TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
Jim Parks, Director of Customer Care and Marketing

SUBJECT: Defer Customer Opt-Out Fees for Fiscal Year 2020/21

DATE: June 11, 2020

RECOMMENDATION
Defer Customer Opt-Out Fees for Fiscal Year 2020/21. Defer opt out fees for the City of Winters for one calendar year, January 1, 2021 to through December 31, 2021.

BACKGROUND
Prior to beginning service in June 2018, the VCE board of directors waived opt-out fees for VCE’s first year of operation. Opt-out fees ($5 for residential and $25 for non-residential) were originally designed to reduce the number of opt-outs and to partially recover the cost of processing opt-outs. In 2019, the Board approved deferment of customer opt-out fees for an additional year.

Community choice aggregators (CCAs) differ in their approach to opt-out fees. Several have waived the fee. Some have kept the fee and have had few complaints. Others have kept the fee and had significant complaints.

UPDATE
After two full years of operation, staff recommends that opt-out fees be deferred for another year:

• VCE’s back-office systems are in place to automate opt-outs/opt-ins, so administrative costs are low.
• Customers have expressed concerns with opt out fees.
• Financial impacts are minimal. Now that VCE is fully operational, the opt-out numbers have dropped dramatically compared to start-up, minimizing impacts on revenue.
• Processing the opt out fees could cost more than the revenue generated from the fees.