

EUC Meeting January 22, 2018 Notes

Items 13 and 14: Presentation regarding water meter readings and associated high bill concerns

[Items 13 & 14, Part 1 of 2]

Kerry Overton (Deputy General Manager, AE) – In the past few months, we have seen an increase in the number of customers who complained about their late summer water usage. Given all the discussions we've had with the customers and the EUC and others, we want to extend our appreciation for the feedback. We know that this is tough on our customers and on us, but we are going to talk about our commitment to make sure that we resolve issues and we treat our customers well throughout the process and we get to the bottom of a resolution.

The magnitude of the problems became apparent to us in late September and in October. Concerns were also raised in the news, social media and at the EUC. We have been investigating those concerns. I want to assure you that we take these customer concerns very seriously. We understand that customers must be able to trust that the metering and billing of utility services accurately reflect actual usage. We are committed to a thorough, complete and transparent review. [This did not happen in the WG, where there was no camera, public or press.]

During last month's EUC meeting we were in the middle of an investigation and we were not completely prepared for the detailed nature of the questions. And for that we apologize. Although our investigation is not complete, we have made a lot of progress. A team of Austin Water and Austin Energy met together and reviewed every "escalation". Our data analysts have looked across the entire system, at hundreds of thousands of records of unusual patterns of consumption. We have eliminated some potential causes and are concentrating on others.

By January 29th, every meter read will be validated by a photo. That's a major, major process change for us that will start to restore confidence in moving forward. For perspective, we're analyzing over 20 billing cycles each month for 220,000 customers situated in over 1,000 routes. We are going beyond that. [8:02 minutes into the video] We are also creating a process of cross-checking where we go back, looking at cases we've already reviewed. I hope you will be able to recognize the vastness of the assessment underway, and I hope you will recognize our deep interest in getting to the bottom of these questions, particularly of the ones of interest to you [Commissioners] and our customers. Our commitment is to continue to investigate the unusual patterns until they are explained, to be transparent about the results and conclusions of our investigations, work with every customer who has addressed their concern or questioned with us,

and go beyond that from the lessons we have learned to customers with whom we have not contacted.

Elaine Veselka (AE) – This is a high-level agenda of what we will accomplish in this presentation [Page 2 of presentation]. Our focus is to recap the evidence from last fall regarding customer concerns on water bill complaints. We do hear these ongoing concerns, we appreciate the customers who have continued to come forward and bring issues. Rest assured that we are looking into each and every one of these.

[Page 3 of presentation] The utility typically sees high water bill inquiries and “escalations” in the summer. From this chart you can see that we saw our first spike in high water bill complaints or inquiries in mid-September with more acute peaks in October. [The chart shows “escalations”, people who called in complaints.]

We instituted a 4-prong approach. The first part is restorative. During that process we worked to solve immediate issues and make the customer whole. Not every high water bill or complaint has the same cause.

We also perform analytics. One is short-term issues. That’s where we look to see if there’s anything at a high level, any systemic issues. The other is long-term issues, where we look to find a root cause.

We have preventative measures, and that’s where we look at our business process and quality assurance measures, and shore those up if there are any shortcomings.

And then we have proactive, where we identify future opportunities to improve the customer experience.

Starting with the Restorative [Page 4 of presentation], when a customer calls with an “escalation”, we do several things. We have a “case-management approach”, and we validate the meter read. We compare the read to previous history, we request a re-read if there’s a situation that calls for that, and if an issue is identified, we will re-bill with an appropriate credit.

Not all “escalations” turn out to be errors, and usage can regularly vary, even with individual customers. That’s why each complaint is handled by a specially trained representative. We try to find the potential root cause of consumption increases, and this is what causes tough conversations with customers. We have to ask the customer questions to understand whether there are any changes in their usage patterns or behavior patterns that will drive the increase in usage, without placing blame on the customer. Potential root causes are unidentified water leaks, more people in the household, or installation of new landscaping. We then try to offer the

appropriate resources. [9:56 minutes into the video] For example, if there were an unidentified leak, we offer the leak adjustment process to help the customer's bill return to normal.

Early on, when we found we were getting complaints in an unusual amount from September into October, there was an unusual pattern identified: a low August, followed by a high September. We then ensured that we were doing our "top-down" analysis, to ensure that there were no systemic issues. The first place we would start is the annual bill consumption. [Page 5 of presentation] The graph shows the annual water bill consumption for the past 5 years. The orange line is 2017. We didn't see anything at that level. [They were wrong. There were clusters of affected customers throughout the city.]

Drema Gross (AW) - [Page 6 of presentation] This is the point at which Austin Water starting trying to make sure there was nothing wrong with the water distribution system. Gray bars on the graph represent monthly rainfall. The blue line represents monthly pumping that comes out of our treatment plant, and the orange line is everything we are billing our customers for – residential and commercial. The gap between those two lines is anything from water loss to leaks and breaks, firefighting, water that's used in the distribution system (like line flushing) to maintain quality. The takeaway from the graph is that we do see fluctuation from month to month, but what we never see is billing for more water than we pump out of the treatment plants. It's a very high-level review to see if anything went wrong in September, or in August. Those are the dates that we are hearing from our customers. There is nothing here that shows the true root cause.

