



## **COUNCIL COMMITTEE REPORT**

### **Public Utilities Committee**

**Date:** October 21, 2015

**Agenda Item #:** 3

**Agenda Item:** [Discussion and possible action regarding Austin Water Utility billing issues.](#)

**Vote:** Council Member Troxclair motioned that staff come back to committee with (1) options for a fuller-scale audit including meter reading, as well as (2) reasons why someone may have an unanticipated high bill, and (3) ideas that may provide assistance to people in unusual one-time circumstances. Council Member Zimmerman seconded. Approved 4-0.

**Original Sponsors/Department:** Austin Water

**Summary of Discussion:** Austin Water Director Greg Meszaros delivered a presentation along with staff from Austin Energy (Kerry Overton, Department General Manager and Elaine Kelly-Diaz, Vice President, Customer Account Management). The Committee engaged in follow-up discussion from September 2015 Public Utilities Committee meeting.

**Public Comments:** Summaries below are not comprehensive of all discussions. Please see transcript and video for additional details.

Vicky Couch, secretary of the renewed Greenslopes Water and Wastewater Solutions Committee, spoke. Ms. Couch noted that since last PUC meeting, Austin Water has been on property numerous times checking for leaks. Ms. Couch thanked Alice Flora and Rick Coronado of the utility for their assistance. At least three valves on the property were not found by Austin Water though leakage was suspected but not confirmed. Residents have since discovered water above ground due to a one-inch pipe and broken valve leaking water. Austin Water emergency team was called out but, per Ms. Couch, Austin Water said they could not do anything about the leak since they are a Planned Unit Development. Ms. Couch noted that the biggest issue for the PUD is paying for unused water and wastewater given that their reserves have been depleted and they are facing a special assessment. Ms. Couch noted that payments over \$128K had been made to Austin Water along with over \$17K in late fees. She requested that Austin Water provide past

use history to determine average total usage and adjust the HOA's present debt in the form of direct reimbursements or overpaid funds. Chairwoman Garza clarified that staff could help with billing issues due to leaks. Councilman Zimmerman posed questions about accuracy of the meter readings.

Brad Crone spoke and informed committee members that they found a leak and questioned the accuracy of their meter. He noted that the meter at Greenslopes was equipped with a leak alarm if it was correctly installed. He stated the system had been altered and wondered if the meter was putting water back into city mains, and if residents were being charged for reverse flow. This requested another master meter and measurement of forward and reverse flow. Council Member Garza said they would ask questions of staff.

John Hoss thanked the committee for prompting action from the water utility. He informed the committee that water utility staff told him that locating valves was their main priority. The PUD has fixed leak and 'can't wait to see how water utility handles rebates for billing. Zimmerman stated that the leak was found on the Greenslopes side of the meter but noted that wastewater charges presume water use.

Barbara Szalay of Lost Creek expressed concerns and criticisms of Austin Water director's attribution of their issues to weather and the tiered rate structure. She noted that MUD had put a tiered rate structure in place prior to Austin Water taking over the system. She raised concern about the transfer of funds from Austin Water to the General Fund, and questioned credibility of Austin Water. She called upon Committee to adopt Council Member Zimmerman's proposal.

Madeleine Connor noted anomalous bills and stated that director's explanations were not logical. She stated that usage/bills were not explainable by director's theories and that many residents need immediate relief.

Council Member Troxclair clarified when Lost Creek MUD had begun paying Austin Water rates, which Ms. Connor stated was in mid-December of last year.

Council Member Garza asked Mr. Meszaros about the ability to locate valves on the Greenslopes property. Mr. Meszaros emphasized that City resources had been used to detect leaks on the Greenslopes property but that this was highly unusual since the issue was on private property and not the public side. Stated that staff discovered that many valves had been paved over and could not be located and that staff recommended that the residents recover the valves and that staff would provide the data and maps necessary. Mr. Meszaros emphasized that the utility would not do construction on a private system as that would be inappropriate.

Council Member Garza thanked Mr. Meszaros since the practice was unusual and inquired about bill adjustments if a leak is detected. Mr. Meszaros stated that he would consult with the Austin Water team. He informed committee members that this was a multi-family property, versus a residential one, and the expectation is that multi-family

and commercial properties will manage their own properties. He stated that if their winter or wastewater averages were inflated because of the leak that there may be opportunities to provide bill credits.

