

1. What changed?

On May 22, 2019, Capital Region Water's Board of Directors adopted amended Rules and Regulations for the Drinking Water System, including a Collections Policy. Major changes impacting billing and collections include:

- An increased penalty for damaging, stealing, removing, or tampering with a water meter;
- A new leak adjustment policy;
- Updated termination of service provisions for non-payment;
- A change in how late penalty charges are calculated; and
- The inclusion of delinquent notices for past due accounts.

2. Why were changes made to the collections process/policy?

Capital Region Water has seen a steady growth in unpaid water and wastewater bills over the past several years. To put it bluntly, policies were not effective, and many customers were simply not paying their bills. This is evidenced by Capital Region Water's residential past due receivables balance, which is currently over \$6.2 million. Water and wastewater rates are set annually based on the costs and ability to collect the revenues necessary to operate and maintain the drinking water, wastewater, and stormwater systems. While most Capital Region Water customers pay their bills in a timely manner, those that do not impact all ratepayers when it's necessary to raise rates.

3. Why didn't I hear about the changes before they went into effect?

The changes were approved in draft form at Capital Region Water's public meeting on March 27, 2019 and opened for public review from March 28 through May 3, 2019. A public meeting was held on April 10 to discuss the new policies, and a presentation was provided at the April 24 Board meeting, which is open to the public. Both the public meeting and the Board meeting were publicly advertised in the Patriot News, on Facebook, Twitter, Nextdoor.com, and a general notice was provided as a bill insert. A press release was also provided to the local media, officials, and Capital Region Water Community Ambassadors. All draft documents were available online and comments were accepted online, via U.S. Mail, and in person at the public meetings.

4. How do the changes affect me?

If you pay your Capital Region Water bill on time, these changes will have no impact on you. If you have a past due balance, the late fee will be calculated differently, and you will notice an

increased emphasis on collecting the balance owed. This increased emphasis could include water shut-off, liens placed on your property, a third-party collection agency, or even legal action to collect via sheriff sales. As a municipal authority, Capital Region Water has various collection methods available to ensure payment for drinking water and wastewater services provided.

5. How is the late payment penalty calculated?

Under the old penalty structure, past due balances incurred a 1.5% penalty every month. This is effectively an 18% annual rate. Under the new structure, only the most recent past due current charges will be penalized, at a one-time 10% rate. This is intended to provide additional incentive to pay bills on time, while recognizing that continuing to assess penalties on very old past due balances is not as effective as seeking payment through other means. Note; however, that payments Capital Region Water receives will always be applied to the oldest outstanding balances first, so if you have older balances you cannot avoid a late penalty by only paying the current amount due.

6. I have a large past due bill. What options do I have to avoid having my water shut off?

Capital Region Water works to avoid shutting off water. If you cannot pay your outstanding balance in full, please speak to one of our customer service representatives immediately. Capital Region Water staff will work with you to set up a payment plan. Keep in mind that any payment plan will require a good faith down payment, and the terms of the agreement will be binding. If you default, meaning fail to meet the term of the payment agreement, Capital Region Water will proceed with collection efforts.

7. How often can I set up a payment agreement?

Payment agreements are not meant to be a substitute for paying bills on time. Their primary purpose is to assist customers in managing their past due balances. As such, only one payment agreement can be active at any given time, as an integral part of the agreement is the requirement that the customer pays all current bills in a timely manner. If a customer fails to keep their commitments, they will be ineligible for a payment agreement for two years.

8. I recently made a partial payment on my account, why did I receive a shut-off notice?

Under the old procedures, making timely but partial payments could stop the collections process. However, this practice often made a customer's situation worse, as their outstanding balance would continue to grow and be assessed late penalties. All Capital Region Water bills are due and payable in full every month. Partial payments outside of a formal approved payment

agreement will not stop the collection process. Payments received will be applied to the oldest outstanding balances and split proportionately between any and all services provided.

9. I have a medical condition that requires water availability. Can my water still be terminated for non-payment?

Emergency medical conditions are recognized by Capital Region Water, and additional time is afforded for those who provide a written certification endorsed by their physician. However, a medical condition is not an excuse for non-payment, and after the 30-day extension, collection proceedings will commence. Please contact our customer service representatives for additional details.

10. It seems like all the new rules benefit Capital Region Water. Is there anything that Capital Region Water is doing to help me as a customer to make payment on my account?

Capital Region Water has been working over the last few months to provide more opportunities for customers to make payments via MoneyGram at several convenient locations and ExpressPay, an online credit card processing vendor. In addition, as part of the revised Drinking Water Rules and Regulations, Capital Region Water has implemented a Leak Adjustment Policy to help address extreme situations where an unexpected pipe break or other situation has resulted in a significantly higher bill. These situations will be assessed on a case-by-case basis.

For a full copy of Capital Region Water's Drinking Water Rules and Regulations, including the Collections Policy, please visit www.capitalregionwater.com/rulesandregulations. You will also find a billing timeline with the associated fees.