Elaine Veselka - [Page 7 of presentation] We heard concerns that a large number of water bills had been estimated. I want to make clear that the meter reader does not estimate a read or a bill. [They were wrong. They later said that the sole source of low-August reads were estimated meter reads by 2 meter readers.] If the meter reader is unable to obtain a read, they will enter a "trouble code" or a "skipped code" to help track the cause. That is entered into the "hand-held". The vendor then tries to attain a re-read at no additional cost to the City. If a read cannot be attained, the billing system estimates usage based on historical consumption for that "bill segment" based on historical consumption at that "premise". And it will be noted on the customer's bill that the bill has been estimated.

We trend less than 1% estimated water bills on an annual basis. The page 6 graph shows data for 2017. We were below 1% as usual, indicting to us that there were no meter reading/uploading issues. [They were wrong. They later said that 2 meter readers entered fraudulent readings after business hours.]

[Page 8 of presentation] Page 7 [really page 8] of the presentation shows consumption by billing cycle. We have 20 billing cycles, aligning with the 20 business days of the month. Each of these cycles is comprised of multiple meter read cycles and routes. We have 1,080 meter read routes.

The bill cycle is not necessarily geographically based, meaning that the bill cycles may be spread across the city. Across the billing cycles, we do not see a consistent trend of unusual billing patterns. [They were wrong. A large number of customers (17,800) were affected by estimated reads being entered into the billing system, across the city.] This, coupled with our other system analytics, convinced us that we needed to do a more “granular, bottom-up” approach. But to do that we had to find the common patterns across all cycles.

To help us identify the connections between cases we looked at the approximately 2200 “escalations” for customers with high water concerns. Where we found a read issue or a root cause such as a leak, we issued the appropriate corrections, and some customers have received administrative adjustments or leak adjustments. However, these were not the majority of the “escalations” population; they were approximately 20%.

[Page 9 of presentation] A few neighborhoods had the unusual usage pattern of a low August and a high September. [14:58 minutes into the video] AE and AW are working to smooth the consumption between the months, resulting in a credit for some customers. That involved spreading out the usage over multiple months.

Our current focus is further analysis to identify patterns and establish root cause. We have been doing lots of “data mining” determining whether other customers were affected.

[Page 10 of presentation] With regard to the preventative focus, we’ve been focusing on our meter-to-bill quality assurance. We have several improvements in that area. The meter-to-bill process is the entry point into the billing system. It’s a very tight process. It’s 3-5 days. The meter read is entered into the hand-held device. If the read does not pass a “high/low parameter” check, the system prompts the reader to re-enter the read, and a picture is obtained. We also have an internal quality assurance review, where selected reads are reviewed by AE. (AW has already begun participating as well). Meter read pictures are something new, starting with the January 29th read. All meter reads and attempted meter reads will include a picture going forward. So if we are unable to get to a meter because they have cars parked over it, we will have a picture of the obstruction of the meter. We’ll also have a picture of every meter read.

Commissioner – Is the system being updated so that the customer can also see those pictures with a GPS time stamp? One of the ways to rebuild trust is that they can see AE pictures, and their own pictures that they have been told they should take, and they can compare. Is that already in the plan?

Elaine Veselka – Our focus right now is getting to the root cause, but that is a suggestion for moving forward and we will look at that.

Commissioner – [She said she'd heard her meter reader complaining about having to take a picture.] Is the picture tied to the file in any way?

Elaine Veselka – The meter read data comes over in a file. It's a separate database that stores the pictures, but we're able to cross reference. Currently we're not taking a picture of every meter read, but if it fails the high/low parameter and they're taking a picture, that information comes over with the file.

Commissioner – It's my understanding that the high/low is already the policy, is already happening. So what happens when you get a reading either below or above the range?

Elaine Veselka – The high/low process is twofold. One happens at the meter read, and one happens during the billing process. During the meter read, if the meter is read, the [high/low] information is blind to the meter reader; he only has the meter ID. [That is wrong. According to later information from AE, meter readers accessed billing records with high/low information.] The file behind the software will flag, and will prompt the reader to re-read and take a picture. That's the current process.

The second part of the process is when the meter data file is sent to AE. We verify that the file is received in the time limit that's required, but we're also developing a methodology to analyze meter data for unusual usage before it gets to the billing review. It would be great if it got there before the billing, but it's a tight timeline and we have it within a day or two of the read.

And then the bill goes through review before generating. [20:00 minutes into the video] And if the high/low parameters are triggered, the billing system will kick out an action for a billing rep to review the usage, and they'll look at historical usage over time and also pull the photo and validate that the meter read is appropriate and matches the read.

Commissioner – Shudde Fath showed me five years of her utility bills. She had a zero read for her water consumption for 8 months. It seems that the billing system [unintelligible] for working when she went from 3000 gallons to zero, something should have happened to trigger that something was wrong. Being Shudde, she wanted to see how long it would be before somebody did anything about it. And we went to 8 months. And then she got a bill, and then she called in, and she got a new meter Friday. How does the flagging work? 1300 to 0 should trigger a "low" and when she went to the high bill she got in November, when they hadn't billed since March, from zero to the 3000 again should have triggered a high. What happened?

Elaine Veselka – I absolutely agree. As a part of this process, I mentioned proactive measures. These are all things that we are coming across. So we may go down the path of looking at high/low parameters to catch more customers, and we may have customers with zero usage. How are we catching those customers? [She didn't answer the question.]

