



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	December 1, 2022
SUBJECT/REPORT NO:	1770 Fiddler's Green Road, Ancaster, Water Account Credit Adjustment (FCS22086) (Ward 12)
WARD(S) AFFECTED:	Ward 12
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

That the General Manager, Finance and Corporate Services, be authorized to direct Alectra Utilities to credit account number 3675091300 and service address of 1770 Fiddler's Green Road, Ancaster, pertaining to water charges for a total amount of \$440,741.42.

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 been recently identified with the water account for 1770 Fiddler's Green Road, Ancaster. Note the subject account is a water only account as the property is not connected to the City's sanitary sewer system.

As part of a current review by Hamilton Water of all large size compound meters in service, an overbilling for the water account of 1770 Fiddler's Green has been identified. The overbilling totals 263,798 cubic metres of water consumption that equates to \$440,741.42 for the period of February 2, 2019 to September 8, 2022.

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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.

As such, Report FCS22086 is provided for the recommended authorization of a credit bill adjustment for Alectra Utilities (Alectra) account number 3675091300 regarding 1770 Fiddler's Green Road, Ancaster, a bakery facility owned by ARYZTA Ltd.

ARYZTA Ltd 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 \$440,741.42 will negatively affect 2022 rate revenues.

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 billing errors 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.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

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.

RELEVANT CONSULTATION

Alectra Utilities has provided detailed water billing information related to the water account for 1770 Fiddler's Green Road, Ancaster 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 FCS22086.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The water account for 1770 Fiddler's Green Road, Ancaster has been billed in error for the period of February 6, 2019 to September 8, 2022. One 100mm "compound" water meter measures the total water consumption for 1770 Fiddler's Green Road, Ancaster. A compound meter is a type of water meter that uses two measuring elements. One measures high flow rates (high end) and one measures low flow rates (low end). The readings from both measuring elements are then combined to determine how much water was used. In this case, the low end of the meter should have been programed in 100 litre increments and the high end of the meter should have been programed in 1,000 litre increments.

In early 2019, as part of a pilot initiative to enhance obtaining actual meter readings, cellular radios were added to the high and low-end registers of the compound meter at 1770 Fiddler's Green Road, Ancaster. Each radio has a unique identifier to link the radio to a specific register and were installed by a City engaged contractor. In this case, the identifier numbers were erroneously recorded by the contractor so that the high and low-end registers were transposed. This meant that the low end of the meter was programed in 1,000 litre increments instead of 100 litre resulting in overcharging the account by a factor of 10. The overbilling totals 263,798m³ of water consumption that equates to \$440,741.42 for the period of February 2, 2019 to September 8, 2022.

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In April 2021, an overbilling was discovered with an account similarly serviced with a compound meter. At that time, Hamilton Water committed to a review of the approximately 560 compound meters in service to ensure that they are properly programmed and to identify any further accounts being billed incorrectly (for further details refer to Report FCS21061). As part of this review, the billing error at 1770 Fiddler's Green Road, Ancaster was discovered.

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