



Water and Wastewater/Storm

2014 Service Activity Report to
The City Of Hamilton

November 2014

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Overview

Horizon Utilities Corporation (“Horizon Utilities”) has been providing water and wastewater/storm 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, 2019, Horizon Utilities provides the City with a comprehensive package of services to support all functions related to customer information and billing operations for approximately 145,000 water and wastewater/storm customers. The suite of services includes:

- Meter reading
- Bill calculation, printing, and mailing or electronic bill presentment options (e-billing)
- 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/storm 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 and wastewater/storm arrears to property tax roll
- Billing/invoicing/collection/management of Sewer Discharge Permits

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 throughout the year.

In June 2014, the City entered into a new Service Agreement with Horizon Utilities to continue to provide the aforementioned suite of services. The term of the new agreement is for 5 years ending on December 31, 2019.

Horizon Utilities worked closely with the City to develop new rate structures and a new invoice that provided additional clarity and transparency to customers. This included the testing of new rate pricing structures and billing calculations, and the creation of

comprehensive communications materials to ensure the successful implementation and delivery of this customer-impacting change. Customers were well supported throughout this transition via the communication materials and well-trained Call Centre representatives. Horizon Utilities *did not* experience an increase in call volumes as a result of the City rate structure change.

Horizon Utilities worked with the City over the winter to support customers through an unusually cold winter. The City provided additional financial assistance to customers by adjusting water bills for residents that were advised to run water to prevent frozen water service lines. This extraordinary accommodation was managed over a 3 month period. Customer communications, as well as, billing adjustments were required.

Amendments were made to the City’s Water and Wastewater/Storm Arrears Policy in March. This Policy details the account collection protocol including the timing when unpaid arrears balances are transferred to a property’s Municipal tax roll.

In August, the City entered into a new water supply agreement with Haldimand County requiring Horizon Utilities to accommodate programming changes to support the related new pricing structure.

As of October, at the City’s request, Horizon Utilities commenced Sewer Discharge Permit (formerly overstrength and/or sewer surcharge agreements) invoicing on a quarterly basis. Sewer Discharge Permit revenues for the City have an annual budget exceeding \$5.5MM.

Customer Satisfaction

Horizon Utilities engages an independent consulting firm to measure customer satisfaction on an annual basis. This is a company initiative, and one that is not mandated by the Ontario Energy Board or the Ontario government. The methodology is to randomly select residential and general service customers to complete a telephone interview of standard questions.

Satisfaction with local electricity utility that supplies the electricity you use	2011	2012	2013	2014
Horizon Utilities	90%	93%	95%	87%
Ontario	86%	88%	90%	80%
National	90%	89%	91%	87%
Provides consistent, reliable energy	92%	92%	91%	88%
Is proactive in communicating changes and issues that may affect customers	78%	80%	81%	77%
Customer-focused and treats customers as if they’re valued	77%	80%	82%	77%

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/storm charges on a converged invoice results in a convenient one-bill solution for most customers. Almost 24,000 customers receive a stand-alone water/wastewater/storm 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 completing a form on the Horizon Utilities 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 outbound calls is also being completed after the third estimated reading. Currently there are approximately 1,500 accounts that have been estimated more than twice. Although this is slightly higher than the 1,000 accounts from 2013, there is a focus on resolution of estimated accounts now that an agreement is in place at Hamilton Water with their meter maintenance contractor. This has reduced the number of “Estimated Account” letters to customers from 17,000 in 2012 to 11,300 in 2013. This number is trending slightly higher for 2014 with approximately 15,000 letters expected to be issued.

Electronic “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 179 electronically read water meters have been installed to date and an additional 71 water meters have a remote radio head installed for electronic reading.

The Horizon Utilities CIS supports the range of fees and charges 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, Private Fire Line user fees, Sewer Discharge Permit fees, back-billings and various Hamilton Water service charges are also handled by Horizon Utilities as required.

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A new customer invoice presentation format was created 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 provided via bill inserts accompanied invoices in October and November. Communication material and views of the new invoice format is available for customers on the Horizon Utilities website. Inserts explaining rate changes were also issued with all invoices issued from January to March.

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/storm 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 to meter bypass valves that have been found to be opened.

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 can be coordinated for the City as requested.