Commissioner – How is the equation behind that making those flags work? There seems to be a problem there.

Elaine Veselka – The high/low process looks at one data point in time. So they may have zero usage but a year ago they were having construction at their house and weren't living there and [unintelligible]. There is an opportunity to bring in more parameters and more data points so you aren't evaluating against just one point in time.

Commissioner Boyle – Why didn't Shudde get a flag?

Elaine Veselka – I can check into that. [Staff never answered this question at future EUC meetings. Many questions were asked in Working Group meetings about zero reads, but Staff did not volunteer an answer regarding this question, and did not responsively answer other WG written questions about zero reads.]

Commissioner Boyle – We had another customer, Ms. Skillman, who had zeros for 5 or 6 months. Why didn't she get a flag?

Elaine Veselka – We will look at that. [Same comments as above; this question was never answered in later months.]

Commissioner Boyle – Why isn't the system picking them up?

Elaine Veselka – I can't tell you about the specific account, but I can tell you how the system is programmed. It should have flagged, so we can let you know the results on those two. [They never did. There is a pattern of not following up and answering questions, after committing to check on unanswered questions.]

Drema Gross – From Austin Water's perspective, we are learning where we need to come in and do some additional reviews on our own. We rely heavily on AE, we partner with them, we work very very closely, and they are a trusted partner in our billing process. But these are Austin Water's customers, and we want to make sure we don't have these systemic problems happening again, that we don't have customers that are experiencing zero reads for a number of months and then are worried about being hit by something [back billing, possibly with late fees, where there was an erroneous zero bills]. So all the preventative efforts within the system – we're also going to be working with AE to find types of reviews – do we need to add staff, do we need to find staff ... The stories that we are hearing from our customers are helping us identify what we should be looking for in order to have humans, as well as the system, look for these unusual patterns.

Commissioner Tuttle – That may be philosophically correct, but what I've experienced in the past is that you spend half of your time talking to people. [25:00 minutes into the video] What you're telling me is that you have a "test bucket" and you run a case through the system, and if it doesn't get caught in the bucket, you upgrade the bucket. Over time you get tougher regression tests. This makes me wonder how a \$12,000 bill didn't get caught. Would those be the perfect people to start with? Managers should go in there where they can see people, where you have made them mad. Then you guys are plugged in rather than let your service representatives be the ones that have to deal with it. There's nothing like the managers seeing angry customers first hand. I don't know how much you all are out of the office in people's meetings in the neighborhoods. That's how you deliver a quality product: you eventually run out of problems you have to solve.

Elaine Veselka – We have several quality checks in place and they look at things at a larger level. We are also working to identify what's causing these specific issues. Every year we go through an annual review of high/low parameters and ratcheting those down to determine "are we where we need to be"? Benchmarking with other utilities, we are in line or more stringent than they are, but we recognize there may be a need to adjust those. We've accelerated that review for the coming year.

Commissioner Tuttle – The relationship part, as far as the cultural part, there's nothing like people suffering. [Unintelligible] Make it pervasive throughout the organization.

Commissioner Hopkins – I would be interested in seeing how your parameters are set. What are you benchmarking to? To the average, or the prior month, or last year this time?

Elaine Veselka – We have information we can pass out, more detailed information from our last discussion.

Commissioner Wray – I'm curious how you get a zero bill. Is it basically that the meter is broken? They are mechanical and turn with the water flow? If it's zero, does that mean that there's something in the meter that is not turning?

Drema Gross – One reason they could have a zero bill is that they are simply out of town that month.

Commissioner Wray – I'm talking about zero bills when water is flowing. How do you get that?

Drema Gross – Meters tend to slow down as they age. If there is a zero bill, that's a "soft meter" and we need to investigate. We could see some legitimate zero reads in the system because a home is not occupied or a person is out of town, and figuring out how to separate those from a zero read when there's a problem with the meter is very difficult to do unless you have a conversation with the customer or you see a pattern over time. We will have to see what other

utilities do and understand how to address these and how to figure out what's happening on a customer's property. [30:00 minutes into the video]

Commissioner Wray – You could look at their electric bill and see if they might be out of town.

Drema Gross – That might work for some of our customers, but we have other customers who are not on Austin Energy.

Commissioner Wray – Is there some sort of resistance in the mechanical part of the meter, meaning it could speed up, and the numbers would spin faster than they should when the meter is broken.

Drema Gross – According to our staff in the meter shop, the meters will slow down as they age. Only in very rare instances would they over-read consumption, and when they do this, they are not overestimating by a large factor. It's more like 102-103%, which is considered a "failed meter" test, outside the manufacturer's standards.

When we pull a residential meter to test it, that meter is not put back in the field. It is tested with a "bench test" to give us an indication of system-wide accuracy, but a new meter would be installed for that residential customer. When they are tested, they are tested at high-, medium- and low-flow rates. If the meter fails on any of these flows (by 2-3%), it is considered a failed meter test. You may be registering most of the consumption, and yet the meter test is failed.

We hear your points about the levels of review and levels of customer contact needed to improve the test cases, but there have been a few steps put in already, and we are continuing to listen to our customers and look for more ways to improve the process overall.

Commissioner Wray – I used to run a CSR Center [Customer Service Representatives?] and I understand you have to have a script. But I've had instances reported to me in the last two months, since this came up, and I think you have heard from the people that appeared here tonight, and it seems that at some point the CSR's are not really using common sense.

