



MEMORANDUM

TO: Electric Utility Commission Members

CC: Larry Weis, General Manager
Kerry Overton, Deputy General Manager

FROM: Elaine Kelly-Diaz, Vice President Customer Account Management

DATE: September 18, 2015

SUBJECT: Response to Billing Agenda Update

This memorandum is in response to Commissioner Hadden's August 18, 2015 request regarding the following billing system questions:

- 1) What caused the numerous billing problems in the past?
- 2) What is being done to fix the problems now?
- 3) What is the timeline and cost anticipated for these improvements?
- 4) How does this relate to customer service quality improvements?

In the past, CC&B system conversion occurred simultaneously with the 2012 electric rate implementation, which for the first time introduced a complex rate design for electric customers. The combination of billing for new rate structures, lack of insight into key billing system reports, increased system access by City departments (requiring numerous process changes) and disputes with current vendor over requirements and service levels led to a variety of issues affecting bills for a small portion of customers, mostly non-residential. These issues have been resolved over the last two years and as such, there is no timeline or associated cost.

Currently, Austin Energy (AE) is experiencing an increased volume of customer inquiries regarding high water bills. Our ongoing joint investigation with Austin Water Utility has determined that there are no systemic billing errors, rather a mix of several unique issues tied to higher water consumption across the city, utility district annexations, tiered water rate structure, and an unusual weather pattern affecting irrigation habits.

AE produces over 5.5M bills on an annual basis, generating \$1.9B in annual revenue. In addition, the current billing system interfaces with over 75 other systems citywide. Internal and external audits over the last three years have confirmed a

high degree of transaction accuracy, and have proven that there are no systemic or large-scale billing issues. Manual steps are a part of the billing process (ranging from electric or water meter installations to internal reviews of out of range billing components), and some customers may have complex service installations or multiple rate components where an automated bill is not yet a possibility (i.e. a church with time of use solar rates and a house of worship discount, etc.). If an error occurs, Austin Energy will certainly work with the customer to provide data to support the resolution of the issue; ensure service continuity; and offer payment plans, if applicable.

For the past year, Austin Energy has been increasing our proactive review and analysis of billing components and generated bills, with the goal of further fine tuning bill accuracy by instituting increased quality checks. We also continue partnering with the other City utilities to coordinate investigation and resolution of City utility service issues, as referenced in a recent memo from Austin Water Director Greg Meszaros to Mayor and Council specific to recent water bill escalations (dated September 14, 2015; attached). As addressed in the memo, for a high bill concern, the City reviews historical usage patterns, rereads meters if a usage anomaly exists, and corrects a customer's bill if an error is found. Although our review of the system has confirmed that no systemic billing issues are occurring, recent media coverage promoting potential water bill issues has led to an increase in customer contact volume at a time of the year when we traditionally see our highest number of customer interactions. These increased inquiries, in addition to the related detailed investigation of individual issues, have led to a decrease in service levels which directly affect the customer service experience. We are working diligently to improve customer service quality levels through existing staff and resource adjustments.

As part of our ongoing commitment to program innovation, Austin Energy is in discussions with Oracle to host, operate, and maintain the CC&B system for the next three years. A change in host and operation vendor will allow Austin Energy to improve responses to new reporting requests and additional rate and programming structures, ensure appropriate sizing to support increased customer and data growth, and provide vastly improved customer facing products such as online usage, bill, and payment portals.