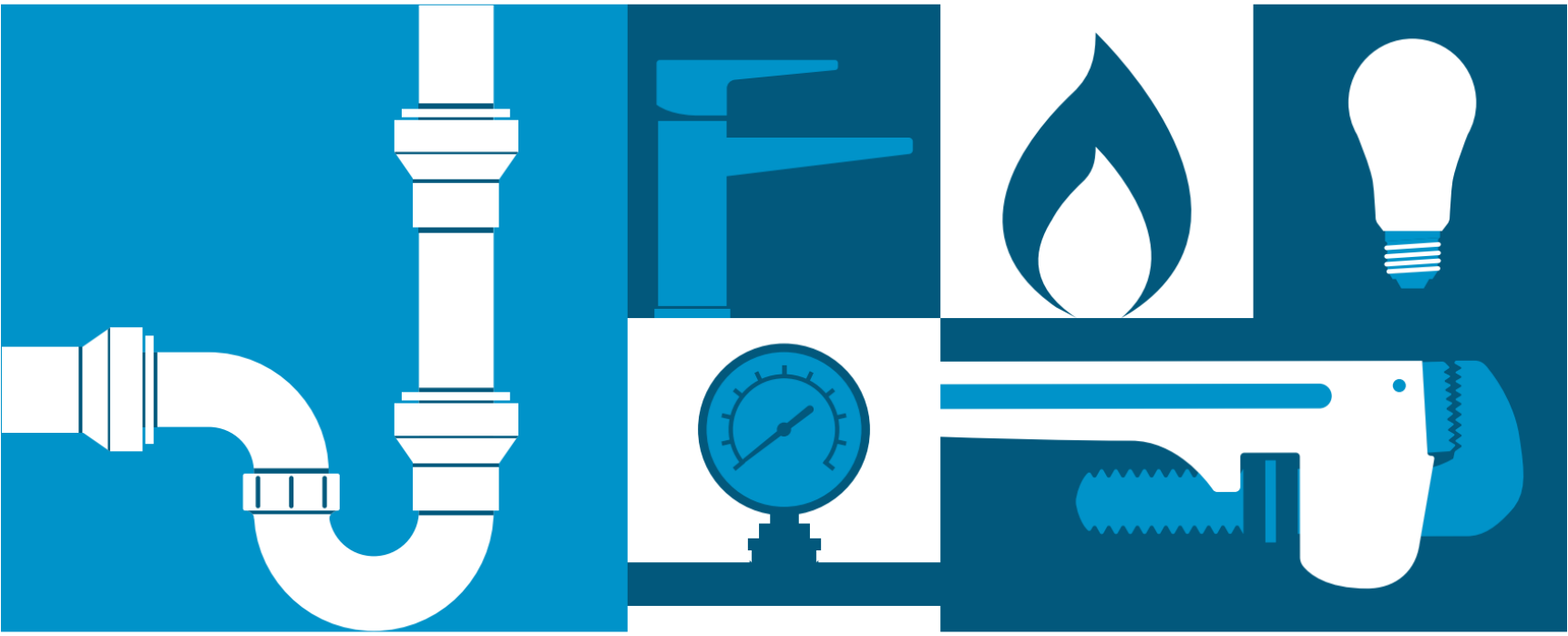
