



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

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| TO: | Chair and Members Audit, Finance and Administration Committee |
| COMMITTEE DATE: | July 8, 2021 |
| SUBJECT/REPORT NO: | 165 Barton Street East, Hamilton – Water and Wastewater / Storm Account Credit Adjustment (FCS21061) (Ward 2) |
| WARD(S) AFFECTED: | Ward 2 |
| PREPARED BY: | John Savoia (905) 546-2424 Ext. 7298 |
| SUBMITTED BY: | Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department |
| SIGNATURE: | |

RECOMMENDATION

That the General Manager, Finance and Corporate Services, be authorized to direct Alectra Utilities to credit account number 3600081300 and service address of 165 Barton Street East, Hamilton, pertaining to water and wastewater / storm charges for a total amount of \$959,035.86.

EXECUTIVE SUMMARY

The City's Water and Wastewater / Storm Back-billing Policy (Policy) maintains the principle that consumers are to pay for the water and / or wastewater / storm services they utilize, while ensuring that back-bill adjustments are conducted in a fair and reasonable manner. Typically, back-bill adjustments represent charges not previously billed for service that was delivered to the customer during a period before the current billing cycle where the original billings are discovered to be too low (under-billed). Less frequently, an over-billing of charges arises due to a billing error as has recently occurred with the water account for 165 Barton Street East, Hamilton.

Generally, customers request to enter into an optional payment arrangement once significant account debit bill adjustments related to an underbilling occurs. Per the City's Water Billing Payment Arrangement Policy, arrangements exceeding \$100 K are referred to the Audit, Finance and Administration (AFA) Committee for approval. Similarly, where a credit bill adjustment surpasses \$100 K, the matter is referred to the AFA Committee for approval.

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As such, Report FCS21061 is provided for the recommended authorization of a credit bill arrangement for Alectra Utilities (Alectra) account number 3600081300 regarding 165 Barton Street East, Hamilton, the site of the Hamilton Wentworth Detention Centre. Infrastructure Ontario is the water account holder.

The subject account relates to a 100mm “compound” water meter that measures the total water consumption for 165 Barton Street East. A compound meter is a type of water meter used to accommodate high flow rates, as well as, smaller rates of flow that also need to be accurately measured. Compound meters have two measuring elements (one for low flows and one for high flows) so that two readings are obtained for each billing cycle and commonly referred to as the “high” and “low” sides of the compound meter.

On April 30, 2019, a compound water meter was installed by Hamilton Water’s meter contractor, Neptune Technology Group (Neptune), to replace an existing 100mm single register water meter at 165 Barton Street East. As a compound meter registers water usage on both a high and low side of the meter, two register reads are provided from each side of the meter and are totalled for billing. Neptune incorrectly programmed one register head when the meter change at 165 Barton Street East occurred, resulting in overstated billed consumption by a factor of 10. Additionally, the two register heads were not networked together to the one touchpad by Neptune. The work order issued by Hamilton Water to Alectra incorrectly identified the replacement meter as a single register meter and not as a compound meter. This error resulted in only the low side read of the meter being activated within Alectra’s billing system. Consumption on the high side of the meter was measured, however, was not read and billed resulting in unbilled consumption.

The net adjusted billings (overbilling related to touchpad programming error less unbilled consumption related to work order error with only low side being read / billed), totals approximately 284,993m³ of water consumption that equates to \$959,035.86

Infrastructure Ontario has been informed of the billing errors and advised of the credit to the affected water account, which will be released by Alectra upon Council approval.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The significant customer credit for \$959,035.86 will negatively affect 2021 rate revenues, however, most likely there will be partial offsetting debit revenue adjustments during the fiscal year. The net impact on rate revenues will be noted in upcoming budget exception reporting.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

The City's Water and Wastewater / Storm Back-billing Policy (Policy) maintains the principle that consumers are to pay for the water and / or wastewater / storm services they utilize, while ensuring that back-bill adjustments are conducted in a fair and reasonable manner. Typically, back-bill adjustments represent charges not previously billed for service that was delivered to the customer during a period before the current billing cycle where the original billings are discovered to be too low (under-billed). Less frequently, an over-billing of charges occurs due to a billing error.

