



MEMORANDUM

TO: Mayor and Council

CC: Elaine Hart, Interim City Manager
Robert Goode, Assistant City Manager
Water and Wastewater Commission, Members
Electric Utility Commission, Members

FROM: Greg Meszaros, Director, Austin Water
Jackie A. Sargent, General Manager, Austin Energy

DATE: January 31, 2018

SUBJECT: Investigation of Water Consumption Inquiries from Residential Customers

As a result of complaints raised by residential customers this fall, we were alerted to errors in the August 2017 water consumption data of thousands of our customers. On behalf of Austin Water and Austin Energy, we offer our heartfelt apologies to our customers for the inconveniences they experienced, for our delays in fully investigating this issue, and for a response that was at times lacking in the area of customer service. Our commitment to our customers is to assure them that their utilities are measured and billed accurately and that when they call us with questions, we will deliver excellent customer service.

This morning, Austin Water and Austin Energy are announcing our commitment and plan to adjust water bills for an estimated 7,400 residential customers who experienced a pattern of abnormally low, then elevated, water consumption in the late summer of 2017. Over the last months, utility staff, commission members and Council offices have responded to a large number of inquiries concerning unusual summer water consumption patterns. Austin Water and Austin Energy assembled an interdisciplinary team to investigate root causes, identify solutions, and redress any resulting elevated water bills.

Results of Staff Analysis

The staff analysis identified a specific set of 135 water meter reading routes (of 1,080 total routes) that display an unusual pattern not explained by weather. More than half of the customers on these routes had low water consumption in August followed by much higher consumption in September. Of the roughly 32,000 residential customers on these routes across the city, we identified approximately 17,800 accounts showing this unusual low-high pattern, of which an estimated

7,400 will benefit from a rate adjustment. We have identified an additional set of approximately 700 customers with high water consumption not explained by the low- August/high-September pattern. We will be contacting these customers about their options to request a High Volume Water Bill Administrative Adjustment.

Administrative Adjustments

City of Austin Utilities will adjust the bill of each of the customers along these specific routes who were negatively affected by the unexplained low August meter reading. The adjustments will apply a “smoothing” (*i.e.*, averaging) process where August and September consumption is equalized. The smoothing will reduce the impact of Austin Water’s tiered rate structure, resulting in a credit for the approximately 7,400 affected customers. Many customers with higher September than August consumption will not receive a bill adjustment, because smoothing their usage would not affect their charges according to the tiered rate structure. In no instance will a customer receive a higher bill as a result of an adjustment.

By February 15, we will be sending affected customers a letter to inform them of the timeline and their eligibility for a bill adjustment.

To ensure that all eligible customers receive the appropriate adjustments, we will also reassess all of the cases of customers who previously escalated concerns about their summer water consumption and apply the same bill smoothing where appropriate. Any High Volume Water Bill Administrative Adjustments applied to resolve these escalated cases will not count against the program guideline restricting eligibility for an adjustment to once every two years. Please note also that in the adjustment of customer bills, late fees will be waived, or reversed if already assessed.

The investigation into the root cause of this situation is ongoing. Nevertheless, we have made sufficient progress to determine that this set of customers has been affected by the low-high pattern. To address the concerns of our community, we are moving forward on the billing adjustments today, while the investigation continues. We are working closely with our former meter read vendor, Corix, to examine further these specific routes.

In some additional cases, customers have inquired about unusual water use that does not fit this August and September pattern. For example, some customers may have erroneously received a bill for zero gallons used. We will review each of these cases individually to identify the cause and determine whether a bill adjustment is warranted. Customers with questions can contact the City of Austin Utility Contact Center at 512-494-9400.

Process Improvements

In addition to the measures above, our team is identifying and implementing process improvements to assure the accuracy of utility measurement and data management. The first major process change is that beginning Monday, January 29, 2018, every water meter reading is being accompanied by a photo taken by the meter technician. This step will help to eliminate many of the questions about meter reading accuracy by allowing utility staff to review photos to authenticate disputed meter reads. A second, new process step is that Austin Water has initiated a meter read validation program, supplementing Austin Energy’s existing quality assurance processes. We will continue to examine additional quality assurance steps in response to the issues

raised by water customers, including a full review of the meter-to-bill process and additional screening for abnormally low or high consumption.

One concern that we heard loud and clear from customers is their frustration when the Utility Contact Center is not able to address their issues, the escalation process becomes prolonged, or our system fails to correct an error in a reasonable timeframe. Consistent with our commitment to deliver excellent customer service, we will be examining our customer service processes from top to bottom to assure a better customer experience, looking particularly at our customer service intake process and operator training.

Conclusion

We apologize to the community and the Council for the inconveniences customers experienced and offer our utmost commitment to continued improvements in processes and customer service. We also want to thank the customers who have contacted us and appeared before our commissions and Council to share their experiences and challenges. We respect and share their frustration. Please be assured that we are committed to seeing this review to its end as quickly as possible. We understand that customers must be confident that their utilities are measured and billed accurately. Our customers have a right to expect only the best customer service, and it is our shared objective to collaborate with our customers to deliver that service.

We will continue to update you as we bring this investigation to its conclusion. Please let us know if you have any questions.