Council Member Garza asked Mr. Meszaros if there were any possible reasons for the spikes in usage, if there was a leak. Mr. Meszaros wasn't sure but noted that they had an old meter that was probably under-registering, but that the meter was replaced with a new modern meter.

Council Member Garza also asked whether someone could get three bills in one day. Mr. Meszaros said they would need the address. Ms. Elaine Kelly-Diaz, Vice President with Austin Energy, stated that it is possible that the customer was in re-bill situation but would need address to investigate.

Council Member Garza asked that staff meet with all people present today.

Mr. Meszaros began his presentation with an update since the last PUC meeting.

- Since August, AE call center has processed over 10,000 high bill calls.
- 27% increase in call escalations over normal patterns.
- Call volumes have peaked but have declined.
- Of 2,400 high bill escalations, 2,100 have been resolved and closed out.

Council Member Kitchen asked for further information about what was meant by "resolution" of a call. Mr. Meszaros replied that the bulk of calls did not receive a credit, and a handful received credits, perhaps less than 10.

Mr. Meszaros provided an overview of Greenslopes infrastructure when it was first developed and communications that had occurred between the City and residents since the last PUC meeting.

He stated Austin Water had seen a significant increase in requests for free irrigation audits provided by the utility (144 completed and 159 scheduled). 83% of systems were set improperly (multiple days, multiple start times and excessive run times), which is causing significant portion of high water use in Lost Creek and River Place. Austin Water estimates that a high percentage of unnecessary water use is due to improper settings. Mr. Meszaros shared information about specific irrigation systems (with customer information redacted).

Council Member Troxclair posed questions about the 17% of customers who had irrigation audits done and whose systems were properly set. Council Member Kitchen followed Council Member Troxclair's questions and stated that the information provided did not take the committee through full resolution.

Council Member Troxclair asked what percentage of homes had pools. Mr. Meszaros stated that he was unsure, but noted that 85% had irrigation systems and about 1/3 had a pool. High bills are tightly correlated with high-water delivery systems like irrigation

systems and pools so if the City's billing system or meters were failing it would not fail just for these customers.

Mr. Meszaros reviewed the additional systematic checks that had been done to verify that there is nothing driving these high bills as a result of failure in the City system. He reviewed pumpage versus consumption checks, first by Lost Creek MUD. He explained that Austin Water reads master meter, and explained that per master meter, in May-July 2015, less water had been provided but in August, as was the case for the entire system, water use had climbed up back to historic norms of 2012-2014. He stated that Austin Water then took master meter data and compared it to all individual meters and found that 96.6% of water that went through master meter was calculated by individual meters, which is an expected rate of loss.

He noted that the same analysis was done system-wide. Explained that staff took all water that the plants pump and how much went out through the 225K meters that Austin Water maintains, and that staff found that 88% of water that went into the system through the plants went through the individual meters, with the rate of loss within the expected range.

Council Member Garza and Mr. Meszaros exchanged commentary about the 12% of water lost. Mr. Meszaros noted that 'water lost' are due to leaks, breaks, water theft and typically meters under-registering. For example, 1000 gallons flowed through the meter but only 996 gallons were registered, 12% of water use was never billed.

Council Member Zimmerman pointed to a previous graph that showed spikes in usage which he stated were connected to one-day-per-week watering schedules and that the ups and downs are typically the low points. For example, Monday is a prohibited day, and residential customers are only supposed to water Saturday and Sunday, based on odd and even addresses. Mr. Meszaros noted that on cloudy days, usage is affected by 1-20 million gallons per day. If we get rain, it will fall 50 MGD, and even holidays affect the usage.

Jadell Hines of the Water Conservation Division at Austin Water spoke and explained the watering schedule: Mondays- public schools, Tuesday and Friday- commercial properties, Wednesday and Thursday- automatic irrigations, and Saturday and Sunday - hose-end irrigation systems. Watering schedules are intended to level out pumping.

