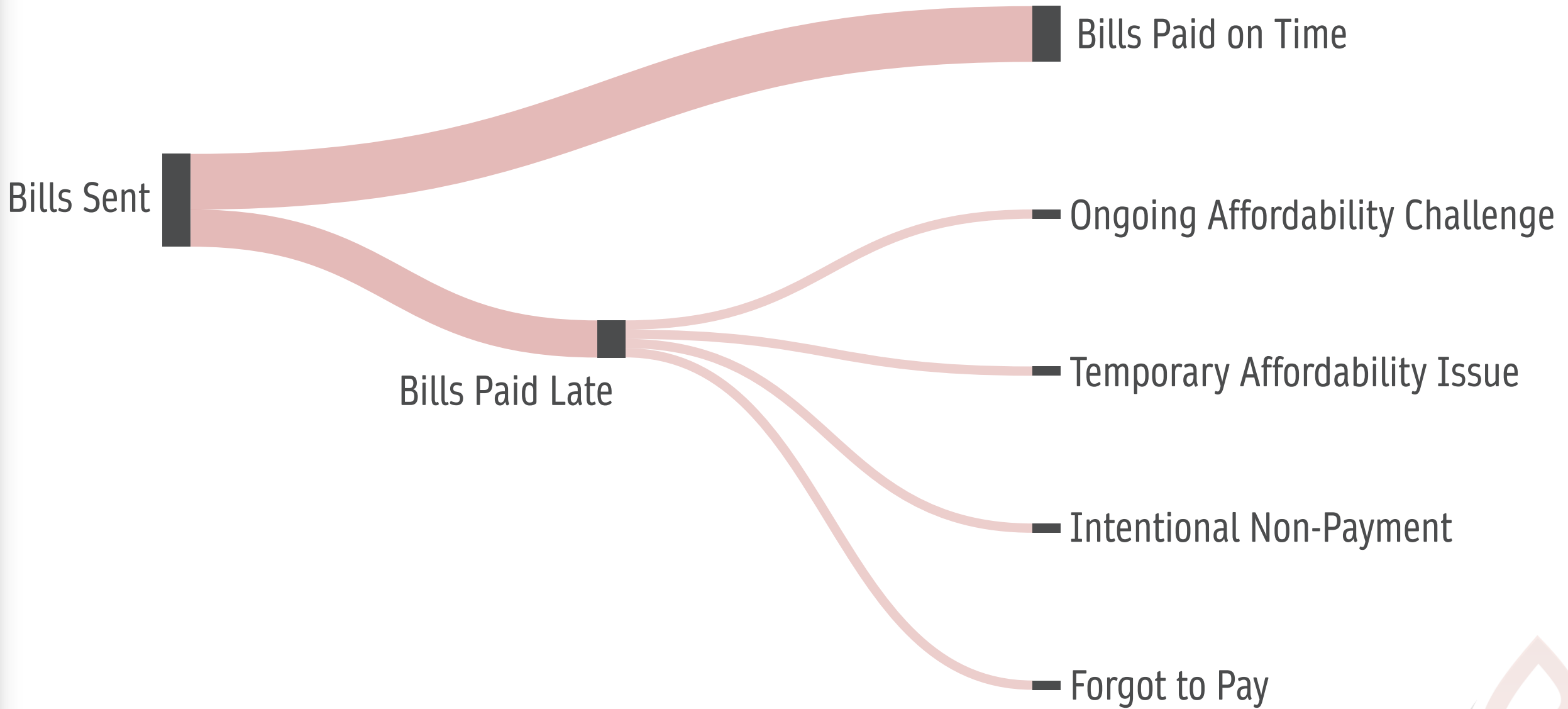
40 percent of all customers had at least one late payment each year



Why does someone  
pay a bill late?







# Method #1: Ask

- Contact every customer with a late payment
- Ask why they didn't pay their bill on time
- **Hope** they tell you the truth



# Method #2: Data Analysis

- How often has this customer not paid the bill on time?
- How often have they been shut off?
- How **many days** between late notice/disconnection and payment?



# Customer #1

- Shut off 7 times in the past two years, sometimes for as long as a week
- Often incurs a late fee in other pay periods

Most likely an **ongoing affordability challenge**



# Customer #2

- Over a two-year period, received a late fee three times in non-consecutive months
- Always paid bill 1-2 days after receiving the late notice

Most likely **forgot to pay**



# Customer #3

- Always paid on time, but last January did not pay and had water shut off for 5 days
- Has maintained service since then

Most likely a **temporary affordability issue**



# For Opelika

- The most likely reason for the number of late payments, based on the data analysis, was customers **forgetting** to pay their bills



# The Solution?

- Text and email reminders about bills due
- Push notifications through the utility's app
- Encourage more people to enroll in the auto-pay program





# Those with Ongoing Affordability Challenges

- ~115
- Referrals to local social service agencies
- Low-Income Household Water Assistance Program (LIHWAP)



# The Future





# Thank You!



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