



## Water and Wastewater/Storm

### 2016 Service Activity Report to The City of Hamilton

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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 149,000 water and wastewater/storm customers. The suite of services includes:

- Meter reading
- Bill calculation, printing, mailing and 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
- Oversight 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 through collaboration with the City on a number of initiatives.

Horizon Utilities worked with the City to develop an Extraordinary Circumstance Bill Adjustment Policy which City Council approved in April 2016. This new Policy benefits customers that experience an abnormally high water billing from an unexplained or extraordinary circumstance, unrelated to an identified leak.

An increase in customer requested meter accuracy tests prompted the City to review its Waterworks Bylaw requirements regarding meter testing as compared with the practices of other utilities. As a result, a new Meter Testing Request Form was created with an enhanced process that ensures a consistent approach for customers, aligned with City Bylaw requirements. Customers interested in testing their meter’s accuracy now complete the Meter Testing Request Form on-line for submission to

Horizon Utilities for processing. Horizon Utilities ensures the related user fee is applied to the customer's account and via a work order relays the test request to Hamilton Water who are responsible for meter testing. In the rare circumstance where a meter tests results in an over-register consumption, Horizon Utilities adjusts the customer account and waives the Meter Test fee.

The City has undertaken a number of revenue verification activities in 2016 and as such, requested that Horizon Utilities provide water billing data for 2014, 2015 and 2016 for large customer accounts (industrial/commercial/institutional). This analysis identified accounts with significant changes in water consumption and led to several Hamilton Water inspections of water metering equipment to check for failing meters or other factors that may be preventing the accurate measurement of a property's water usage (eg. open bypass).

Hamilton Water's annual newsletter is being provided to residential customers as a bill insert accompanying their fall water bills. The insert highlights the availability of Service Line Warranties of Canada's water and sewer line warranty programs, an update on the City's Protective Plumbing Program, information regarding frozen water service pipes and advice to homeowners with lead water service pipes.

### **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/storm billing for residential, institutional, commercial and industrial customers.

The billing of electricity with water and wastewater/storm charges on a converged invoice results in a convenient one-bill solution for most customers. Just over 25,000 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 water 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 these 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 1,180 accounts that have been estimated more than twice. Resolving estimated accounts is a focus and priority every day. This focus is forecasted to reduce the number of “Estimated Account” letters issued to 10,700 this year. **The combined effort of Horizon Utilities and Hamilton Water has decreased the number of estimated accounts by 17% as compared to the recent three-year average.**

Electronic “smart” water meters have been installed in hard-to-reach locations and are read through the Horizon Utilities wireless telecommunications. These reads are managed through an Advanced

Metering Infrastructure (“AMI”) and then updated into the Horizon Utilities Customer Information System (“CIS”) each day. Currently 200 electronically read water meters have been installed to date and an additional 135 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.

### **Meter Reading and Billing Information**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>Forecast</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Number of Invoices Issued	<b>967,433</b>	982,208	951,062	934,052	923,270
Revenue	<b>\$187.1MM</b>	\$182.3MM	\$169.2MM	\$156.5 MM	\$154.2 MM
Meter Reads	<b>948,000</b>	920,415	912,405	912,467	898,225
Meter Read Success Rate	<b>95%</b>	94%	95%	96%	96%
New Accounts Created	<b>1,900</b>	1,661	1,827	1,888	1,400
“Estimated Account” Letters	<b>10,737</b>	12,112	15,080	11,385	17,000
Touchpad “not working” Service Orders	<b>1,522</b>	1,817	1,766	1,510	1,347
Service Orders to relocate remote touchpad	<b>298</b>	243	175	184	80

As a part of ongoing revenue assurance initiatives, new reporting and controls are implemented annually and new reports become part of our daily operations and service. ie: compound meters not registering usage on high or low ends.

### **Customer Satisfaction**

Horizon Utilities engages an independent consulting firm to measure customer satisfaction. The survey was not conducted in 2016 due to fluctuating regulation requirements, but is anticipated to be completed in early 2017.

<b>Satisfaction with local electricity utility that supplies the electricity you use</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Horizon Utilities	<b>92%</b>	87%	95%	93%
Ontario	<b>83%</b>	80%	90%	88%
National	<b>88%</b>	87%	91%	89%
Provides consistent, reliable energy	<b>88%</b>	88%	91%	92%
Is proactive in communicating changes and issues that may affect customers	<b>86%</b>	77%	81%	80%

### **Customer Management**

The Horizon Utilities’ Call Centre is forecasted to answer more than 330,000 telephone inquiries regarding electric and water accounts in 2016; meeting or exceeding its target of answering 80% of in-bound calls within 30 seconds. An additional 76,500 customer transaction requests and queries are

received and responded to annually through self-serve options, electronic channels including email and the Horizon Utilities after-hours voice mail box. Extended hours commenced in October 2014 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 date, almost 4,100 customers with water have registered for Canada Post's epost™ paperless bill presentment and no longer receive a paper invoice. Another 14,000 customers have selected to receive their invoice via email from Horizon Utilities.

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 and Sewer Discharge Permit 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 team are 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

The CIS provides variance reporting 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 to 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. City bill inserts are included with invoices to advise customers of rate schedule changes or policy modifications. Additionally, special mail-outs are coordinated for the City as requested.

#### Customer Management Information

	2016 Forecast	2015 Actual	2014 Actual	2013 Actual	2012 Actual
Incoming Calls answered within 30 seconds	82%	80%	81%	81%	80%

#### 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)
- By cheque or money order in the drop box at 55 John Street North in Hamilton 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 endeavors 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**

	<b>2016 Forecast</b>	<b>2015 Actual</b>	<b>2014 Actual</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
Water/Wastewater accounts on Pre-Authorized Payment **	<b>37,593</b>	51,676	57,860	56,300	53,332
	<b>26%</b>	35%	40%	39%	37%
Water/Wastewater on Equal Payment Plan	<b>9,903</b>	8,390	8,107	7,975	7,556
30 day/60 day Notification Letters sent	<b>38,850</b>	36,023	34,482	30,570	23,275
Number of Accounts Transferred to Tax Roll	<b>5,810</b>	5,796	5,747	5,145	4,760
Arrears Value	<b>\$1,340,000</b>	\$2,100,000	\$1,440,272	\$1,118,320	\$972,688

\*\*2016 numbers are based on active accounts only. Previous years included closed accounts.

### **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 to April). With the exceptionally hot and dry conditions experienced this past summer, this notification threshold was increased from 175% to 250%.

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 twice a year to reconcile these seasonal accounts.

Billing of Sewer Discharge Permits: On a quarterly basis, Horizon Utilities bills sewer discharge permits with the City's annual budget for these revenues exceeding \$5.6M.

### **Program Management Information**

	<b>2016 Forecast</b>	<b>2015 Actual</b>	<b>2014 Actual</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
Water/Wastewater Arrears Certificates	<b>4,791</b>	6,172	4,977	4,325	5,070
Service Orders Completed	<b>11,344</b>	8,146	5,231	3,821	4,569
High Water Notification Letters	<b>11,500</b>	18,843	9,102	12,039	7,860
Leak Adjustment Request Forms Received	<b>100</b>	150	211	137	197
Leak Adjustment Credits applied to accounts	<b>\$42,000</b>	\$55,196	\$72,882	\$45,100	\$64,750

### **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 arrears and current account receivables
- Revenue report by rate class
- Trial balance for all account receivable transactions
- Adjustments by type