Austin Energy followed Mr. Meszaros with a briefing on the Metering process. Kerry Overton, Deputy General Manager of Austin Energy explained that the City uses a third-party contractor who provides first-level meter reads. He mentioned that part of the City's quality control is to prohibit a meter reader from seeing prior reads, and that the system is programmed to prompt the meter reader if there is a high or low-read based on estimates generated by algorithms. He noted that meter readings were also validated by an internal quality review and found that 87.5% of reads were accurate. Remaining 2.5% are handled through a re-read process, which continues until there is a valid read. An additional validation process was used as part of this issue. They reviewed about 6700 reads and

found that only 200 were invalid, which equates to a 97% accuracy of the initial read. Mr. Overton said they would continue to issue a re-read until they find one that is within the range.

Council Member Troxclair clarified the statement about 200 of 6700 meter reads and that Corix had read meters correctly 87% of the time. Mr. Overton clarified that staff had looked at 6700 of approximately 10,000 escalations that had come in and checked their re-reads. Only 200 cases had a bill that had been regenerated. Council Members Troxclair and Garza clarified the number of calls, escalations, reads and validations. Elaine Kelly-Diaz of Austin Energy clarified that a customer can request a re-read at any time, but the call may not be escalated. Mr. Overton stated that if Austin Energy issues a service order to Austin Water, anything can happen all the way to a meter check or meter replacement but if they obtain an additional read, it may prove that the customer was using what was in line with the read.

Mr. Overton explained the re-read process. He noted that Austin Energy would read the meter in the validation process and that if it still appears to be high, Austin Energy would still continue to move forward and issue a bill for that customer to give the customer time to review. However, he noted that Austin Energy would simultaneously kick off the leak review process. He explained that if they read the meter and are unable to obtain a valid read, Austin Energy would continue down the process, which could include field services but also an estimate of that bill based on historical data. About less than 1% of bills are estimated on a monthly basis and even with estimation in place, Austin Energy will still go out and get a read. For high reads, they will still issue a re-read until a valid read is recorded. If Austin Energy finds an estimation that covers 2-3 months, once they retain the valid read, they divide total consumption, which was high, by 3 months, so customer is not forced into a higher tier.

Council Member Zimmerman requested examples of redacted bills so he could review.

Council Member Troxclair asked what triggered a high and low-end re-read. Ms. Kelly-Diaz replied that she thought it was four times higher on high end but needed to verify the factor on the low end. Council Member Troxclair clarified whether a customer is notified when a bill is estimated, which Ms. Kelly-Diaz confirmed.

Council Member Troxclair asked whether the high-low triggers went into effect with these high billing issues and Ms. Kelly-Diaz said that they do typically see a high number of re-reads in August.

Council Member Garza asked how many of the 6700 bills were sent out as estimates. Ms. Kelly-Diaz stated that she was not aware but noted that their staff did not notice a preponderance of estimated bills.

Mr. Meszaros concluded that Austin Water and Austin Energy continue to jointly work through the issue but that no systematic failure has been found in the billing or meter systems. Austin Water will continue irrigation assessments particularly in the spring. The

City is committed to doing an outside review and stated that the RFQ (Request for Qualifications), is underway with a 4-week deliverable once the contract is initiated. Council Member Garza requested a report on this at a future PUC meeting.

Council Member Kitchen asked if collections could be stayed until the audit is completed, or what happens if a problem is found. Ms. Kelly-Diaz stated that standard City utility regulations dictate that a customer is re-billed at the correct amount and a credit is provided. Council Member Garza asked about auto-pay, and Ms. Kelly-Diaz noted that a very small percentage of customers were on auto-pay and that staff was encouraging these customers to set limits.

Council Member Zimmerman inquired about the Greenslopes water leak and asked what the process was for wastewater adjustment. Mr. Meszaros stated that staff would review and determine what appropriate credits could be applied if warranted, and could follow-up with Council.

Council Member Troxclair clarified what would be covered in the audit. Ms. Kelly-Diaz said it would review what usage is entered into the billing system and whether it is billed correctly. Council Member Troxclair asked why the accuracy of meter readings would not be covered. Ms. Kelly-Diaz stated that it could not be covered given that this is drafted to be a financial audit.