The best example that I will give is one sent by one of our customers who received a bill in July – a brand new house that had been built only 5 months earlier – received good bills for 4 months, and then had a bill of zero. And the next month he gets a bill for 89,000 gallons. Logic tells you that cannot be right. But when he called to see if he could get some help, it was a constant repeat of the same questions: how many pools do you have? How many watering systems do you have? How many bathtubs do you have? How many people do you have? And he answered "It's me and my wife, we have a 1200 square foot house, we built it 5 months ago, and we don't have a pool and we don't have a watering system".

You would expect that the response to that would be. "Okay, this really looks bizarre and we need to escalate this and find out what's happening". But instead, with repeated efforts and repeated contacts with the representatives, it was "Well, you're going to have to go prove your case". He's a judge and he has pretty good experience in proving his case.

I know that it is difficult to have CSR's acting on their own, but there's got to be a point at which they just use common sense and say, "Okay, I acknowledge that there's probably a problem here. Let's escalate this to somebody that can deal with it".

Kerry Overton – You're absolutely right. We as management have to take some responsibility and not just say that it is CSR. Most of their training has been around them having the analytic tools [35:00 minutes into the video] in front of them to manage the individual account. They are governed by "first call resolution". Our training has been focused on trying to resolve that issue while they're on the phone. So out of 10 calls, an agent may have 5 calls (and I don't know that it's 50%) that when the agent goes through that checklist, 5 calls tell them that "these were all good conservation tips, I didn't think about that, those are great". And then there are the other 5, another set of customers like the judge you mentioned, who are completely irritated and see that checklist as "us putting the blame on the customer". [This is part of a pattern of Staff diminishing customers who are 'irritated' even when they have valid reasons for their complaints.]

Commissioner Wray – He didn't complain one bit about having to answer the questions. He complained that he answered the questions, you have the bill right in front of you and you can see zero and 89,000, which to a normal person is going to seem completely off the chart. But the resolution was "Pay the bill or file a complaint; there's really nothing that can be done. You've got to prove that you're not the source of the problem."

It seems to me that there's got to be some kind of escalation process between "not my problem" and "here's a check". There's got to be some process there where people can use good judgement and say "we're going to escalate this to get it resolved, because it could be that you've got a massive leak and you've flooded all your neighbors' properties as well as yours, but more than likely there's some glitch in the system". That's what has people upset.

I had the same experience when I called, because I had this experience myself. When I tried to find the resolution, my conclusion was that because of the way consumption had been radically shifted from one month to the next, this will probably cost me \$200. After hearing the process that I was going to have to go through, I said "the heck with it". It's going to cost me way more than that to take off work to get this resolved. There needs to be an escalation path, once you have evidence in front of you that looks way off the chart. And that's what I heard from almost every single citizen who has come here and complained about it, is that "It's an opaque process that requires them to go to extraordinary lengths". I'm not saying that every one is like that. I've seen some examples that really didn't seem that far out of order and there were probably a lot of

explanations for it. But I've seen a number where it was clearly obvious that people were not going to get a zero bills and then a \$12,000 bill the next month.

Kerry Overton – And the simple answer is: we are doing that management. [What does this mean?] We agree with you 100%. What we typically don't want to do is get that customer off of the phone and pass him back to a smaller group of escalators, because what it does is stack up our response time. But given the circumstances of what we've been working through, late fall to now, we are re-tooling our team to make sure that we want to get those "escalations". Now we are trying to have real deadlines and give customers assurance that if we escalate it up, someone's going to call you back. [The "escalations" staff has a history of not calling customers back, sometimes multiple times, as revealed in customer testimony, and other anecdotal information. After initially denying that, Staff finally acknowledged that – six months later in June – and committed to fix that. They never gave the WG any information about how they remedied that, nor any proof that performance had improved.]

Commissioner Tuttle – I see positive movement. Last month was off the rails, but this month there is progress. I just think that a part of this is not only wading through all the issues but rebuilding the trust. Maybe you ought to explore assigning a manager to a neighborhood or a hot spot, and that's the "relationship manager". Your task is to go deal with customers and learn. There's nothing like that for changing the view of what you need to go deal with.

Commissioner Osborne – Whatever the issue is, we're seeing our public trust be eroded in these organizations that we all care about. [40:08 minutes into the video] I don't know what's going on, but it seems to me like it would be good for us as a City that cares to do something like that. I was thinking of the word "ombudsman" – and I know you have limited resources and can only hire so many people – but if I were the lady in green [pointing to person in audience] and she got a call from somebody that sounded like he or she cared, and started a dialog ... I think a lot of this gets exacerbated by what looks like to be a very set protocol. They feel like they're being railroaded one way or another. "Okay, we're going to give you \$28 and if you don't like it, do whatever". It just seems like we should find a more human way to deal with our customers. I know we're the 11th largest city in the nation. I know Lakeway's a little town (I have a house out there), but out there I get a text or a phone call when my water bill shows that there's obviously a leak. I realize it takes manpower, and I know that at the scale we're at it is difficult to achieve that kind of customer satisfaction. But customer satisfaction is one of our four mission statements. So it looks to me like we're failing on the customer satisfaction as shown by the 13 people we have here tonight [testifying]. So maybe you should re-think the ... I kind of like that idea there [pointing to Commissioner Tuttle]. Kerry I know that you care about this, you all do.

