



Hamilton

INFORMATION REPORT

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: December 6, 2013	
SUBJECT/REPORT NO: Horizon Utilities Water and Wastewater 2013 Service Activity Report (FCS13081) (City Wide)	
SUBMITTED BY: Mike Zegarac Acting General Manager Finance & Corporate Services	PREPARED BY: John Savoia (905) 546-2424 x7298
SIGNATURE:	

Council Direction:

Not applicable.

Information:

Horizon Utilities Corporation ("Horizon Utilities") has been providing water and wastewater account management and billing services to the City of Hamilton ("City") since December 2001 with the service level agreement ("SLA") extending to December 31, 2014. The budgeted cost of these services for 2013 is \$4.3 million. Costs are adjusted annually based on the terms of the SLA, growth in customer accounts, and for the City's 50% share of any postal rate increases that may occur from time to time.

Appendix "A" to Report FCS13081 provides a report of the service activities provided by Horizon Utilities with respect to the SLA in 2013.



Water and Wastewater 2013

Service Activity Report to The City Of Hamilton

November 2013

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Overview

Horizon Utilities Corporation ("Horizon Utilities") has been providing water and wastewater account management and billing services to the City of Hamilton ("City") since December 2001.

The goal "Easy to do Business With" sets the tone for the customer experience at Horizon Utilities. This goal is easy for employees to understand and it keeps us focused on the review and refinement of key customer business processes that deliver cost effective customer service. While respecting the role that Horizon Utilities has as the City's billing agent, our Customer Service Department views every customer as a "Horizon Utilities customer", taking pride in the provision of customer service excellence.

Under a contractual relationship that extends to December 31, 2014, Horizon Utilities provides the City with a comprehensive package of services to support all functions related to customer information and billing operations for over 143,000 water and wastewater customers. The suite of services includes:

- Meter reading
- Bill calculation, printing, and mailing
- Customer notifications
- Full customer call support, responses to inquiries and liaison between the customer and the City for escalated concerns
- Management and administration of City procedures and programs relating to water and wastewater services such as the Leak Adjustment Policy
- Payment processing
- Account collections including the administration of payment arrangements
- Customer web access to account information including account status and consumption information
- Monthly statistical reporting
- Ad-hoc reporting upon request
- Completion of work orders
- Issuing service orders to Hamilton Water
- Transfers of water/wastewater arrears to property tax roll

In addition to the operational functions provided by Horizon Utilities to the City, Horizon Utilities also strives to bring value-added expertise and partnership through the support and delivery of new initiatives. This has been demonstrated in 2012 and 2013 through the provision of data and analysis to support the new approved water and waste water rate restructuring effort. Horizon Utilities has worked closely with the City to develop a new invoice that provides additional clarity and transparency to customers, tested new rate structures and billing calculations, and assisted in the creation of comprehensive communications materials to ensure the successful implementation and delivery of this customer-impacting change.

Meter Reading and Billing

The customer experience offered by Horizon Utilities begins with the customers' receipt of accurate and timely invoicing. Horizon Utilities manages meter reading and meter read schedules on a daily basis to ensure that water meter reads are available to support monthly and bi-monthly water and wastewater billing for residential, institutional, commercial and industrial customers.

The billing of electricity and water and wastewater charges on a converged invoice results in a convenient one-bill solution for most customers. Almost 23,000 customers receive a stand-alone water/wastewater invoice primarily due to locations located within the City of Hamilton, but not within the Horizon Utilities electric service territory.

