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# **CREDIT & COLLECTIONS FOR UTILITIES**

**(Maximize Revenue Recovery and Minimize Bankruptcy's Impact through Bad Debt Analysis, Reforming Internal Processes, and Fraud Prevention)**

January 21-22, 2004  
San Antonio, TX

**Pre-  
Conference  
Workshop 1:**

**How to Manage  
and Control  
Bad Debt –  
A Complete  
Account  
Lifecycle  
Approach  
to Reducing  
Write-offs**

January 21, 2004

**Pre-  
Conference  
Workshop 2:**

**Credit Scoring –  
A Powerful Tool  
to Evaluate,  
Monitor and  
Manage  
Your Accounts  
for Maximum  
Revenue and  
Minimal Risk**

January 21, 2004

**Post-  
Conference  
Workshop 3:**

**Outsource  
to Ensure  
Best Practices  
in Credit  
& Collections  
for Utilities**

January 23, 2004

**Four Points Sheraton Hotel, San Antonio, Texas**

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# CREDIT & COLLECTIONS FOR UTILITIES

(Maximize Revenue Recovery and Minimize Bankruptcy's Impact through Bad Debt Analysis, Reforming Internal Processes, and Fraud Prevention)

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## OVERVIEW

As we face a tough economy, personal and commercial bankruptcies are on the rise. As a result, utility credit and collections professionals are under increased scrutiny to protect their companies from risk and to collect as much revenue as possible. Yet with pressures to decrease departmental costs, it becomes increasingly difficult to balance the investments involved with new methods, technologies or outsourcing partnerships.

EUCI's 2nd Credit & Collections for Utilities conference highlights the strategies of major U.S. utilities that have struggled to set new rules for extending credit and collecting revenues and the applications that have allowed them to succeed in this tightened economy. By learning from ten case studies how to ensure optimal decision-making that new tools and processes can provide, attendees will learn how to tackle their current credit and collections challenges.

Invest in this two-day conference that brings together credit and collections professionals from the largest and most respected electric and gas companies in the country to learn how you can implement strategies and solutions to bring your credit and collections operations into the 21<sup>st</sup> century.

## TARGET AUDIENCE

The target audience for this conference includes:

- General Managers, Managers, Directors, and Supervisors of Credit & Collections
- Revenue Management
- Debt Management
- Directors, Managers and Supervisors of Customer Services
- Call Centers
- Training and Development

## PROGRAM AGENDA

### WEDNESDAY, JANUARY 21, 2004

**Registration 12:45 – 1:15 p.m.**

*Conference Chairman: Tony Simas, Director, Credit, Collections & Revenue Protection, NSTAR*

**SESSION I: 1:30 – 5:00 P.M.**

#### AVOID REVENUE LOSSES FROM BANKRUPTCY, FRAUD AND BALANCE TRANSFERS



“Perform Up-Front Credit Analysis for Commercial & Industrial Accounts”

As electric utilities move into deregulation, new and exciting opportunities are created for up-front credit analysis on commercial and industrial customers. In the deregulated environment, these customers sign multi-year contracts, increasing the credit risk to the electric provider for both accounts receivable and future contract market valuation. Coordination between sales and credit is essential during this customer acquisition process. TXU has built a credit module into its customer management software that requires a credit analysis and credit approval on all new commercial and industrial accounts before the contracts can be consummated. Doing so reduces the amount of bad debt for the electric provider and increases smarter decisions on how much credit to extend to new and existing accounts.

- Control the extension of credit on customers
- Understand the future value of accounts
- Gauge and monitor the maximum amount of credit to extend

*Carol Carr, Director, Credit Risk Management, TXU*



“Managing Balance Transfers and Avoiding Fraud Up-Front”

When deregulation came to Texas, a new set of challenges crept up for most utilities. This session details the challenge of balance transfers and how tackling them up front has already brought in over \$1 million at Reliant Energy. Hear how Reliant chose its system for managing balance transfers and how it plans this program for continued success.

*DeWayne Dawkins, Manager, Collection Portfolio, Reliant Energy*

**3:00 – 3:30 p.m. Networking & Refreshment Break**

“Examine Bankruptcy Issues in Utility Collections”

An increased number of consumer and corporate bankruptcies are taking place as the economy “corrects itself,” making it more difficult for utilities to recover revenue. Learn how a customer’s bankruptcy filing affects your business relationship, examine the core bankruptcy issues for utilities and review strategies to be employed in response.

