



# INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	April 21, 2022
<b>SUBJECT/REPORT NO:</b>	50 Charlton Avenue East, Hamilton – Water and Wastewater / Storm Account Debit Adjustment (FCS22023) (Ward 2)
<b>WARD(S) AFFECTED:</b>	Ward 2
<b>PREPARED BY:</b>	John Savoia (905) 546-2424 Ext. 7298
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

## 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.

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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 FCS22023 is provided to advise of a debit bill arrangement for Alectra Utilities (Alectra) account number 6290581300 regarding 50 Charlton Avenue East, Hamilton, the site of St. Joseph's Hospital.

The subject account relates to a 150mm "compound" water meter that measures the consumption of one of three water service lines for 50 Charlton Avenue 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. It should be noted, that meter readings are generally obtained from remote reading devices (commonly referred to as a touchpad).

On April 18, 2019, as part of the City's proactive water meter maintenance program, the aforementioned 150mm compound water meter was replaced by Hamilton Water's meter contractor, Neptune Technology Group (Neptune). Thereafter, the touch pad used for obtaining the compound meter readings was not functioning. As a result, Alectra was unable to obtain actual reads for this meter and subsequently began issuing bills for this water service line based on water consumption estimates.

The City and Alectra have processes to identify and correct these issues in a timely manner. However, in this case, the account continued to be estimated until July 19, 2021 when the touchpad was repaired. Meter readings obtained from the meter reflected that the account's consumption had been underestimated by nearly 74,000 cubic metres amounting to approximately \$258 K.

Processing field activities and large meter changes between the City and Alectra is a complex manual process and all billing processes are manual once an account falls outside of the regular billing parameters. After the touchpad repair occurred, the account required manual processing that did not occur until February 21, 2022, resulting in no bills having been generated since the touchpad repair.

The total adjustment to the account for under / unbilled water consumption equates to \$343,641.43.

St. Joseph's Hospital has been informed of the billing errors resulting in the debit adjustment to the affected water account and available payment options. The Hospital has advised that it will proceed with a single payment for the total amount of \$343,641.43.

In July 2021, the AFA Committee received Report FCS21061 that outlined significant billing errors similarly arising from a meter replacement involving a compound meter.

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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.

In parallel to the compound meter review, Hamilton Water staff has initiated a thorough review of all industrial and commercial accounts that are being billed on estimated meter readings and actioning them as necessary.

As noted, the account did not bill from July 2021 to February 2022 due to a lengthy delay in required manual processing following the touchpad repair. Alectra has advised, in addition to a processing backlog of meter changes, touchpad repairs and meter access issues experienced during the pandemic, account anomalies have increased causing billing delays. Alectra is adding additional human resources to address the backlog as quickly as possible.

**APPENDICES AND SCHEDULES ATTACHED**

Not Applicable

JS/dt