

**PRINCETON PUBLIC UTILITIES COMMISSION
SPECIAL MEETING**

**Mille Lacs Historical Society Amdall Room
101 10th Avenue South
Princeton, MN 55371**

January 13^h, 2021 1:00 P.M.

- 1. Call to Order – Roll Call**
- 2. Approval of Agenda – Additions or Deletions**
- 3. Discussion of Deposit Policy**
- 4. Discussion of Electronic Payment Fees**
 - a. Memo 21-01: Electronic Payment Fees (DRAFT)**
- 5. Adjournment**

MEMORANDUM 21-01



TO: Princeton Public Utilities Commission
FROM: Keith R. Butcher, General Manager
SUBJECT: Electronic Payment Fees Report
DATE: January 27th, 2021

ITEM SUMMARY

A Commissioner inquiry was made regarding fees paid by Princeton Public Utilities for electronic payments.

BACKGROUND

PPPU currently process three types of electronic payments: credit cards, electronic checks, and Bank Payments. The fee structure for each is as follows.

Credit Cards: PPU processes credit card payments via Neonlink after switching providers in 2015. Currently we pay Neonlink (our online provider) \$0.40 per transaction and we pay Complete Merchant Solutions (the credit card processing company) \$2.00 per transaction for a total of \$2.40/transaction. That change resulted in significant savings to our ratepayers. It is important to note that most merchants can pay around 1.5 – 2.9% in fees for the amounts charged plus various fixed charges.

Electronic Checks: PPU processes electronic check payments via Vericheck. Vericheck charges \$0.30 per transaction with a \$5.00 per transaction fee for returned checks and a \$0.15 per batch settlement fee. These are also processed via Neonlink with their standard \$0.40 per transaction adder for a total of \$0.70+/transaction.

Bank Payments: These are processed via Neonlink at their standard \$0.40 per transaction.

Below is a historical summary of our fee costs for all electronic payments

Year	Total Amount Charged	Number of Transactions	Electronic Payment Fees
2020 (YTD)	\$2,299,724	12,281	\$20,519
2019	\$2,253,819	12,206	\$20,924
2018	\$2,067,150	10,896	\$19,157
2017	\$1,735,795	9,898	\$17,861
2016	\$1,372,458	7,733	\$14,725
2015	\$676,558	2,485	\$16,265
2014	\$596,934	N/A	\$13,546

To compare costs, it is effective to look at the breakouts as a percentage of sales as well as a cost per transaction. These average annual metrics are listed below.

Year	Average Percent of Sales (%)	Average Cost per Transaction
2020 (YTD)	0.89%	\$1.67
2019	0.93%	\$1.71
2018	0.93%	\$1.76
2017	1.03%	\$1.80
2016	1.07%	\$1.90
2015	2.40%	\$6.55
2014	2.27%	N/A

At this time, staff believe that this is comparable with the experience of other municipal utilities and are unaware of any significant savings opportunities that could be captured by switching vendors.

RECOMMENDATION

No staff recommendation at this time.