The cause of the billing error may include any of the following reasons or combination thereof:

- (a) stopped meter;
- (b) metering equipment failure;
- (c) missing meter now found;
- (d) switched meters;
- (e) double metering;
- (f) incorrect meter connections;
- (g) incorrect use of any prescribed apparatus respecting the registration of a meter;
- (h) the omission of compound meter register head networking;
- (i) incorrect register head supplied on the meter by manufacturer
- (j) incorrect register head programming specifications
- (k) incorrect meter multiplier;
- (l) the omission / application of an incorrect rate;
- (m) incorrect reading of meters or data processing; and
- (n) tampering, fraud, theft or any other criminal act.

The water account for 165 Barton Street East has been billed in error for the period of April 30, 2019 to March 24, 2021. One 100mm "compound" water meter measures the total water consumption for 165 Barton Street East. A compound meter is a type of water meter used to accommodate high flow rates, as well as, smaller rates of flow that also need to be accurately measured. Compound meters have two measuring elements (one for low flows and one for high flows) which are typically networked together to one touchpad so that two readings are obtained for each billing cycle and commonly referred to as the "high" and "low" sides of the compound meter.

When water meters are installed, work orders are issued by Hamilton Water to the City's water and wastewater / storm billing agent, Alectra Utilities Corporation (Alectra) who essentially activate the metering devices within its billing system. It is important that Alectra activates each meter, otherwise, the reading of the meter will not be displayed on the electronic handheld reading device employed by the water meter readers. It should be noted that meter readings are generally obtained from remote reading devices such that meter readers do not view the actual water meter. Additionally, the compound meter register heads must to be networked appropriately to the touchpad and the account has been updated to reflect the need for two reads to ensure correct a meter reading and billing.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

On April 30, 2019, a compound water meter was installed by Hamilton Water's meter contractor (Neptune) to replace an existing 100mm single register water meter at 165 Barton Street East. A compound meter registers water usage on both a high and low side of the meter independently to provide two register reads from each side of the meter that are summed for billing. Neptune incorrectly programmed one register head when the meter change for 165 Barton Street East occurred, resulting in overstated readings by a factor of 10. Additionally, the two register heads were not networked together to the one touchpad and the work order issued by Hamilton Water to Alectra incorrectly identified the replacement meter as a single register meter and not as a compound meter. This error resulted in only the low side read of the meter being activated within Alectra's billing system. Consumption on the high side of the meter was measured, however, was not read and billed resulting in unbilled consumption.

In April 2021, the water account had been billed on an estimated read basis for three consecutive months which prompted Alectra to request Olameter (Alectra's meter reading contractor) to obtain a special read which alerted Alectra to investigate as both a high and low side meter reading were received which triggered an investigation by Alectra. Subsequently, Hamilton Water confirmed that a compound meter had been installed in April 2019 and that the related meter change work orders were sent over to Alectra with inaccurate information at that time. In order to correct the water billings, Hamilton Water provided the updated meter change information to Alectra and ensured the register heads and correct networking are in place, so that the remote touch pad readings are now accurate.

The net adjusted billings (overbilling related to touchpad programming error less unbilled consumption related to work order error with only low side being read / billed), totals approximately 284,993m³ of water consumption that equates to \$959,035.86.

Considering there are approximately 560 compound meters in service within Hamilton and expectations that compound meters will be utilized more broadly, Hamilton Water will complete the following:

- 1) a review of all compound meters to ensure accuracy of meter register head programming and networking of touchpads to identify any further accounts currently being billed incorrectly;
- 2) complete a process review with Neptune and Hamilton Water Meter Operations staff to ensure all processes and workflows represent the complexities of all meter programming specifications;
- 3) complete retraining with staff and Neptune Technology Group installers.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

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RELEVANT CONSULTATION

Alectra Utilities has provided detailed water billing information related to the water account for 165 Barton Street, Hamilton and has advised the customer of the pending credit (subject to Council approval).

Public Works – Hamilton Water Division has been consulted in the preparation of Report FCS21061.

Corporate Services Department – Legal Services Division has been consulted in the preparation of Report FCS21061.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

N/A

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

None

JS/dt