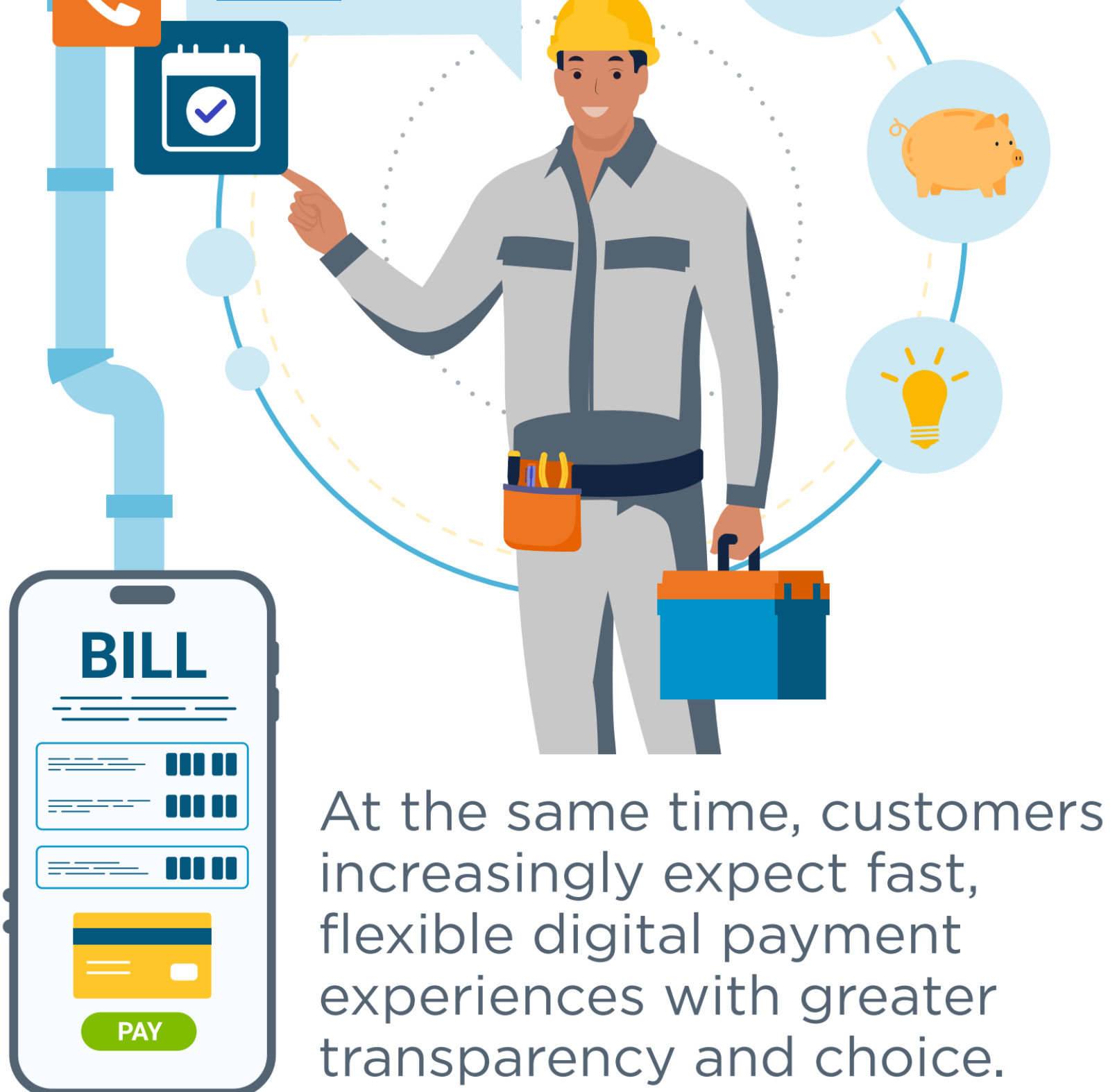
The Real Cost of How Consumers Pay