Meter Reading and Billing Information

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Forecast
Water/Wastewater Number of Invoices Water	897,068	918,170	923,270	934,052	951,536
Wastewater Revenue	\$140.7 MM	\$148.5 MM	\$154.2 MM	\$156.5 MM	\$168.0 MM
Meter Reads	890,954	912,679	898,225	912,467	906,081
Meter Read Success Rate	95%	94%	96%	96%	95%
New Accounts Created	1,561	1,266	1,400	1,888	1,450
“Estimated Account” Letters	9,205	11,529	17,000	11,385	14,860
Touchpad “not working” Service Orders	161	185	140	100	123
Service Orders to relocate remote touchpad	84	105	80	184	202

As a part of ongoing revenue assurance initiatives, a new billing report was generated in July to identify compound meters having no usage registered on the low end which will initiate a service order to the City for investigation.

Customer Management

The Horizon Utilities’ Call Centre is forecasted to answer more than 310,000 telephone inquiries regarding electric and water accounts in 2014; meeting or exceeding its target of answering 80% of in-bound calls within 30 seconds. An additional 40,000 customer queries are received and responded to annually through self-serve options, email and the Horizon Utilities after-hours voice mail box. In February of 2014, the Call Centre engaged a call overflow service provider to promote additional customer accessibility. An “extended hours” pilot also commenced in October to extend the hours of customer service beyond 4:30 p.m. to be 8:30 a.m. to 6:30 p.m. Monday to Friday. The extended hours has been valued by customers, providing additional accessibility and assistance beyond the traditional hours of service.

Customer calls received after the close of the Call Centre, including those related to water emergencies, are answered by the Horizon Utilities Operating Department. Where necessary, customers are 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 3,400 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/storm services and customer education including:

- water and wastewater/storm billing explanations
- understanding your water bill
- water and wastewater/storm 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 wastewater/storm charges
- information regarding Private Fire Line Charges
- water and wastewater/storm service user fees
- frequently asked questions
- 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, including particulars regarding water and wastewater/storm 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
- The City's Water Leak Adjustment Policy and procedure
- Application of water/wastewater/storm 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 Actual	2014 Forecast
Incoming Calls answered within 30 seconds	82%	75%	80%	81%	81%
Average Call Length	3:09 minutes	3:19 minutes	3:50 minutes	3:56 minutes	4:00 minutes
Call Abandon Rate	3.60%	5.00%	3.50%	3.30%	3%

Customers who contact the Horizon Utilities Call Centre each week are randomly selected to participate in an automated telephone survey. The survey provides the customer with an opportunity to rate the professionalism, knowledge, and level of overall service received. The survey is also used to measure First Call Resolution by asking customers if their question or concern was resolved with this single call. In 2014, it is forecasted that Horizon Utilities' First Call Resolution score, as measured by this transactional survey, will be 89%.

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
- Credit Card Payment (with a Convenience Fee)

On occasions where significant water/wastewater/storm related charges occur, Horizon Utilities will manage deferred payment arrangements in accordance with the City's Water and Wastewater/storm Deferred Payment Policy. This Policy permits deferred payment arrangements to address financial hardship while balancing prudent collections

activities. 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/storm 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/storm 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 Actual	2014 Forecast
Water/Wastewater accounts on Pre-Authorized Payment	N/A	51,438 36%	53,332 37%	56,300 39%	57,860 40%
Water/Wastewater on Equal Payment Plan	N/A	7,329	7,556	7,975	8,107
30 day/60 day Notification Letters sent	14,827	13,790	23,275	30,570	32,745
Number of Accounts Transferred to Tax Roll	4,017	4,280	4,760	5,145	5,087
Arrears Value	\$815,488	\$733,900	\$972,688	\$1,118,320	\$1,280,463

Administration and Management of City of Hamilton Programs and Special Requests

Arrears Certificates: Upon request from a solicitor, water and wastewater/storm 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/storm 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/storm 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 Actual	2014 Forecast
Water/Wastewater Arrears Certificates	N/A	4,114	5,070	4,325	4,716
Service Orders Completed	9,315	6,300	4,569	3,821	4,770
High Water Notification Letters	5,789	10,090	7,860	12,039	8,845
Leak Adjustment Request Forms Received	241	300	197	137	295
Leak Adjustment Credits applied to accounts	\$65,915	\$160,029	\$64,750	\$45,100	\$65,450

Reporting

Horizon Utilities utilizes reporting to manage the water and wastewater/storm 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 and meter size
- Sewer Discharge Permit billing report
- Fire Line Services
- Summary of aging
- Revenue report by rate class
- Accounts receivables
- Adjustments by type