



INFORMATION REPORT

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: December 7, 2012	
SUBJECT/REPORT NO: Horizon Utilities Water and Wastewater 2012 Service Activity Report (FCS12077) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager, Finance & Corporate Services Department	PREPARED BY: John Savoia (905) 546-2424 x7298
SIGNATURE:	

Council Direction:

Not applicable.

Information:

Horizon Utilities Corporation (“Horizon Utilities”) has been providing water and wastewater account management and billing services to the City of Hamilton (“City”) since December 2001 with the service level agreement (“SLA”) extending to December 31, 2014. The forecast cost of these services for 2012 is approximately \$4.0 million that would be favourable to the \$4.1 million annual budget. Costs are adjusted annually based on the terms of the SLA, growth in customer accounts, and for the City’s 50% share of any postal rate increases that may occur from time to time.

Appendix “A” to Report FCS12077 provides a report of the service activities provided by Horizon Utilities with respect to the SLA in 2012.



Water and Wastewater 2012 Service Activity Report to The City Of Hamilton

October 26, 2012

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Overview

Horizon Utilities Corporation (“Horizon Utilities”) has been providing water and wastewater 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 them focused on the review and refinement of key customer business processes that deliver cost effective customer service. While respecting the role that Horizon Utilities is the billing agent on behalf of the City, the 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, 2014, Horizon Utilities provides the City with a comprehensive package of services to support all functions related to customer information and billing operations for over 141,000 water and wastewater customers. The suite of services includes:

- Meter reading
- Bill calculation, printing, and mailing
- Customer notifications
- Full customer call support, responses to inquiries and liaison between the customer and the City for escalated concerns
- Management and administration of City procedures and programs relating to water and wastewater services such as the City’s Water Leak Adjustment Policy
- Payment processing
- Account collections
- Customer website access to account information including account status and consumption information
- Monthly statistical reporting
- Adhoc reporting upon request
- Completion of work orders
- Issuing service orders
- Property Tax Roll transfers of water/wastewater arrears

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 billing for residential, institutional, commercial and industrial customers.

The billing of electricity and water and wastewater charges on a converged invoice results in a convenient one-bill solution for most customers.

Where an actual meter read cannot be obtained (for example, access to the meter is not available or the remote reading device “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: i) providing their own meter read by calling the Horizon Utilities Customer Service department, utilizing its automated Interactive Voice Response (“IVR”) telephone system; ii) sending a digital picture of their read with an email; or iii) through a form on the Horizon Utilities website. If a meter read is not provided through one of the aforementioned methods, it is estimated by evaluating the customer’s usage for the same period last year, as well as the average of the last three bills. Where an estimated read has occurred, it is identified in the “Your Usage” section of the customers’ invoice. A separate notification letter for the estimated account is sent to each customer after the third estimate has occurred. Enhanced notifications began in June 2012 with the owner of a tenant-billed account being issued a separate estimate notification letter to ensure they are also aware of the estimate issue.

Electronically read water meters have been installed in locations where access is a concern and these are read through Horizon Utilities’ wireless telecommunications infrastructure. The reads are managed through an Advanced Metering Infrastructure (“AMI”) and then updated into the Horizon Utilities Customer Information System (“CIS”) each day. Currently there are 150 electronically read water meters installed and another 41 water meters that have a remote radio head installed for electronic reading.

The Horizon Utilities CIS supports the multitude of rate structures as required by the City including: metered rates; and, 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, back-billings, water meter charges, and service charges for City service calls are also handled by Horizon Utilities, as required.

The implementation of a Council approved Private Unmetered Fire Line User Fee commenced July 1, 2012. Affected customers are issued letters that provide information regarding the new fee and may also view Horizon Utilities website for supporting documentation.

The CIS provides variance reporting as a control measure 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 is more than 175% greater than their norm. This allows customers to identify abnormally high water use, which assists with the identification of leaks and allows for timely corrective actions.

As part of the City’s ongoing audit of property connections to its water/wastewater 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 open bypass charges.

Timely customer communication supports positive customer relations. Currently, City bill inserts are included with invoices up to two times per year to advise customers of rate

schedule changes or policy modifications. Additionally, special mail-outs have been coordinated for the City as requested. For example, over 10,000 letter notifications were sent out again this year to landlords to advise these account holders of their financial responsibilities when water/wastewater billings are redirected to tenants.