Commissioner Tuttle – It's part of your training for the CSR. Maybe they get with the manager and both of them go out into the field and visit with people.

Commissioner Osborne – I just think we need to take better care of customers than we're doing because obviously, they've got their hair up.

Commissioner Boyle – Going back to restorative, analytic, preventive and proactive: I want to go back to the folks with the first big thing that I saw that got my attention, which was the newspaper article about York Bridge Circle. I assume that once you saw the article you did an analysis of people that were mentioned in the article, and probably everybody in the neighborhood. Would that be accurate?

Elaine Veselka – We did an analysis of everyone that was mentioned in the article. Where we have a little bit of difficulty is that a bill cycle is not geographically based, and not all meter reads align in a bill cycle to be a neighborhood. So we are at the meter route, account analysis part now, and moving very swiftly through it, identifying unusual patterns. It took us a while to get there from the system.

Commissioner Boyle – Let me be very specific here. The article was October 16th, about York Bridge Circle, in Circle C. Did you all do an analysis of customers on York Bridge Circle at that time?

Elaine Veselka – At that point, Austin Energy and Austin Water were already having discussions.

Commissioner Boyle – I'm asking you a very specific question. Did you do an analysis of each customer that lived on York Bridge Circle?

Elaine Veselka – Of each customer that was mentioned in the article.

Commissioner Boyle – You didn't do anyone else?

Elaine Veselka – Right.

Commissioner Boyle – I'm trying to get down to where we're talking the same language. Did you do just the customers in the article, or all the customers who lived on York Bridge Circle?

Elaine Veselka – We did the customers in the article to see what the root cause of their issue was, if it was all an unusual usage pattern. Then we fanned out from there, and at this point we are looking at everything from the meter read in the area.

Commissioner Boyle – So I just want to understand this. From your answer, back in October, we have maybe 4 or 5 customers mentioned in the article on York Bridge Circle, but there may be 20 customers, 30 customers – I don't know how many customers there are on York Bridge Circle – but there are quite a few more customers in that area. [44:56 minutes into the video] Did

you not do an analysis of all the other customers on York Bridge Circle at the same time you were doing it on the customers who were mentioned in the article?

Elaine Veselka – I am not personally aware if the whole street was looked at. I know the customers we had already spoken to in that area. We did start identifying these pockets of customers, and we were looking at everything from a higher level. To the in-depth detail level that we're going now, looking at the route, no.

Commissioner Boyle – So you didn't look at it. You've got some customers right there, and those streets – I've looked at the map, I'm sure you did as well, and it's just a little circle of houses – and I can't believe they're on different routes. They might be, but I sincerely doubt it.

So at the point that it came in, you didn't do the analysis then? Of all the customers on York Bridge Circle?

Elaine Veselka – I cannot confirm that we looked at all the customers on York Bridge Circle. We did note that there was a pocket of customers on York Bridge Circle, and we're looking into that and looking into Circle C. It is very possible that the larger neighborhoods, such as Circle C and Avery Ranch, are on separate meter read routes.

Commissioner Boyle – I was only asking about York Bridge Circle.

We heard quite a few customers complain about the fact that this was back on October 16th, on York Bridge Circle, complaining about the fact that this problem has been ongoing. We get all these headlines in the Statesman about "We don't know the answer". My issue here is that when you don't know the answer, you don't know how the numbers got in the bills. That's what you're saying, is it not? You don't know the answer because you don't know how the August numbers got in the bills. I'm sure you will be straightforward on this, but that's what the issue is, isn't it? How did those August numbers get in the bills?

Elaine Veselka – Now we are looking at individual meter reads, individual routes, individual accounts. That's the level we are at now. We start out our analysis at the highest level because we don't want for some systemic issue to be out there that we've missed. So we were looking at that to validate, yes. Things look good, we don't see any unusual patterns. We had to take the specific pockets of customers to get to where we are today. We are in the depths of digging in now on high/low patterns.

Commissioner Boyle – From what you saw of York Bridge Circle, they had low August usage about like January and February. Isn't that correct?

Elaine Veselka – They had low August usage, yes.

Commissioner Boyle – So you compared them to see how low they are, and they looked like January and February, is that right?

Elaine Veselka – I personally didn't do the analysis, so I can't answer this line of questioning.

Commissioner Boyle – But you were on the receiving end of emails, were you not?

Elaine Veselka – We talked about customers and pockets of unusual usage patterns, yes. My involvement has been at a high level.

Commissioner Boyle – I don't know, Drema, whether you participated at all. Right from the beginning, you have August usage patterns that make no sense, that didn't compare with reality. We're not talking about leaks, pools, irrigation, meters, anything else. What is this low usage?

