

The Truth behind Delinquent Accounts

Ninety-five percent of AVEC members pay their bills on time. They get their monthly bill and, within 10 days to two weeks, they write us a check, send us a money order, or authorize us to charge their bill to a bank account or credit card.

The other 5 percent procrastinate. If they procrastinate long enough, the bills pile up and eventually they become delinquent. We send them notices and reminders, and finally we start the disconnection process. This process usually culminates in a visit from the collector and, finally, they pay the bill, enter into a deferred payment agreement or get disconnected.

The consumers who pay their bills sometimes wonder if the ones who don't pay their bills are costing everyone else more. Actually, they really don't. Here's why:

In 2004, the AVEC board amended the tariff to add a late charge. That charge is 1 percent of the past due balance, with a minimum of \$5. The charge is assessed every month to a consumer who has a past due balance. The late charge generates about \$100,000 a year in fees, which pays for almost our entire cost of sending collectors out to the villages. Last year, field collections cost us about \$110,000.

In addition to collection costs, AVEC winds up writing off electric bills every year for consumers who don't pay their bills and no longer have electric service. Once a year, the board of directors gets a list of such accounts and approves charging them off to a reserve account that was created decades ago for that purpose.

Write-offs for last year totaled \$104,000. What is interesting about write-offs is that we collect almost 100 percent of amounts written off in following years—either because the individuals want to reconnect service at a later date—sometimes in another village—or because capital credits are applied to the old accounts as they become due.

In the final analysis, late payers wind up paying for the cost of collections through late fees that are assessed to their accounts. Accounts that progress to the write-off stage cost us less than one-half of 1 percent of total energy sales on an annual basis, and at least 75 percent of write-offs are eventually collected when the consumer reconnects service or forfeits their capital credits.

If you have any questions about how our collection process works or anything else to do with the way your cooperative is operated, you know we are always happy to hear from you. We are starting to get quite a few contacts through our Web site, and I personally respond to a large percentage of them.

Until next time,



Meera Kohler
President and CEO



Meera Kohler, President & CEO

Board of Directors

Chairman

Charlie Curtis, Kiana

Vice Chairman

Robert L. Beans Sr., Mt. Village

Secretary

Phyllis Clough, Old Harbor

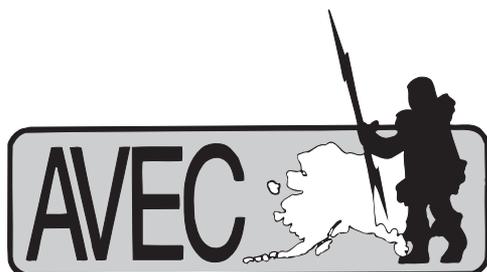
Treasurer

Walter G. Sampson, Noorvik

Helena R. Jones, Ambler
Michael Prince, Emmonak
Fred Sagonick, Shaktoolik

Communities Served

Alakanuk
Ambler
Andreafsky
Anvik
Brevig Mission
Chevak
Eek
Elim
Emmonak
Gambell
Goodnews Bay
Grayling
Holy Cross
Hooper Bay
Huslia
Kaltag
Kasigluk
Kiana
Kivalina
Kotlik
Koyuk
Lower Katskag
Marshall
Mekoryuk
Minto
Mt. Village
New Stuyahok
Nightmute
Noatak
Noorvik
Nulato
Nunapitchuk
Old Harbor
Pilot Station
Pitkas Point
Quinhagak
Russian Mission
St. Mary's
St. Michael
Savoonga
Scammon Bay
Selawik
Shageluk
Shaktoolik
Shishmaref
Shungnak
Stebbins
Teller
Togiak
Toksook Bay
Tununak
Upper Katskag
Wales



ALASKA VILLAGE ELECTRIC COOPERATIVE, INC.
4831 Eagle Street • Anchorage, Alaska 99503
(907) 561-1818 OR (800) 478-1818

AK-105