Meter Reading and Billing Information – 2012 Forecast

	2010 Actual	2011 Actual	2012 Forecast
Water/Wastewater Number of Invoices	897,068	918,170	923,270
Water/Wastewater Revenue	\$140.7 MM	\$148.1 MM	\$156.1 MM
Meter Reads	846,387	855,601	858,806
Meter Read Accuracy	95%	94%	96%
New Accounts Created	1,561	1,266	1,400
“Estimated Account” Letters	9,205	11,529	17,000
Touchpad “not working” Service Orders	161	185	140
Service Orders to relocate remote touchpad	84	105	80

Customer Management

The Horizon Utilities Customer Service department is available to respond to customer inquiries Monday to Friday from 8:30 am to 4:30 pm. The Call Centre answers more than 320,000 telephone inquiries regarding electric and water accounts annually; meeting or exceeding its target of answering 75% of in-bound calls within 30 seconds.

After-hours calls, including those related to water emergencies, are answered by the Horizon Utilities Operating Department and, thereafter as necessary, transferred directly to the City for further follow-up. Notifications and information regarding wide-spread or significant events, such as water main breaks, are provided through the Horizon Utilities telephone messaging system to inform customers of the event and advise whom to contact for additional information.

The Horizon Utilities website has a section dedicated to water and wastewater services and customer education including:

- Water and sewer billing explanations
- Water and sewer rates
- How to read a water meter
- Things you need to know before buying a home or going away
- Information about the leak adjustment program
- Information detailing who is responsible for water and sewer charges
- Information regarding Unmetered Private Fire Line Charges
- 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 staff is knowledgeable about the billing and

payment services that Horizon Utilities provides, as well as particulars regarding water and waste water 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
- City's Water Leak Adjustment Policy and procedure
- Application of water/wastewater arrears to the City of Hamilton property tax roll
- Meter reading access issues
- Inquiries about high usage (including the provision of leak identification education) and meter accuracy inquiries

Customer Management Information - 2012 Forecast

	2010 Actual	2011 Actual	2012 Forecast
Incoming Calls answered within 30 seconds	82%	75%	80%
Average Call Length (minutes)	3:09	3:19	3:31
Call Abandon Rate	3.6%	5.0%	3.4%

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)
- In person by cash, cheque, or money order at 55 John Street North in Hamilton or at any Municipal Service Centre
- By mail
- Cheque, money order, or bank withdrawal from most financial institutions
- Telephone banking
- Internet banking

Should back-billing of a water service or related charge be required, Horizon Utilities will manage deferred payment arrangements under \$5,000 for up to 24 months. Deferred payment arrangements exceeding \$5,000 or 24 months are managed by Horizon Utilities based on prior direction and approval from the City. City Council approval is required for payment arrangements that exceed \$100,000.

Horizon Utilities works with customers, where requested, within a structured framework of procedures as prescribed by the City to create deferred payment arrangements to address financial hardship while balancing prudent collections activities.

The *Municipal Act, 2001*, as amended, 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, Horizon Utilities manages the process of electronically transferring the outstanding fees and charges related to active and final billed accounts that are 90 days in arrears. Notification letters are sent out to the account holder and to the property owner (if different), 30 and 60 days in advance of transferring outstanding charges to the property owner's tax roll. Notifications of water/wastewater arrears that have been transferred to the tax roll are administered by the City's Taxation division.

Payment Information Options - 2012 Forecast

	2010 Actual	2011 Actual	2012 Forecast
Water/Wastewater accounts on Pre-authorized Payment	N/A	51,438	53,332
Water/Wastewater on Equal Payment Plan	N/A	7,329	7,556
30 day/60 day Notification Letters sent	14,827	13,790	23,275
Number of Accounts Transferred to Tax Roll	4,017	4,280	4760
Arrears Value	\$815,488	\$733,900	\$972,688

Administration and Management of City of Hamilton Programs and Special Requests

Arrears Certificates: Upon request from a solicitor, water and wastewater 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 the City's Water/Wastewater 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.

Water Leak Adjustment Policy: The City of Hamilton's Water Leak Adjustment Policy, as recently amended, provides eligible customers who utilize City water services with limited financial assistance under certain conditions and circumstances. The Policy

provides a one-time opportunity for eligible customers to request adjustments to water/wastewater charges where repair(s) of water leaks on private property occur, excluding any water leaks in the water service pipe.

Customers may request adjustments to water and wastewater use charges by completing the 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 in November for reconciliation of these seasonal accounts.

Program Management Information - 2012 Forecast

	2010 Actual	2011 Actual	2012 Forecast
Water/Wastewater Arrears Certificates	N/A	4,114	5070
Service Orders Completed	9,315	6,300	4050
High Water Notification Letters	5,789	10,090	7,860
Leak Adjustment Request Forms Received	241	300	197
Leak Adjustment Credits applied to accounts	\$65,915	\$160,029	\$64,750

Reporting

Horizon Utilities utilizes reporting to manage the water and wastewater 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
- Summary of aging
- Revenue report by rate class
- Accounts receivables
- Adjustments by type