Where an actual meter read cannot be obtained (for example, access to the meter is not available or the touch pad is not reading) a notification card is left at the property by the meter reader to advise the customer that a reading was not obtained. The customer has the option of providing their own meter read by calling the Horizon Utilities Customer Service department, utilizing our automated Interactive Voice Response ("IVR") telephone system, sending a digital picture of their read with an email, or through a form on our website. If a meter read is not provided through one of the aforementioned methods, the meter read is estimated by evaluating the customer's usage for the same period last year as well as the average of the last three bills. Estimated reads are clearly identified on the customer's bill. A separate notification letter for the estimated account is sent to each customer after the third consecutive estimate has occurred. The owner of a tenant-billed account is also issued a separate estimate notification letter to ensure they are also aware of the estimation issue. The utilization of IVR calls is being expanded to include notification to residential customers of estimated readings; implementation is scheduled for the 1st quarter of 2014. Through an increased focus on resolution of estimated accounts this year, there are currently less than 1,000 accounts that have been estimated more than twice. This has reduced the number of "Estimated Account" letters to customers from 17,000 in 2012 to approximately 8,100 in 2013.

Electronically read "smart" water meters have been installed in hard-to-reach locations and are read through the Horizon Utilities wireless telecommunications backbone. The reads are managed through an Advanced Metering Infrastructure ("AMI") and then updated into the Horizon Utilities Customer Information System ("CIS") each day. Currently 181 electronically read water meters have been installed to date and an additional 73 water meters have a remote radio head installed for electronic reading.

The Horizon Utilities CIS supports the range of fees and charges as required by the City including: metered rates, various non-metered rates and fixed charges based on meter size. More complex billing scenarios such as water haulers, master/satellites, seasonal meters, compound meters and electronic read water meters are all also managed within the CIS. Invoicing of the City's Wastewater Abatement Program, back-billings and various Hamilton Water service charges are also handled by Horizon Utilities as required. Implementation of a Council approved unmetered Private Fire Line User Fee commenced July 1, 2012 and to date there are over 375 accounts being billed this fee. Horizon's website has supporting documentation regarding the fire line fee.

A new customer invoice presentation format is required to support the revised Water and Wastewater/Storm rate structure approved by City Council in June 2013. Horizon Utilities staff collaborated with the City to provide data and analysis to support the development of the new rate structure, create sample invoices and to articulate customer messaging. Horizon Staff training on the new rate structure, bill layout, and customer messaging was completed prior to the rate change to ensure an easy transition for our customers. Customer communication bill inserts will accompany invoices in October and November. Messaging and views of the new invoice format is available for customers on the Horizon Utilities website.

Beginning in May 2013, Horizon Utilities led a special reading verification project to identify potential discrepancies between the water meter and the reading device at locations where an old generation remote reading device ("TRT") is installed. Of the approximately 12,000 TRT locations the audit identified 57 locations where the inside water meter reading was different from the TRT odometer. Work orders were generated for Hamilton Water to arrange to have new remote touchpads and water meters installed.

The CIS provides variance reporting as a control to ensure that bills are within a normal tolerance that supports the administration of the High Water Read Notification Program. Residential customers are contacted by telephone before receiving their bill to be advised that their bill has been calculated to be more than 175% greater than their norm (this notification trigger is lowered to 150% during the months of November – April). This timely notification allows customers to identify abnormally high water use, which assists with the identification of leaks and allows for corrective actions.

As part of the City's ongoing audit of property connections to its water/wastewater systems, back billings for water and/or wastewater accounts not previously invoiced are calculated and billed upon request. Further inspections of non-residential premises by City staff also result in revenue recoveries related meter bypass valves that have been found to be opened.

In December 2012, Horizon Utilities staff joined City staff to host a delegation of management personnel from a number of water/wastewater utilities from Brazil. A presentation was provided to highlight best practices in water/wastewater billing, client relationship management and customer response.

Timely customer communication supports positive customer relations. Currently, City bill inserts are included with invoices up to two times per year to advise customers of rate schedule changes or policy modifications. Additionally, special mail-outs have been coordinated for the City as requested.