- Examine pre-bankruptcy alternatives such as letters of credit, debt-restructure agreements and prepayments
- Learn how to acquire post-petition adequate assurance of future payment through 11 U.S.C. Section 366
- Discuss strategies for responding to preference actions

*John M. Merritt, Esq., Associate, Troutman Sanders LLP*



“Combat Bankruptcy Risk From Commercial and Industrial Clients”

When utilities extend credit to large commercial and industrial accounts, they are, in effect, extending a

two-to-three month loan. In a tougher economy, how do you begin to combat the bankruptcies occurring in your commercial and industrial accounts? What can you do to protect yourself from losing revenue?

*James Maynard, Commercial & Industrial Credit Coordinator, Georgia Power Company*

### 5:00 – 6:00 Cocktail Reception

## THURSDAY, JANUARY 22, 2004

### 7:45 – 8:30 a.m. Registration and Coffee

#### SESSION II: 8:30 A.M. – 12:00 NOON STRATEGIES TO REDUCE THEFT, REVENUE LOSS AND MANAGE BAD DEBT

#### **Case Study** “Reduce Revenue Loss by Creating an Internal Behavioral Score”

By creating an internal scoring model that focuses on the utility customer’s behavior, CLECO started realizing significant revenue savings almost immediately upon the initial phase of its new model’s implementation. Hear how CLECO has saved on man hours so far and on how it plans to continue with its internal scoring model.

*Ellen Scroggs, Senior Revenue Customer Account Analyst, Cleco Power LLC*

#### **Case Study** “Effective Methods to Reduce Meter Tampering Energy Theft”

Customers can tamper with their service connections or meters to avoid paying bills. When utilities have to cover these losses, it drives up customers’ cost of service. Learn how Progress Energy Florida’s revenue energy theft protection program effectively reduces revenue loss due to such tactics.

- Provide training to field personnel on how to detect meter tampering
- Understand the importance of a meter seal integrity program
- Create a process to catch meter tampering theft early in the collection process
- Partner with other service providers (cable, phone, water/sewer) to exchange theft information
- Cooperate with Social Security Administration and local housing authorities in an effort to share resources to avert theft
- Collect the money!

*Elaine A. Rogers, Supervisor, Collection Revenue and Recovery, Progress Energy Florida*

### 10:00 – 10:30 a.m. Networking & Refreshment Break

#### **Case Study** “Leverage Benchmarks and Metrics to Improve Administration of Bad Debt”

Utilities can benefit from the development of benchmarks and metrics to understand bad debt and examine the processes necessary to control it. Learn about Puget Sound Energy’s internal initiative to determine the impacts of write-offs and develop strategies to reduce them.

- Benchmark against other utilities’ receivables data and EEI/AGA industry average write-off to revenue ratios
- Develop new internal bad debt metrics for closed credit, active credit and field collection data

- Examine cost percentages of credit processes – Labor costs and ROI of field visit/collection processes

*Thomas M. Shannon, Product Marketing Manager, Puget Sound Energy*

**Case Study** “Selling Bad Debt to Enhance Recovery Performance”  
Monticello Consulting Group recently assisted Orlando Utilities Commission (OUC) in selling a portfolio of charged-off accounts. With the sale, OUC was able to simultaneously generate cash and improve the performance of its collections program. Learn how OUC took a step-by-step, project-management approach to the sale, and how the utility plans to incorporate selling bad debt into its overall recovery program. This session describes how you can:

- Determine the benefits of selling
- Maximize the value of your charged-off accounts
- Minimize the risk of complaints, legal actions and regulatory complaints
- Perform your own portfolio due-diligence
- Avoid costly mistakes
- Use your sold accounts as a tool to examine weaknesses in your existing processes and collection activities

*Cynthia Henry, Director, Credit and Collections, Orlando Utilities Commission*

*Bruce A. Gay, President, Monticello Consulting Group, Limited*

### 12:00 Noon – 1:15 p.m. Luncheon

#### SESSION III: 1:15 – 4:30 P.M. BENCHMARK, OUTSOURCE AND USE PRE-PAYMENT TO PREVENT COLLECTION CHALLENGES

#### **Case Study** “Outsource to Ensure Best Practices in Utility Credit & Collections”

Use of outsourcing for specific parts of the credit and collections function can help maximize revenue coming in while reducing overhead costs. Hear how NSTAR uses an outsourcing partner for specific collection incoming and outbound call campaigns with measurable results.

