



February 29th, 2024

PRECISION PAYS:

Common Mistakes to Avoid in Utility Billing

Presented by Chris Ekrut and Kim Bostik



INTRODUCTIONS



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UTILITY BILLING ERRORS

WHY DOES DATA ACCURACY MATTER?

- Financial Stability
- Reporting Integrity
- Public Perception



PUBLIC PERCEPTION

Commercial Properties Overbilled, Underbilled, or Not Billed at All

- Entity: City of West Fargo, ND
- **Cost: \$1.25 Million**
- Cause: Inaccurate Billings

~1,500 Multi-family Units Improperly Billed

- Entity: City of Framingham, MA
- **Cost: Potentially Millions**
(still investigating)
- Cause: Improper Rate Structure Applied

Overbilled Customer Cities for 17 Years

- Entity: Bell County WCID, TX
- **Cost: \$850,000**
- Cause: Incorrect Billing Practice

Business Underbilled for Over a Decade

- Entity: City of Homer, AK
- **Cost: \$730,000**
- Cause: Incorrect Meter Coding During Installation

COMMON MISTAKES

- Data Input
- Computation Methodology
- Billing Adjustments
- Inaccurate Data Reads
- Other
 - Data Limitations
 - Training
 - Equipment

Bad Data Is:



Duplicate Data



Missing Data

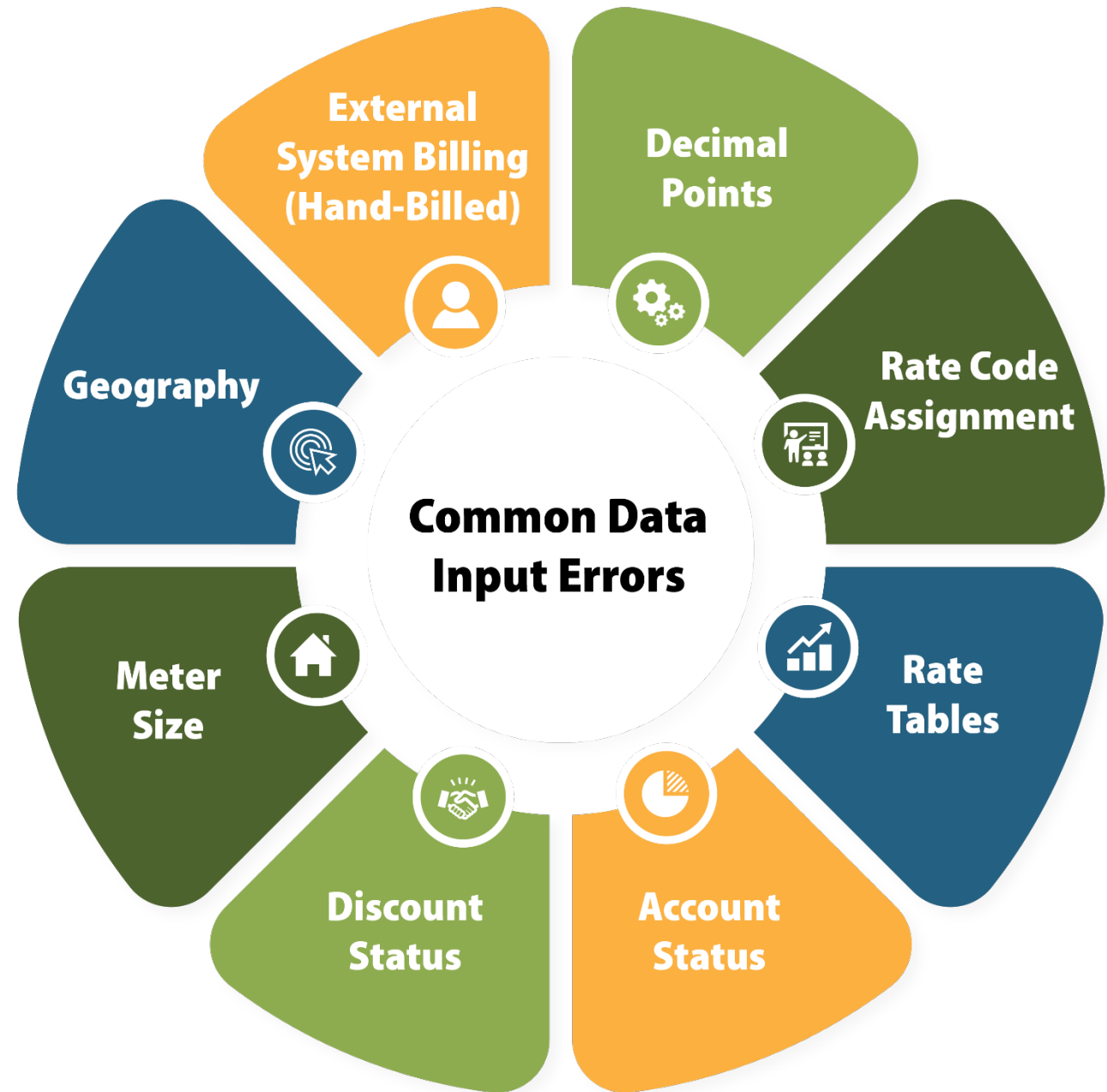


Inaccurate Information

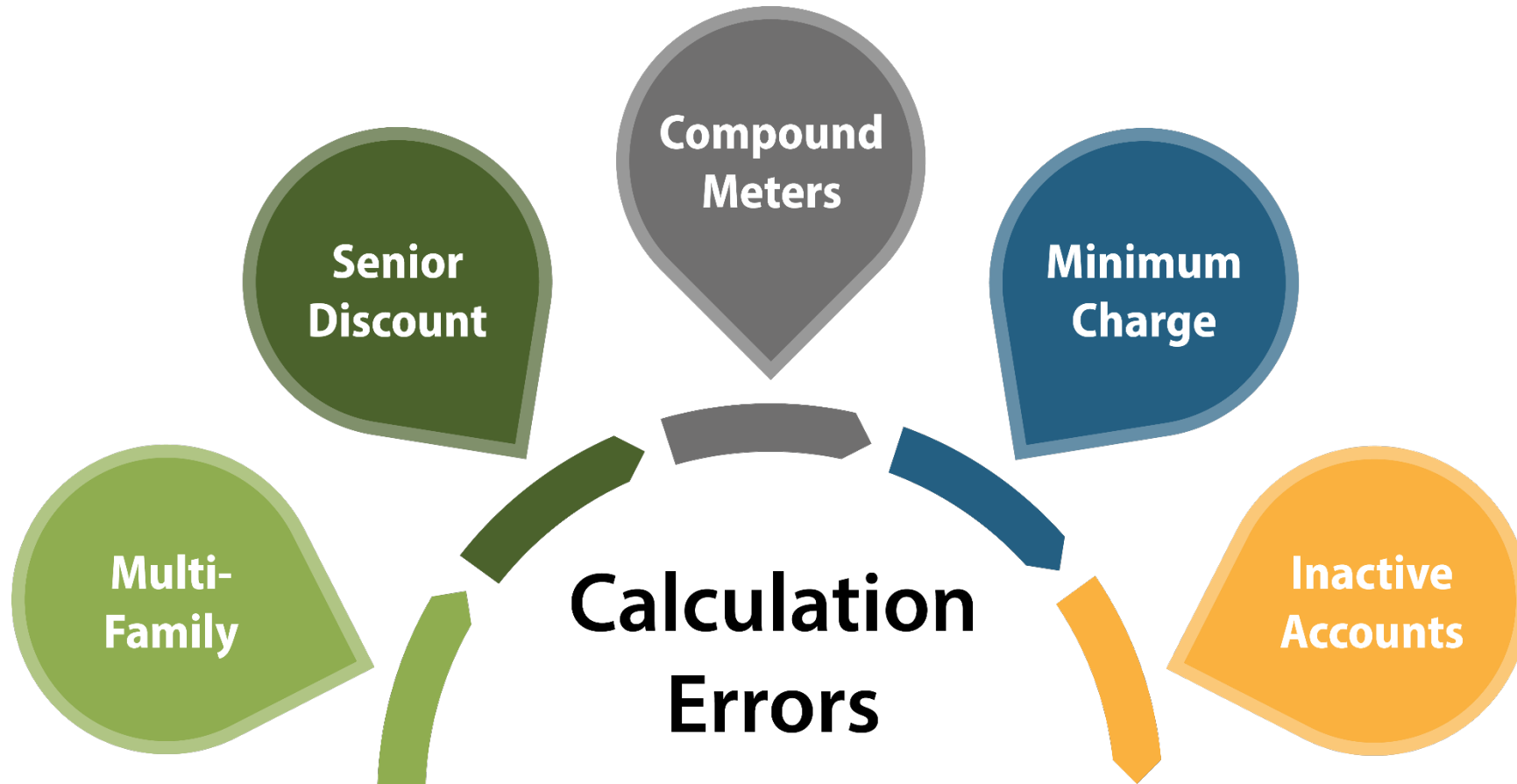


Incorrect Information

DATA INPUT ERRORS



COMPUTATION METHODOLOGY

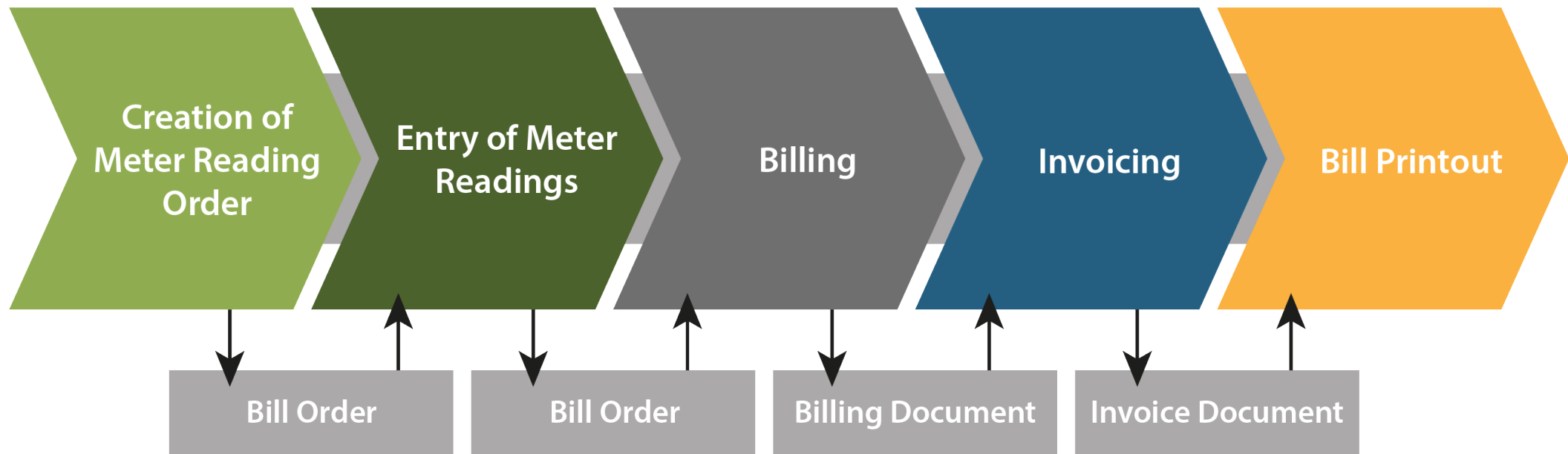


BILLING ADJUSTMENTS



