

**PRINCETON PUBLIC UTILITIES COMMISSION  
SPECIAL MEETING  
Mille Lacs Historical Society Amdall Room  
101 10<sup>th</sup> Avenue South  
Princeton, MN 55371  
January 13<sup>h</sup>, 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**

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## MEMORANDUM 21-01

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

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### 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.