- Getting buy-in for the union on the use of an outsourcing partner
- Selecting a partner
- Structuring a successful outsourcing partnership
  - Service level agreements
  - Training and communication protocols
  - Terms and conditions
- Implementing various call campaigns to maximize incoming revenue and minimize risk
- Skip tracing on final accounts to reduce write off and bad expense

*Tony Simas, Director, Credit, Collections & Revenue Protection, NSTAR*

#### “Benchmark Against the Latest Research from Chartwell”

Hear all-new research that follows up on Chartwell’s inaugural 2002 study that includes interviews with more than 25 utilities on their credit and collections processes. Learn in detail from the industry research firm’s latest research into credit and collections activity in the utility industry. Questions addressed are:

- What risk-mitigation actions are utilities taking on the front end to combat bad debt?

- Which of these programs are proving most effective?
- How are utilities identifying at-risk customers?
- How are utilities managing the collections process?
- What procedures are in place to disconnect customers and how do utilities handle this process, from the time the order is placed into the reconnection phase?
- What processes are in place to address non-residential credit and collections problems before, during and after the customer lifecycle?

Dennis Smith, Director of Editorial & Research, Chartwell Inc.

## 2:45 – 3:00 p.m. Networking & Refreshment Break

### “Prevent Collections Problems Using Pre-Payment Metering”

Over 20 utilities in North America have deployed pre-paid

metering systems to reduce arrearages and lower the costs of servicing high-maintenance accounts. Customers love these systems – but regulators and low-income advocates remain wary. This session draws on recent E Source case studies of utility prepayment programs to identify the costs, benefits, and pitfalls of prepayment metering and explores the business case for this technology.

*Michael Reid, Director, E Source Residential Energy Service, Platts Research & Consulting*



### “Reduce Receivables with Pre-Payment”

Hear from first-hand experience on how using pre-payment technologies has reduce collection headaches and empowers customers.

*Joan Collins, Vice President, Sales, Widefield*

## **Pre-Conference Workshop I:**

### **How to Manage and Control Bad Debt –**

### **A Complete Account Lifecycle Approach to Reducing Write-offs**

### WEDNESDAY, JANUARY 21, 2004

### Registration and Continental Breakfast

7:30 – 8:00 a.m.

### Workshop Timing: 8:00 a.m. – 12:00 noon

This workshop is designed to provide an in-depth analysis on how to control and reduce utility write-offs. It will focus on the importance of analyzing the entire account lifecycle, starting with account activation, through early delinquency and ending with write-off. Conducted in an interactive setting, the workshop leaders will provide participants with insights gained from their hands-on experience in reducing bad debt.

By attending this workshop, collection and recovery professionals will learn new approaches and techniques for controlling charge-offs.

- I. Early stage account strategies, techniques, and processes
  - Examine the importance of the account activation process
  - Learn to design different strategies for commercial versus residential accounts
  - Discover why transferring bad-debt balances to new accounts may be counterproductive
  - Explore how a “team approach” can improve recoveries
- II. Mid-stage delinquency strategies, techniques, and processes
  - Learn how to leverage technology, including credit data and scoring
  - Examine practical segmentation strategies
  - Study and assess active account collection approaches, including letter and pro-active calling campaigns
  - Investigate the hidden costs of matching bad-debt balance transfers to active accounts
- III. Late stage delinquency strategies, techniques, and processes
  - Examine when and how to implement legal actions
  - Review proven account segmentation strategies
  - Examine the benefits of outsourcing collections, including early-out programs and charge-off agencies
  - Learn why secondary or tertiary OCA placements may not maximize recoveries
  - Review the benefits associated with selling bad-debt

### IV. Performance measurement, control, and improvement

- Examine the pros and cons of benchmarking
- Learn how to develop the most important key-performance indicators
- Learn how to perform a benefit-cost analysis for your recovery programs
- Review how other utilities have reduced their charge-offs

### WORKSHOP INSTRUCTORS

**Bruce A. Gay** is the Founder and President of **Monticello Consulting Group, Limited**. Prior to starting Monticello Consulting Group, he was with PECO Energy Company (a division of Exelon Corporation, NYSE: EXC) where he managed all collection activity for delinquent inactive accounts, including agency management and bad-debt sales. He is a regular featured speaker at various industry trade shows and conferences in the United States, Canada and the United Kingdom. Mr. Gay has presented on numerous credit and collection-type topics, including collection strategies, selling bad debt and data warehousing. Mr. Gay, recognized throughout the utility industry as an expert on collection strategies and managing charged-off debt, has been quoted in the *Wall Street Journal* and *Chartwell, Inc.* He has authored several articles including a recent article on debt sales in the U.S. utility industry, published by *Credit Today*, a subscription news magazine based in London, England. He has a BBA in Economics from The Wharton School, University of Pennsylvania and an MBA in Finance from Rensselaer Polytechnic Institute.

