Fact Sheet: Deferred Payment Agreements (Water)

Wisconsin Admin. Code § PSC 185.38 requires water utilities to offer a deferred payment agreement (DPA) to residential customers who are unable to pay their bill in full. Utilities may offer DPAs to commercial customers, but they are not required to do so. A DPA consists of two elements: 1) a reasonable down payment; and 2) an installment plan to pay the remaining outstanding balance over a specified period of time.

A customer with a DPA is required to pay his or her current charges in full in addition to the agreed-upon installment payment. The utility must receive each payment on or before the due date. A late or missed payment will cause the DPA to "default" and place the customer in jeopardy of disconnection. Delinquent amounts paid according to the terms of an established DPA are not subject to late charges.

The utility may negotiate a DPA without requesting income and expense information if the suggested payment terms are acceptable to the customer. If the customer disagrees with the terms of the DPA offered, it may be necessary to request income/expense information to determine the reasonableness of the DPA being offered. For purposes of determining reasonableness, the code requires the utility to consider the customer's ability to pay along with the following factors:

- Size of the delinquent account.
- Customer's payment history.
- Time that the debt has been outstanding.
- Reasons why the debt has been outstanding.
- Any other relevant factors concerning the customer's circumstances such as household size, income, and necessary expenses.

The utility may ask the customer to sign a written DPA to confirm the terms of payment. If a customer does not agree with the terms of the offered DPA, the customer should not sign the agreement as it implies the customer agrees with the terms and conditions of the utility-offered DPA.

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Although the customer has the right to *suggest* a different payment agreement than what the utility proposes, the utility is not required to accept whatever amount the customer offers as "reasonable." Also, if the utility does not agree to the DPA terms offered by the customer, the utility must indicate in writing why the DPA is not acceptable. If a DPA cannot be negotiated due to a dispute about the terms, either party has the right to an informal review by Commission staff.

If a customer defaults on a DPA and there has not been a significant change in the customer's ability to pay since the agreement was negotiated, the utility is not required to offer another DPA prior to disconnection. This means the utility can require the customer to pay the full arrearage to prevent the disconnection of service. There is nothing in the code, however, to prevent the utility from offering another DPA prior to disconnection if it would be beneficial to do so. The utility must offer a DPA after disconnection, regardless if the customer defaulted on a previous DPA.

If a customer refuses to provide income and expense information, the utility may establish the DPA based only on the information that's available in its account records. Also, if a customer has broken DPAs in the past, the terms of each subsequent DPA the utility chooses to negotiate may be more stringent. For example, the utility may require a larger initial down payment and a shorter time period for repayment.

For more information, please visit the PSC website at [psc.wi.gov](psc.wi.gov).