Drema Gross – I didn't have these conversations about York Bridge. At the time, I was assigned to this project in December. What I can tell you though is that since I came over, the week before Christmas, we keep digging into, and we keep seeing "Hey there's a pocket of customers and we keep seeing unusual usage, here's a pocket of unusual usage". And it has taken some time, has taken a lot of staff hours to say, "What connects these customers, what could have done it?" My understanding is that what they were doing beforehand was doing that individual analysis, as well as doing the top-up analysis. It doesn't appear to be estimated reads, it doesn't appear to be a problem with the distribution system, it doesn't appear to be some problem now with the meter (because we have pictures afterward and those are good). So let's try to figure out what happened in August. We are getting very, very close to those answers, but we're also hesitant to jump to conclusions about those. So I completely understand, I share the sentiment of "why didn't this happen faster?" [50:00 minutes into the video] We've talked about some of the processes for months that we realize we could have done a better job on, and we are committed to improving those going forward. But in terms of how do we get from October to here, I think there's been a lot of data, and places where we realize that our existing processes are not sufficient to really satisfy the customer. We really want to improve those, so we are focusing on doing a better job going forward.

Commissioner Boyle – I appreciate that and I think you're making progress, and I think you're doing some good things on a going-forward basis. There might have been a problem with a meter-reading company, and maybe not. We don't know for sure. There may have been a problem with the way the meter-reading company was managed. We don't know. That's why it's important to find out what the problem was.

Kerry Overton – The level you're speaking of now, that's where we are in the level of detail. We don't have the answers, but we assure you that every one of those aspects that you're mentioning, that's the detail level that we're moving our team into.

Commissioner Boyle – We talk about these things: restorative, analytic, preventive and proactive. We've had these meetings where the customers on Aspen have testified on both occasions. Did you do an analysis on all the customers on Aspen Street, the streets surrounding Aspen? Do they have the same usage patterns?

Overton – Two things were happening at the same time. We were looking at it systemic-wide; at the same time we were doing an individual account analysis, but we cannot say necessarily at this point that everybody on an individual street will be looked at in the first level of analysis that we are doing as we are receiving those complaints. So we were doing both of those at the same time, and where we are now is having more commonalities. So we are looking at broader aspects of the route, geographical areas, the level of detail that you're speaking of, that's what we're assigning to the team.

Elaine Veselka – We're looking at individual account usage in those areas, and determining who has an unusual pattern. We're to that level of looking at these areas.

Commissioner Boyle – We had a number of citizens who testified on December 11th, and some of them did not qualify for the high-volume adjustment because they had not lived in their house for 12 months. They had basically the same usage pattern, with a low August and a high September. Did you make any attempt to make them whole?

Drema Gross – I know there have been some of those customers. I don't know how many of the testifying customers there were. Some of the customers in the Aspen and York Bridge area had a "smoothing process". This is where we look at the water use and determine, yes, there's something unusual here that's considered a billing error, and we smooth the usage over two months, so that the low August would go up and the high September would come down to minimize the effects of tiers. For some customers, that didn't have very much of an impact when we were looking at both the water and the wastewater usage. So we've revised our internal process to look just at the water usage, because sometimes when you bring wastewater up, it mitigates that credit. As to who spoke at the last meeting, I don't have a list, but we can probably dig that up. [The question about customers who had not lived in their house for 12 months was not answered.]

Commissioner Boyle – What about the customers who have not complained? Those who lived in the York Bridge Circle area or in the Aspen area? Have all their situations been addressed?

Drema Gross – They are part of our analysis, and when we finish that analysis, we will have a way of making a “resolution” for all customers whether or not they file an “escalation” with us.

Commissioner Boyle – I take it by your answer that the folks that have not complained, they have not received a credit if they deserve one. Is that right?

Drema Gross – Not at this time. We have not yet determined what that pool is.

Commissioner – And what is the term? How far back are you going? Are you only looking at August and September for this credit or smoothing or are you going to go back further?

Drema Gross – At this point, there are still a few pieces of data that we need to dig up before we can answer that fully. The August and September patterns that we are seeing are clear. We know that will definitely be a first step in our resolution. [55:06 minutes into the video] We’re going to continue to look at all the cases we have received. You even heard tonight some different stories of a February or March high usage or very low usage. The majority of what we’ve heard is the low August/high September pattern, and that’s what we are checking now. That’s where we’re starting to see some potential trends. Hopefully very soon, at the next Commission meeting or sooner, we will have some information to release about that.

Kerry Overton – We will let the data take us to wherever that analysis needs to be. We won’t arbitrarily have a cutoff where we would just simply look where the most indicators are right now – that August/September period – but if our data tells us something different beyond that, we will keep going until we get that answered.

Commissioner Boyle – In August, Corix didn’t have all the meter readers, they were short. Do you feel that had an impact here?

Elaine Veselka – They were short on the standard meter readers. It is our understanding that they used what they called “special meter readers” that [unintelligible]. They pulled those employees in too. They had enough bodies to complete the work, but we are looking at everything in August.

Commissioner Boyle – There’s a special meter reader team?

Elaine Veselka – Yup.

Commissioner Boyle – There’s supposed to be a team of 15 and they were down to 9.

Elaine Veselka – Yes.

Commissioner Boyle – They're supposed to have 35, and they were down to 27.

Elaine Veselka – The special meter reading team – if we're not delivering notices and completing some of the activities that are assigned to that team – which we probably weren't doing in August – the resources were available to read meters. But we're digging in to meter reader routes, all the customers in a geographic area at the account level.

Commissioner Boyle – According to the contract, did Corix have the right number of meter readers?

Elaine Veselka – I don't believe so because we give them the parameters around the number of meters that need to be read, the specifics around it, and it's up to them to manage to be able to successfully read.