Mr. Meszaros asked Council Member Troxclair for suggestions on what could be done to ensure that meter readings are accurate. Council Member Troxclair relayed concerns that citizenry did not and might not trust an internal audit done by Austin Water or Austin Energy staff. Meszaros offered to follow-up with Austin Energy and the City Manager's Office about possibilities for an external audit.

Council Member Zimmerman asked about low readings at Greenslopes in light of large water leak found, and cautioned comparing accuracy of small meters versus large meters given hydraulics. Mr. Meszaros noted that the failure rate of small meters is low in that they under-register (versus over-register). He mentioned that Austin Water has committed to testing 100 meters from River Place.

Council Member Zimmerman asked about the total number of meter readers. Ms. Kelly-Diaz stated that the Corix contract includes 40 readers, of which 35 are reading the meters and 15 are providing soft services like re-reads, 24-hour notices, and some field services. She confirmed that this covers some 230K meters per month. Council Member Zimmerman noted that this was an average over 11K meters per day or 330 meters per reader per day or about 1-minute to read a meter. Ms. Kelly-Diaz noted that Corix is one of the largest meter-reading vendors in the US.

Council Member Kitchen stated that a billing audit was beneficial and urged staff to continue with that, but also urged staff to explore what kind of audit could be done regarding meters.

Council Member Troxclair requested that staff offer the same meter testing services being offered to River Place to Lost Creek MUD.

Council Member Garza requested an estimate of how much an audit would cost, in the event that a council member wanted to post an item from Council.

Council Member Zimmerman clarified whether the total pumpage graphs included water sold to wholesale customers like MUDS and how much of total water use was that, which Mr. Meszaros confirmed and estimated to be 3-5%.

Council Member Troxclair asked whether anything with the transition to the utility could have affected the water pressure at Lost Creek. Mr. Meszaros said that staff has found no evidence that system is functioning any differently. Rick Coronado, Austin Water Assistant Director, noted that the system is at a higher elevation but that so far all information shows that the system is operating as-is before and after Austin Water took over the system.

Council Member Troxclair asked what residents could do if they were concerned about high water pressure. Mr. Meszaros noted that Lost Creek is at a high elevation and thus it operates at a higher pressure. He also noted that Austin Water could offer some pressure checks at homes but could not have resources to offer a large number of checks, etc.

Council Member Troxclair noted that the tiered rate structure unduly punishes high water use and she stated that she wants to make sure these policies meet our water goals but does not put people in a place of having 5-times- higher water bills. She requested that Mr. Meszaros bring to the committee any ideas about a cushion against these high bills or adjusting the tiered rate structure, if they did not want the current situation to reoccur. Mr. Meszaros stated that the rate design is product of many years of work. Five task forces have reviewed Austin Water's rate structure and all have recommended strengthening this pricing signal. The rate structure has evolved over time, and that it is not easy to offer (for example) three alternatives because it is like a big balloon in that if you squeeze one part it affects another. Council Member Troxclair recognized that she wants to keep rates low for low water users and charge more for higher water use but stated uncertainty that when policies were put in place, a high bill would be generated because of weather patterns, and doesn't believe it was the intention. She requested a stop-gap in an emergency situation.

Council Member Kitchen asked for examples of situations where a customer is paying a high-bill and requested assistance identifying circumstances where someone would be thrown into a higher rate category so Council could determine whether this was appropriate. She noted that the intention was to encourage lower water use perhaps but in some situation this is not the case.

Council Member Troxclair motioned that staff come back to committee with options for a fuller-scale audit including meter reading, as well as reasons why someone may have an

unanticipated high bill, and ideas that may provide assistance to people in unusual one-time circumstances. Council Member Zimmerman seconded.

Council Member Garza cited a memo from the City Law Department, which she summarized as saying that the City Code prohibits reductions or changes to bills in the absence of demonstrated factual procedure.

**Direction:** Council Member Troxclair motioned that staff come back to committee with (1) options for a fuller-scale audit including meter reading; (2) reasons why someone may have an unanticipated high bill, and (3) ideas that may provide assistance to people in unusual one-time circumstances. Council Member Zimemrman seconded. Approved 4-0.

**Recommendation:** No recommendation to Council at this time.