Utilities are rethinking how they manage payment costs as customer payment behaviors evolve and financial pressures mount.



At the same time, customers increasingly expect fast, flexible digital payment experiences with greater transparency and choice.

Pressure Point #1 - Operational Costs

Rising electricity demand

Aging infrastructure

Severe weather and climate-related costs

Higher natural gas prices

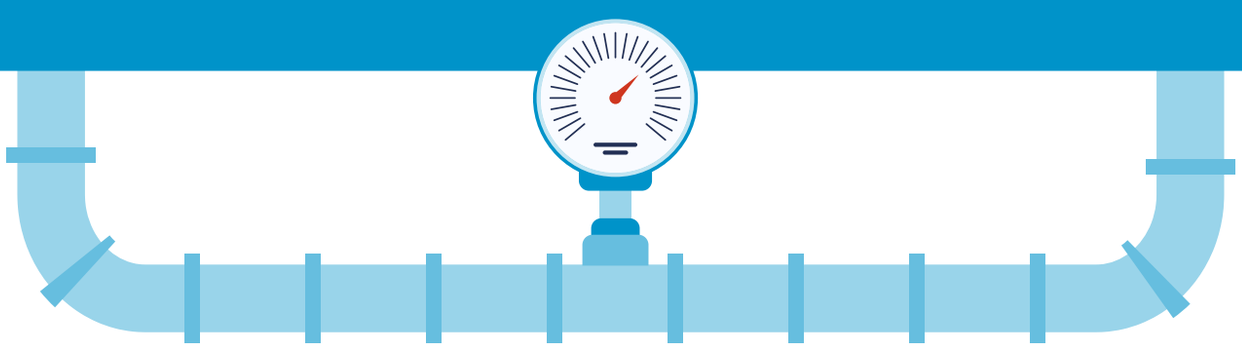
Pressure Point #2 - Payment Costs

50% of customers prefer credit cards

70% use credit cards for some or all bill payments

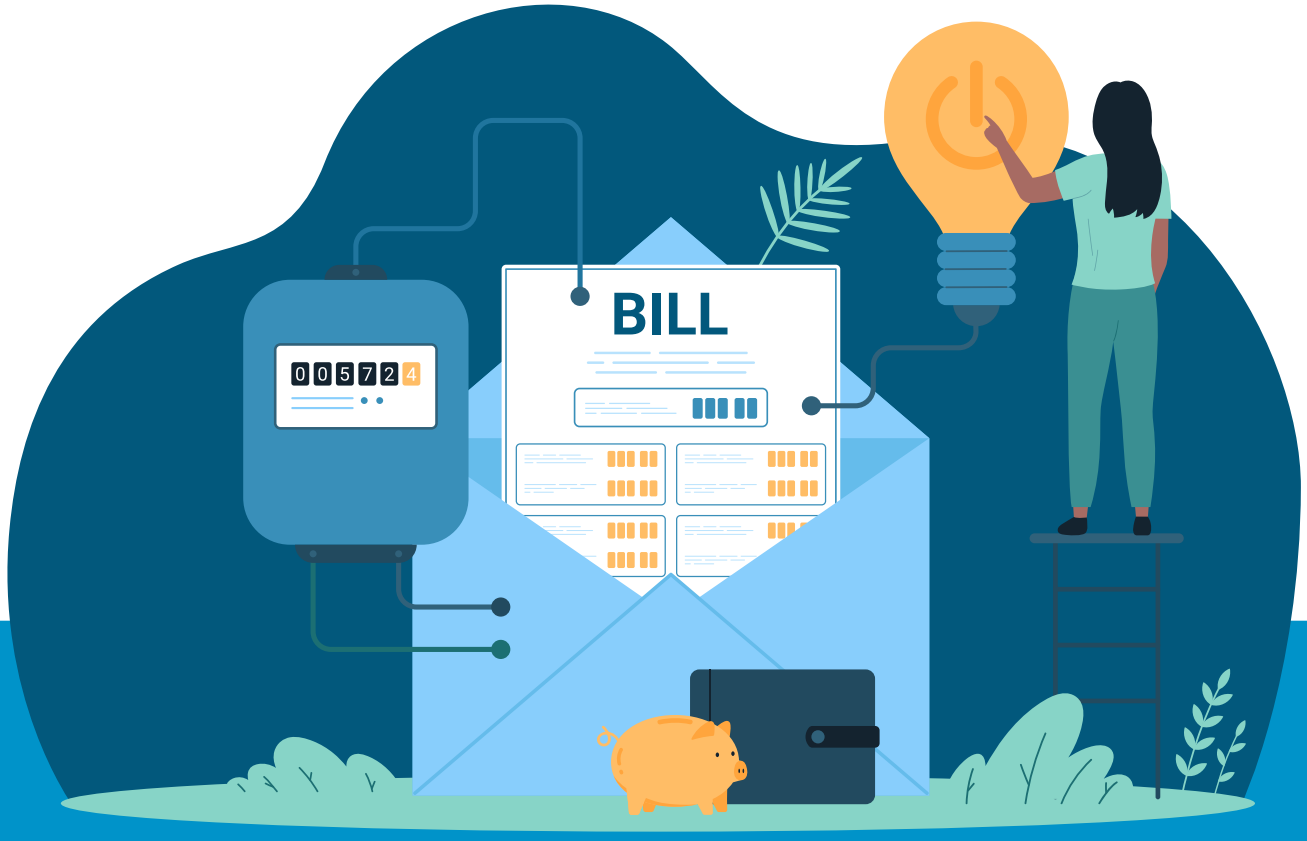
Cash and check usage continue to decline

As digital convenience grows, so do payment processing fees. Card and digital transactions carry higher costs than ACH or cash.



Reducing the Pressure With a New Payment Model

Service fees are payer-funded fees that charge the transaction cost to the customer who picks that payment method. Utilities recover costs without raising rates for everyone.



Service Fees Can Be:

Flat-rate

Percentage-based

May vary by payment type

It can apply to one-time, recurring, or AutoPay payments

What This Achieves:

- ☑ Aligns costs with payment methods
- ☑ Encourages lower-cost payment options
- ☑ Preserves customer choice

- ☑ Improves transparency
- ☑ Builds more sustainable cost models

The Goal:

To balance operational sustainability with customer experience, transparency, and choice.

Wondering how utilities are striking that balance? There's more to the story. Read the full breakdown.

KUBRA

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Sources:

- KUBRA 2023 Utility Consumer Billing and Payment Report.
- KUBRA 2025 Credit Card Usage for Bill Payments Research.