SEDC

ONLINE Utility Exchange

Four County EMC

How Four County EMC Utilizes the SEDC Bad Debt Interface to Minimize Write-Offs.

Utility Overview

Four County Electric Membership Corporation was established in 1937 by a group of community leaders working together to bring electricity to the rural areas. The first lines were built in 1938 with a loan from the U.S. Rural Electrification Administration. Today, more than 4,900 miles of overhead, underground, and transmission lines provide reliable electric service to over 32,500 meters, which include residences, farms, businesses, industries, churches and schools disbursed through six counties.

Quick Facts

- Member Owned, located in Burgaw N.C.
- ONLINE customer since 2009
- SEDC member since 1987
- 25,178 members
- 97 Employees
- 214 miles of transmission circuits
- Implemented the SEDC Bad Debt Integration in 2013

The Problem

Like many utilities, Four County's internal collection efforts required several manual steps, largely completed by staff members with other primary job functions within the organization. This manual process was time consuming and required staff to:

- Log in and upload the Collections File to the agency.
- Send two Dunletters a month for each qualifying account.
- Manually verify bankruptcy and deceased accounts.
- Place phone calls after letters.
- Generate payment reports.
- Manually create files for collections.
- Flagg payments as capital credits, adjustments and regular payments.
- Log in and check accounts.
- Log in and upload payment reports.
- Remember to complete each step

This inefficient process prevented Four County from maximizing collection results and consumed several staff hours each month.

The Solution

As a longtime SEDC member and ONLINE Utility Exchange client, Four County had utilized ONLINE's integrated applicant screening solution to minimize bad debt and verify identity at the point of application for several years. Being familiar with the efficiencies gained through an integrated solution, Four County was one of the first utilities to implement the real time **Bad Debt Integration (BDI)** co-developed by SEDC and ONLINE in 2013.

The BDI allows SEDC customers to automatically take a proactive approach to eliminating bad debt while enjoying bi-directional data flow between ONLINE and SEDC to simplify and streamline their pre-collection and collections processes, including automatically verifying bankruptcies and deceased accounts. This allows for faster and more efficient bad debt elimination throughout the entire account lifecycle.

SEDC customers simply establish their collection criteria with ONLINE, and accounts will automatically move through an agreed upon collection process. The timeframe in which accounts are submitted to ONLINE and the level of collection efforts pursued (i.e. pre-collection letters to full collections) are determined by each client based on their needs and are easily configured via a Control File. After implementation, any payments or status changes are received and updated both by ONLINE and in UPN. This allows SEDC customers to view precisely where a specific account is within the collections process.

In the example below, Four County has set up their Control File so that 16 days after Final Bill the account is added to ONLINE's proprietary Exchange database (**1.**). This means that the past due account will appear on any ONLINE Utility Exchange report generated for the consumer, and he or she will receive an Adverse Action letter instructing them to pay Four County if they apply for serve with another utility. Twenty days after the Final Bill is sent to the consumer/member, ONLINE begins pre-collect efforts (**2.**), with a pre-collect call occurring one day after the account is loaded into ONLINE's system (**3.**), and pre-collect letters following at 10 and 40 days past Final Bill (**4.**):

EVENTS

Send Events			Add Events	
Send Event Connect:	☑	**1.**	Add To Exchange Event:	FinalBill ⌄
Send Event Delinquent:	☐		Add To Exchange Days After Event:	16
Send Event Cutoff List:	☐	**2.**	Add To Pre-Collect Event:	FinalBill ⌄
Send Event Cutoff:	☐		Add To Pre-Collect Days After Event:	20
Send Event Final Bill:	☑		Add To Collections Event:	FinalBill ⌄
Send Event Write Off:	☐		Add To Collections Days After Event:	70

COLLECTION RATES

Pre-Collect Rates		Collections Rates	
Pre-Collect Rate Added Type:	None ⌄	Collections Rate Added Type:	None ⌄
Pre-Collect Rate Added:	0.00	Collections Rate Added:	0.00
Pre-Collect Interest Rate:	0.00	Collections Interest Rate:	0.00
Minimum Balance for Pre-Collect:	50.0000	Minimum Balance for Collections:	50.0000

PRE-COLLECT ACTIVITY SETUP

		Letter #:		Days After Account Loading:		Call #:	Days After Account Loading:	
Letter 1:	**3.**	Letter #:	100	Days After Account Loading:	10	Call #1:	Days After Account Loading:	1
Letter 2:		Letter #:	101	Days After Account Loading:	40	Call #2:	Days After Account Loading:	0
Letter 3:		Letter #:		Days After Account Loading:	0	Call #3:	Days After Account Loading:	0

If the account is not made current, it will automatically flow to collections at 70 days after Final Bill as shown above. All this occurs without manual intervention from the staff at Four County or ONLINE.