**Robert M Hall**, Vice President, Marketing, **InoVision Inc.**, Former General Manager, Credit and Collections, **Duke Power Co.** Mr. Hall is responsible for the management of InoVision’s clients including aiding them in managing current delinquencies, minimizing costs and maximizing the recovery of bad debt. At Duke Power, Mr. Hall was responsible for developing field “over-the-counter” collection strategies and managing the collections of Duke’s annual billed receivables of \$5.4 billion to minimize write-offs.

Don't miss out! Get the maximum benefit from our workshops by sending a team!

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1 or 2

## Pre-Conference Workshop 2:

### Credit Scoring – A Power Tool to Evaluate, Monitor and Manage Your Accounts for Maximum Revenue and Minimal Risk

**WEDNESDAY, JANUARY 21, 2004**

**Registration: 7:30 – 8:00 a.m.**

**Workshop Timing: 8:00 a.m. – 12:00 noon**

While scoring is becoming more accepted by the utility industry, it is still a greatly misused term. Scoring is a generic term used to describe the process of grading historical actions as a way of predicting future customer behavior. The term is applied to subjective and judgmental techniques, as well as to models developed using sophisticated statistical techniques to identify the characteristics that distinguish the good from bad paying customers. **This workshop will provide insights into industry best practices including actual experiences and will:**

- Articulate the differences between judgmental and statistical scoring methodologies
- Address types of scoring and explore their applications during the account lifecycle
- Identify benefits and justifications of scoring
- Include examples of quantified savings and results
- Introduce emerging applications of statistical methods
- Review TSI's approaches to scoring and implementation

The benefits of using credit information and scoring are detailed in this interactive workshop. Hear about the many applications of scoring, how to choose the right tools for your business needs, implementation considerations and how to measure your success. This workshop is designed to clearly illustrate why scoring is effective in account management and how it is used.

- I. **Use credit data and scoring models to minimize credit risk**
  - Examine the need for better client risk evaluation in the utility industry
  - Understand the uses for scoring in establishing credit, identification of customers and effective collections management throughout the customer lifecycle
    - i. Application Scoring
    - ii. Early Delinquent
    - iii. Mature Behavior
    - iv. Final / Recovery
- II. **Choose the right tools for your business needs**
  - Evaluate your current capabilities and goals
  - Test and analyze the performance of credit scoring on your accounts
  - Calculate a return on investment (ROI) to develop the business case
- III. **How to implement credit scoring into your business**
  - Know the options
  - Understand the data requirements
  - Segment the customers for appropriate treatment
  - Consider change management issues
  - Measure and communicate success

IV. Consider next steps and other applications

- Agency management techniques
- Automated decisioning technology
- Marketing and up – sell opportunities
- Reserve account calculation methodologies

#### WORKSHOP INSTRUCTORS

**Michael Connors** – TSI founder and former director of account mechanization at AT&T, Mike's years of industry experience includes numerous scoring project engagements, most recently with ComEd, PECO and Ameren.

**Stephen Bona** – Steve provides systems integration and project management expertise derived from over 25 years experience in the software and IT concentrating on Credit & Collection solutions.

**Robert Ryan** – With over 30 years of utility experience, Bob's focus is on measurements, best practices and strategy development within Credit & Collections.

**Total Solution Inc. (TSI)** has been providing consulting, scoring and software solutions for over 10 years. Its principals have over 50 years experience in the implementation and measurement of credit and scoring solutions in the telecommunication and energy utility industries.

#### PROCEEDINGS

The proceedings of the Conference and the Workshops will be published and one copy will be distributed to each registrant at the conference. Extra copies of the composite proceedings will be available at \$395.00 each.

#### CONFERENCE LOCATION

A room block has been reserved at the Four Points Sheraton Hotel, 1110 Lexington Avenue, San Antonio, Texas 78205 for the nights of January 20-22, 2004. The rate is \$99 single or double occupancy, plus applicable tax. Call the Four Points Sheraton, (800)288-3927 for reservations and mention the Electric Utility Consultants, Inc. Conference to get the group rate. Make your reservations prior to January 9, 2004. Reservations after this date will be on a space available basis and cannot be guaranteed at the conference rate.