Meter Reading and Billing Information

	2010 Actual	2011 Actual	2012 Actual	2013 Forecast
Water/Wastewater Number of Invoices	897,068	918,170	923,270	943,450
Water/Wastewater Revenue	\$140.7 MM	\$148.1 MM	\$156.1 MM	\$155.6 MM
Meter Reads	846,387	855,601	858,806	927,501
Meter Read Accuracy	95%	94%	96%	96%
New Accounts Created	1,561	1,266	1,400	1,452
"Estimated Account" Letters	9,205	11,529	17,000	8,100
Touchpad "not working" Service Orders	161	185	140	88
Service Orders to relocate remote touchpad	84	105	80	197

Customer Management

The Horizon Utilities Customer Service department is available to respond to customer inquiries Monday to Friday from 8:30 AM to 4:30 PM. The Call Centre answers more than 300,000 telephone inquiries regarding electric and water accounts annually; meeting or exceeding its target of answering 75% of in-bound calls within 30 seconds. An additional 10,000 customer queries are received and responded to annually through email and the Horizon Utilities after-hours voice mail box.

After-hours calls, including those related to water emergencies, are answered by the Horizon Utilities Operating Department and, thereafter as necessary, transferred directly to the City for further follow-up. Notifications and information regarding wide-spread or significant events, such as water main breaks, are added to the Horizon Utilities telephone messaging system to inform customers of the event and advise of whom to contact for additional information.

To increase customer convenience, Canada Post's epost™ paperless bill presentment service was introduced in January 2013. To date, almost 2,300 customers with water have registered for this service and no longer receive a paper invoice.

The Horizon Utilities website has a section dedicated to water and wastewater services and customer education including:

- water and wastewater billing explanations
- water and wastewater rates
- how to read a water meter
- things you need to know before buying a home or going away
- information about the City's Water Leak Adjustment Policy
- information detailing who is responsible for water and sewer charges
- information regarding Private Fire Line Charges
- water saving tips

Customers can access their secure Online Account to view their bills, understand historical water consumption and utilize account management features such as a paperless billing option.

Customer queries arriving via letter, fax, email, or the website are answered promptly and professionally. The Customer Care staff is knowledgeable about the billing and payment services that Horizon Utilities provides, as well as, particulars regarding water and waste water account management. The Call Centre responds to queries such as;

- Notification of a change of address
- Requests to discuss payment options
 - Pre-authorized payments
 - Equal payment plans
- Queries about how rates and charges are calculated
- Payment arrangement options
- City's Water Leak Adjustment Policy and procedure
- Application of water/wastewater arrears to the property tax roll
- Meter reading access issues
- Inquiries about high usage (including the provision of leak identification education) and meter accuracy inquiries

Customer Management Information

	2010 Actual	2011 Actual	2012 Actual	2013 Forecast
Incoming Calls answered within 30 seconds	82%	75%	80%	82%
Average Call Length	3:09 minutes	3:19 minutes	3:50 minutes	3.33 minutes
Call Abandon Rate	3.6%	5.0%	3.5%	3.2%

Payment Options and Collections

Horizon Utilities offers a variety of payment options tailored to each customer’s unique needs. Customer payment options include:

- Automatic pre-authorized payment plans
- Equal monthly payment plans (for pre-authorized payment plan customers)
- In person by cash, cheque or money order at 55 John Street North in Hamilton or at any Municipal Service Centre
- By mail
- Cheque, money order, or bank withdrawal from most financial institutions
- Telephone banking
- Internet banking

On occasions where significant water/wastewater related charges occur, Horizon Utilities will manage deferred payment arrangements in accordance with the City’s Water/Wastewater Deferred Payment Policy. This Policy permits deferred payment arrangements to address financial hardship while balancing prudent collections activities. As such, arrangements under \$5,000 for up to 24-months are wholly administered by Horizon Utilities. Deferred payment arrangements exceeding \$5,000 or

24-months in duration are managed by Horizon Utilities based on prior direction and approval from the City.