The Results

Since implementing the BDI, Four County has seen a dramatic reduction in write-offs, going from a high of $244,320.06 in 2013 to $84,133.00 in 2018. You will note that revenues have remained steady over that same period:

Four County Write-Offs 2013-2018

	2013	2014	2015	2016	2017	2018
Revenue	$90,217,924.02	$92,771,759.75	$91,314,586.08	$90,663,360.61	$88,828,358.93	$92,325,900.48
Charge Offs	$244,320.06	$206,918.83	$191,849.00	$144,015.00	$102,192.00	$84,133.00
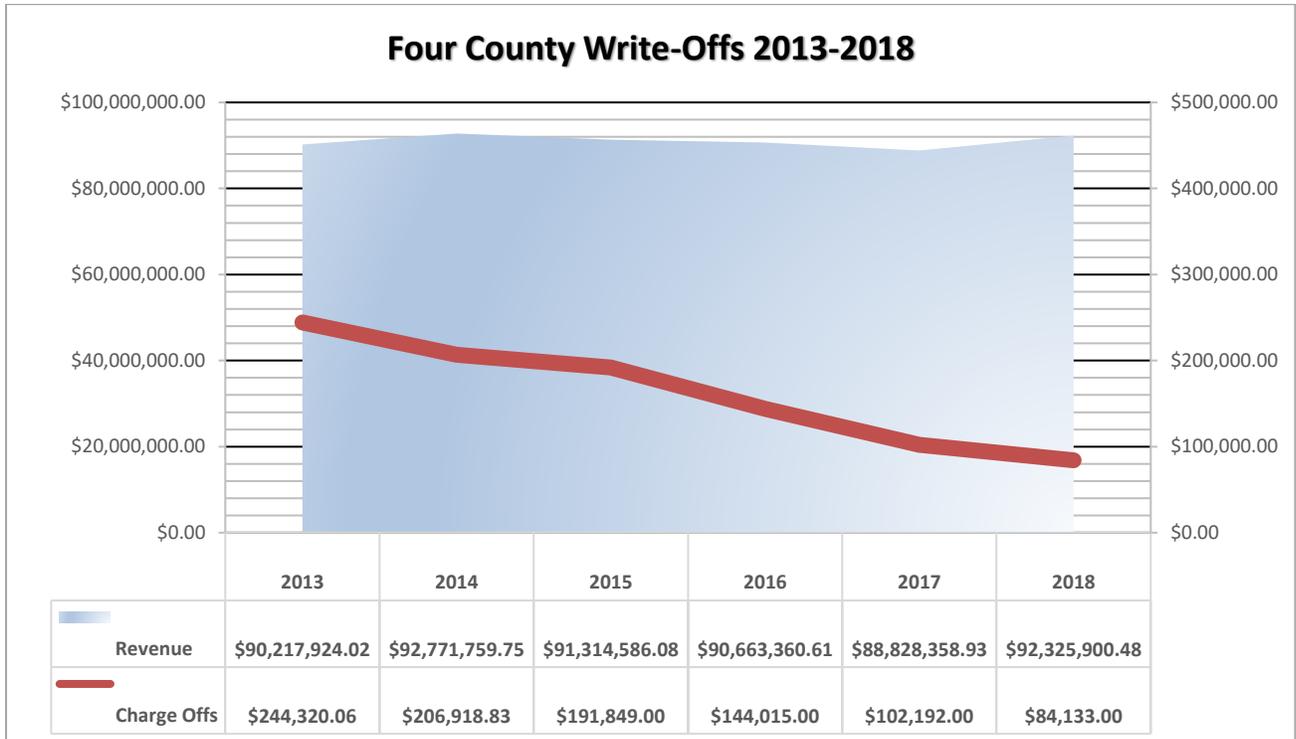
Additional benefits realized by Four County from using the BDI include:

- At least 10 work hours saved a month.
- More timely billing on past due accounts - went from Final Billing four times a month to daily 20 times a month.
- Automated pre-collect letters and calls.
- Collection accounts flow daily.
- Final Bills are expedited to the member.
- No manual intervention required once control file is configured.

Want to Learn More?

Similar results for your utility are just a call away. To view a demonstration or to sign up, please give us a call at 866-630-6400 or email Sales@ONLINEUtilityExchange.com. Setup for the BDI can be completed in just a few business days depending on your specific needs.