#### REGISTRATION

For instant registration, call (303)770-8800 or fax the Registration Form to (303)741-0849.

Register 3, Send 4th Free!! Any organization wishing to send multiple attendees to these conferences may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.

All cancellations received on or before December 19, 2003, will be subject to a \$195 processing fee. Written cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI conference or publication. This credit will be good for six months. In case of conference cancellation, Electric Utility Consultants' liability is limited to refund of the conference registration fee only.

# Post-Conference Workshop 3: Outsource to Ensure Best Practices in Credit & Collections for Utilities

**FRIDAY, JANUARY 23, 2004**

**Registration: 7:30 – 8:00 a.m.**

**Workshop Timing: 8:00 a.m. – 12:00 noon**

The utility industry is managing in difficult, turbulent times with increasing energy prices, an overall economic downturn and the threat and or opportunity of deregulation. What better time than now to examine what many companies view as a cost center that is really a ripe opportunity center? Utilizing industry best practices is the key to mining the full opportunities that many utilities have available.

This workshop combines an overview of outsourcing opportunities for utilities with a special one-on-one assessment to see how outsourcing certain parts (or all) of your operations could benefit you.

**I. Examine factors that affect receivables performance**

- Billing timeliness and accuracy
- Economy, commodity price, and seasonality
- Shut-off policy, execution effectiveness, and moratorium
- Agent utilization (universal rep vs. collection specialist)
- Availability and use of hardship and low income support programs
- Ability to segment the customer base for varying treatment strategies

**II. Determine the management tools that tie your financial targets to collections operations**

- Performance modeling      ● Technology integration
- Performance tracking      ● Gap analysis
- Agent utilization

**III. Engineer a 'future state' that achieves best-in-class performance**

- Defining best practices
- Building a viable business case
- Establishing performance benchmarks
- Identifying and overcoming obstacles

### WORKSHOP INSTRUCTOR

Mike Staed, Executive Vice President, Sales & Marketing, **Outsourcing Solutions Inc. (OSI)**. Mr. Staed has overall responsibility for sales and marketing functions in OSI's Consumer Business Unit as well as for corporate marketing and communications. In addition, he is responsible for developing key alliances and partnerships, co-marketing agreements and alternate distribution channels. The Consumer Business Unit includes the Bankcard, Financial Services, Telecommunications and Utilities Services divisions, each of which has dedicated operations and sales organizations providing a seamless line of customized solutions across the receivables continuum of outsourcing, collection, and portfolio services.

### SPONSORSHIP/EXHIBITION OPPORTUNITIES

Do you want to meet this power audience to drive new business?

At EUCI's Credit & Collections for Utilities conference, you will find a highly targeted audience of senior level decision-makers. EUCI events are attended by those with the seniority and authority to change the way their firms operate.

For sponsors and exhibitors, this means an unparalleled opportunity to raise your profile before a management group of executives who make the key purchasing decisions for their businesses. There are a wide range of sponsorship packages available which can be customized to fit your budget and marketing objectives. Select the component YOU require in order to increase your brand identity. Space is very limited, so call today. Please contact Raj Mrig at tel. 303-770-8800 or via email at [rmrig@euci.com](mailto:rmrig@euci.com)

## REGISTRATION FORM

- Credit & Collections for Utilities Conf. Jan. 21-22, 2004 \$1,395, **Early Bird Before Jan. 9, \$1,195**
- How to Manage and Control Bad Debt Workshop 1, Jan. 21, 2004, \$695, **Early Bird Before Jan. 9, \$595**
- Credit Scoring Workshop 2, Jan. 21, 2004, \$695, **Early Bird Before Jan. 9, \$595**
- Outsourcing to Ensure Best Practices in Credit & Collections Workshop 3, Jan. 23, 2004 \$695, **Early Bird Before Jan. 9, \$595**
- Discounted Registration for Attending Three Events: \$2,195, **Early Bird Jan. 9, \$1,995**
  - Workshop 1     Workshop 2
- Discounted Registration for Attending Conference and One Workshop: \$1,795, **Early Bird Jan. 9, \$1,595**
  - Pre-conference Workshop 1
  - Pre-conference Workshop 2
  - Post-conference Workshop 3
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