The *Municipal Act, 2001*, allows unpaid water and wastewater fees and charges to be placed on the City of Hamilton tax roll for the property to which the public utility was supplied, irrespective of who the consumer or account holder may be or have been.

In accordance with the City's Water/Wastewater Arrears Policy and in order to assist property owners who direct water and wastewater billings to a tenant, Horizon Utilities endeavours to notify property owners of tenant/account holder arrears at 30 and 60 calendar days beyond the due date. If the account remains unpaid, the water/wastewater arrears will be added to the property's tax roll when the account is 90 calendar days beyond the due date. Horizon Utilities manages the process of electronically transferring the outstanding fees and charges related to active and final billed accounts to the property tax roll.

Payment Information Options

	2010 Actual	2011 Actual	2012 Actual	2013 Forecast
Water/Wastewater accounts on Pre-Authorized Payment	N/A	51,438 36%	53,332 37%	56,300 39%
Water/Wastewater on Equal Payment Plan	N/A	7,329	7,556	7,975
30 day/60 day Notification Letters sent	14,827	13,790	23,275	30,570
Number of Accounts Transferred to Tax Roll	4,017	4,280	4,760	5,145
Arrears Value	\$815,488	\$733,900	\$972,688	\$1,118,320

Administration and Management of City of Hamilton Programs and Special Requests

Arrears Certificates: Upon request from a solicitor, water and wastewater arrears certificates are sent advising of any outstanding charges that remain at the time of closing for real estate transactions. Arrears certificate queries are answered daily; 100% are completed within ten business days by the Horizon Utilities Customer Service department.

Service Orders: Horizon Utilities processes a variety of service orders from Hamilton Water's Customer Service and Community Outreach section related to activities such as new meter installations, meter replacements and account transfers.

High Water Read Notification Program: On behalf of the City, Horizon Utilities provides notification to account holders who experience higher than average historical water consumption. This timely notification provides customers the opportunity to identify and repair any leaks or identify usage that would affect the amount of water consumed. The notification, which includes leak detection information, is mailed out to customers if usage increases by 175% over the previous year (150% during November – April).

Water Leak Adjustment Policy: The City of Hamilton's Water Leak Adjustment Policy as recently amended, provides residential, not-for-profits and institutional customers who utilize City of Hamilton water services with financial assistance under certain

circumstances. The Policy provides a one-time opportunity for customers to request adjustments to water/wastewater charges where repair(s) of water leaks within private property occurs, excluding any water leaks in the water service pipe.

Customers may request adjustments to water and wastewater use charges by completing a Water Leak Adjustment Request form (available on the Horizon Utilities website) and submitting it to the Horizon Utilities Customer Service department. Any adjustments greater than \$500 require City review and approval.

Billing of Seasonal Accounts: In order to accommodate the billing of accounts on a seasonal basis, such accounts are flagged in the Horizon Utilities CIS and yearly reads are gathered or estimated. These reads, and any related work orders, are completed by the City and forwarded to Horizon Utilities in November to reconcile these seasonal accounts.

Program Management Information

	2010 Actual	2011 Actual	2012 Actual	2013 Forecast
Water/Wastewater Arrears Certificates	N/A	4,114	5070	4,266
Service Orders Completed	9,315	6,300	4050	4,075
High Water Notification Letters	5,789	10,090	7,860	14,200
Leak Adjustment Request Forms Received	241	300	197	137
Leak Adjustment Credits applied to accounts	\$65,915	\$160,029	\$64,750	\$41,000

Reporting

Horizon Utilities utilizes reporting to manage the water and wastewater billing activities including exception handling. A variety of statistical and summary reports are sent to the City each month to enable analysis and program oversight, including:

- Monthly billing detail report
- Adjustments detail report
- Leak Adjustments summary
- Wastewater Abatement summary
- Non-metered account listing
- Large water user billing report
- Meter Read accuracy report
- Rate types
- Summary of aging
- Revenue report by rate class
- Accounts receivables
- Adjustments by type