Commissioner Tuttle – I think you're making some progress on the hard side. You're nice people; you're trying to do the right thing. But, embrace these people that are so frustrated. Get to know them. They can be your best resource for getting information to improve your processes. And, people don't expect everything to be perfect. They expect to be treated with respect and to be taken care of. And it can take a little time. Kerry is a good guy. He may not have an answer today, but he'll get it. I trust him. Sending your management team out, I think you need to pivot to that. Get out of the office and into the car, take a CSR with you, maybe as a mentoring program, and work it. I think you'll find that amazing things happen.

Kerry Overton – We're in agreement and we thank you.

It was more important to have this dialog than to get completely through the presentation. We want to make sure that we're giving you responses.

Commissioner – And I want to make sure that I am not cutting off the answer that might be on the last slide.

Elaine Veselka – I think Austin Water had some information on AMI.

Drema Gross – Let me take a minute and give you a very very high overview. There were some questions at the December meeting about Advanced Meter Infrastructure, or "smart meters", AMI, and when they are coming. Also, Austin Water is on a path to AMI, but it is a very large project. It's less of a technology project like a thermostat that you can stick on the wall [*1 hour into the video*]; it's more like an infrastructure project where you replace the meter box, put something that's usually battery-operated down in the ground so that it can get wet, you don't have an electrical connection. We're talking about 250,000-260,000 meters throughout the City, so it's going to be a long process. Council last November authorized a contract with a consultant that

has done this in a number of cities, basically to advise us on finalizing our business case for AMI – what the costs will be, our preferred rollout plan, what is the right technology. We're taking a very cautious approach to this. We want to minimize the impacts on the system, and make sure it is very very ready to roll into the system of meter reading and repair processes that we have. We are hopeful that within 18-24 months, we will be able to have a packet before Council. We are currently in negotiations with that consultant, and they will help develop all that information and the RFP's to go to Council to bid out the technology and the system integration. We do have some pilots in the River Place neighborhood and a few in Glen Lake right now; we are testing some technology and learning from that, and maybe expanding those in the early stages. This is likely to be a 3-5 year install project for AMI in a significant portion of the city.

As far as our policies, we have heard the Commissioners and what the citizens that have come to the Commission have said. I will be working with our Water and Wastewater Commission to look at our service regulations on the water side, look at the administrative adjustment qualifications. Right now we have very strict criteria on how to calculate that. In some cases, it eliminates the option for customers with less than 12 months, and it also puts customers with more than two years into one absolute bucket with the methodology for calculating that, and that has eliminated a lot of people from having that administrative adjustment fallback.

And the same with our leak adjustment qualifications, we're going to revisit those at the same time for consistency and widen the safety net for all of our customers. We talked about all the system and preventative measures, we want to make sure we don't have these high bill issues for anybody at all, but when we do, we want to make sure we have enough safety nets in place to take care of more customers than we currently do. So in the next few months we need to present some of those things through the Water and Wastewater Commission. We'd be happy to come back and brief the EUC, but we hope to see those in the next few months.

And then, as far as the customer experience, we have heard you. We have heard there needs to be some revision on the scripts we use with customers [Elaine Veselka nodding in agreement], how we balance the consistency with those conversations that Austin Energy staff has along with the humanity of the conversations. [Staff later says they have no "scripts" in response to WG request to review the script changes.] We're going to working along with Austin Energy to make sure that we understand both sides of the perspective, that we have a more robust understanding of what an irrigation evaluation does, what an actual toilet leak might actually do to someone's bill, and maybe soften the edges of those conversations. As well as providing more information for our customers going forward, of all the things that can cause a legitimate kind of bill – not a billing error or something unusual – but give customers more information about what changes in their water use patterns might be the result of something on their end, or it might be something that is truly an anomaly.

Commissioner Reel – I'm glad to see you making progress on getting down to that route level where you can really see the detail. I think that will be the only way to get to a root cause. There doesn't seem to be an easy answer, a system-wide answer. So I appreciate the answer and hope to see resolution in that root cause in the near future.

I have to ask two things. Some people are doing payment plans. Is there a policy that they only get so many of those for the life of their account?

Kerry Overton – We will not limit, will not use any of the policies that we have, whether it is payment arrangements, the number of times you have, whatever those restrictions would normally be, we are not going to use those to be restrictive on our customers going forward in the future because we are trying to resolve this issue. [He did not answer the actual question.]

Elaine Veselka – We are partnering with Austin Water to ensure if there are administrative adjustments, they are process, what does that look like moving forward? If something happens in the future, what remedies do they have? [1 hour, 5 minutes into the video] I think the goal between Austin Energy and Austin Water is "make the customers whole". Someone mentioned disconnections last month – we are working with these customers. If customers are in this situation and they have the late fees, and we've heard the discussions tonight – those will be reversed, those will not be assessed.

Commissioner Reel – That is absolutely essential for those extremely outrageous and bizarre billings ... those late fees will kill them.

Kerry Overton – Those will not be situations where we disconnect the customers.

Commissioner Reel – You've just got to figure out what's going on and not have those items [kick them in the pants(?)].

Kerry Overton – We clearly hear you Commissioner and we agree. [When did the Saustrups have to deal with this? They had huge late fees on the \$12,000 bill.]

Commissioner – Last time I asked, "What should a customer do if they have a bill that they know is wrong, and I believe that you said they should not pay it, and that they would not get cut off.

