



Hamilton

INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	January 13, 2022
SUBJECT/REPORT NO:	1099 King Street East, Hamilton – Water and Wastewater / Storm Account Debit Adjustment (FCS22006) (Ward 3)
WARD(S) AFFECTED:	Ward 3
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Not Applicable

INFORMATION

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).

Commonly, 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 bill adjustment surpasses \$100 K that does not result in a customer request for a payment arrangement, the matter is referred to the AFA Committee for information.

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.

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As such, Report FCS22006 is provided to advise of a debit bill arrangement for Alectra Utilities (Alectra) account number 3741581300 regarding 1099 King Street East, Hamilton, the site of the Jimmy Thompson Memorial Pool owned by the City which is the water account holder.

The subject account relates to a 100mm “compound” water meter that measures the total water consumption for 1099 King 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.

When meters are installed, work orders are issued by Hamilton Water to Alectra who essentially activates the metering devices within their billing system. It is important that Alectra activates each meter in a timely fashion, 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 have the opportunity to view a water meter where they may identify that a meter is a compound meter requiring two meter readings.

On March 18, 2018, 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 1099 King 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. The related meter replacement work order was delayed and not provided by Hamilton Water to Alectra until May 22, 2019. Additionally, the work order incorrectly identified the replacement meter as a single register meter and not as a compound meter. Despite receiving the work order over a year after the meter replacement occurred, Alectra exacerbated the situation as the work order (albeit with incorrect meter information) was not actioned resulting in the property’s water billings to continue to be based on estimated usage up to November 23, 2021 when the work order was finally identified as outstanding and processed.

The old water meter had been estimated since October 14, 2016 and based on the removal read on March 21, 2018, it was determined that there had been 4,660m³ of unbilled consumption that amounted to \$14,446.00. Comparing the actual reading of the replacement compound meter taken on November 23, 2021 versus the estimated usage since the meter change occurred (March 21, 2018), revealed 30,521m³ of unbilled consumption that amounts to \$101,012.83. The total adjusted billing represents 35,181m³ of unbilled water consumption that equates to \$115,458.83.

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The City's Recreation Division has been informed of the billing errors and advised of the debit adjustment to the affected water account. The adjustment has been contained within the Division's 2021 operating budget and any budget impacts will be addressed through the December 31, 2021 year end variance reporting.

In July 2021, the AFA Committee received Report FCS21061 that outlined significant billing errors similarly arising from a meter replacement involving a compound meter. Report FCS21061 noted that Hamilton Water would complete the following:

- 1) a review of all compound meters (approximately 560 in active service) 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.

The resultant review of the compound meter servicing at 1099 King Street East revealed that the meter had not been set up correctly which has been resolved as of November 23, 2021.

Alectra has initiated a review of work orders received from Hamilton Water to ensure that all work orders received have been processed.

APPENDICES AND SCHEDULES ATTACHED

Not Applicable.

JS/dt