Elaine Veselka – I believe that I would have said to "call us", and not to just not pay it. And yes, we would look at those customers. We are working to identify any customer populations that have this usage pattern, and again, analyzing across the board to ensure that we have the whole population, and then we'll make sure that moving forward, until everything is resolved...

Kerry Overton – And we'll always encourage that the customer pays the pieces of the bill that is not part of the dispute. But what we're really saying is in what we've identified as unusually high or unusual patterns, we will not use this situation as a reason to disconnect or advance some of the benefits that the customers would normally receive.

Commissioner Tuttle – Regarding text messaging, is there already a program where Austin Energy has a text messaging mechanism for outage? Couldn't you tap into that in some way to give zero bills? Send out a text message on that one at least? This is unusual – I just wanted to double check – [unintelligible] with 0, \$6, \$12,000 – a text message might be good, to at least say "Call us, there's something unusual with your bill".

Elaine Veselka – Absolutely. We had mentioned to you in our last discussion, had given you information about the leaks. That is a concern, you had mentioned that before. The process where we do some of the notifications [unintelligible]. We can expand some of the notifications to the customers. Through the Austin Energy applications, which is a different system that is not tied directly to the billing system, where it's out of the billing system, again, we have those proactive longer-term things that are absolutely on the list, of how do we let customers know more in advance something that could be a potential issue instead of waiting. What can we do with AMI and customer portals?

Commissioner Ferchill – I want to say thank you. I have seen the amount of work that you and your staffs have been putting into this the last six weeks, and we appreciate it. We are going to continue to have our working group check in with you and see how things are going and we're going to carry this forward on our agenda for next month in the hope that there will be more to say next month. So thank you for that. I know that it is hard when people are very upset to have to listen to this sometimes, but I also think it's important to hear this from the horse's mouth.

Elaine Veselka – Absolutely. Our goal is to get to the bottom of it.

Commissioner Ferchill – I'm going to make a couple of recommendations.

Staff (?) - Can you just clarify for the audience and for Staff, so nobody sticks around?

Commissioner – I did have a question about that Mr. Chairman. I don't have any follow-up questions, but did anybody else? Because we are posted for action. [*1 hour, 10 minutes into the video*]

Commissioner Boyle – I make a motion that refunds or credits are given to customers who have a pattern of low August/high September usage that has been discussed tonight, if they are entitled to a credit, and that it be done so properly.

Commissioner Ferchill – I'll second that. I guess Staff has no objection to that. If they are entitled to it, they are entitled to it.

Elaine Veselka – If there was some error resulting in them being overcharged, then yes, they would be refunded any overcharge. I just wanted to make sure that Austin Water was present [Drema Gross not currently at Staff table].

Commissioner Ferchill – I don't want to short-circuit the process that you're going through. But if you couch it just that way, if they are entitled to it, they are entitled to it.

Commissioner Boyle – I want to say a couple of little things.

One, everybody is trying to find out, and I believe what the issue is, is how the August numbers got on the bills. But whatever that is, however it occurred, I think what we've established at this point is that the problem that occurred, the spike in September for those that had the low August usage, it was not the customers' fault. We shouldn't be waiting until we know for certain who put the numbers in the bill. But that would be nice to know; we ought to know. But if we know that it is not a customer problem, we've had the low August use, we've had the September spike, and if, because of that, it goes into the higher tiers, they are entitled to a refund. And they ought to get it forthwith.

Commissioner Ferchill – We've dealt with the easy cases -- \$12,000, \$0 – that's what we heard about tonight. And that's what we've heard about generally. There are a continuum of things between \$0 and \$12,000. I don't want to be pre-judging the process for all of that. But the way you said your motion, I'm okay with it. If they're entitled to it, they're entitled to it, and we would like to see it sooner rather than later.

Commissioner – The thing that I think is going to be an issue is they haven't identified the people who haven't complained – the people who have this issue who haven't complained.

Commissioner Boyle – Let's amend it to our motion that they identify them.

Commissioner – What I heard tonight is that's what they're working on. I say that we work through together with Austin Water and then follow up on getting it down to that detail. The people that complained may be more patient or may be more frustrated, and then there may be people out there like Cary [Commissioner Ferchill] and say, "I'm not going to stay on the phone with the City, I'll just pay it".

Commissioner Ferchill – I said somewhere between \$0 and \$12,000. Mine looked like it was a shift from one month to the next, and if you averaged it out, it would probably be about right.

Commissioner – I think there's quite a few who probably fall into that.

Commissioner Ferchill – Jim [Commissioner Boyle] is going to work on writing out some language and we will take that up as soon as he gets to it.

.....

[Items 13 & 14, Part 2 of 2]

Commissioner Ferchill – Jim [Commissioner Boyle], do you have your motion ready?

Commissioner Boyle – I move that Austin Energy refund a credit to customers who have low August consumption followed by high September consumption levels, where the September high consumption is a function of the low August bill amount if they are entitled to credit. Further, Austin Energy shall identify the customers who fall into the pattern set forth above.

Commissioner Ferchill – I think that's fine. I'm for it.

Commissioner – Would you take it as a friendly amendment to say "promptly"?

Commissioner Boyle – "Promptly".

Commissioner – I was talking about refund promptly... "promptly refund".

Commissioner Boyle – Okay.

[Motion was seconded and it passed unanimously.]