DATA READS

- Estimates vs. Actuals
- Meter Malfunction
- Improper Meter Installation



OTHER COMMON ERRORS

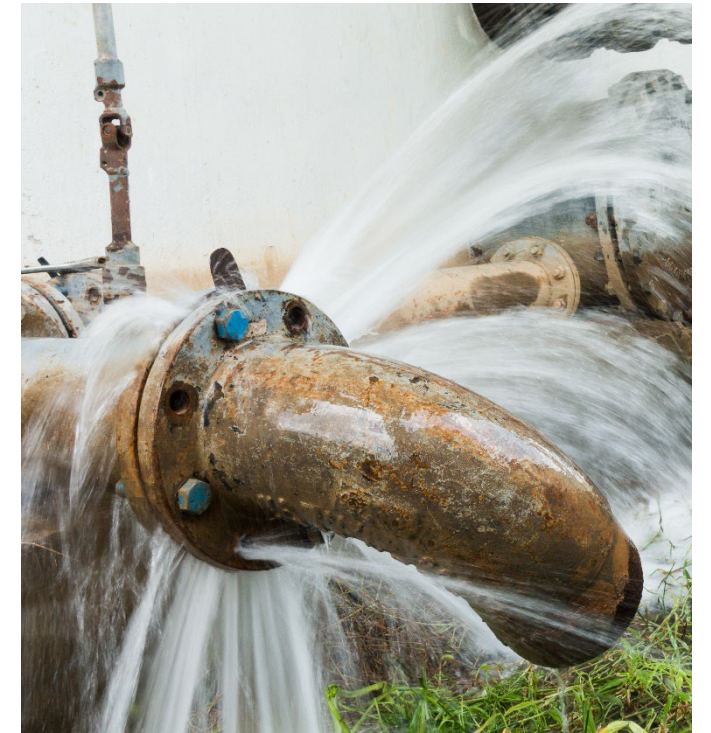
Data Limitations



Training



Equipment



POTENTIAL RESOLUTIONS

- Report Generation
- Billing Data Audits
- Meter Replacement
 - 25 Year Frequency (AWWA)
 - **Smart Meters**
- Billing Software Refresh



MULTI-FAMILY BILLING

MULTI-FAMILY CALCULATION TYPES

		How is the minimum charge calculated?	
		For the entire property	On a per-unit basis
How is the volumetric charge calculated?	For the entire property	Type 1	Type 2
	On a per-unit basis	Type 3	Type 4

TYPE 1

Minimum Charge	Entire Property
Volumetric Charge	Entire Property

Assumptions

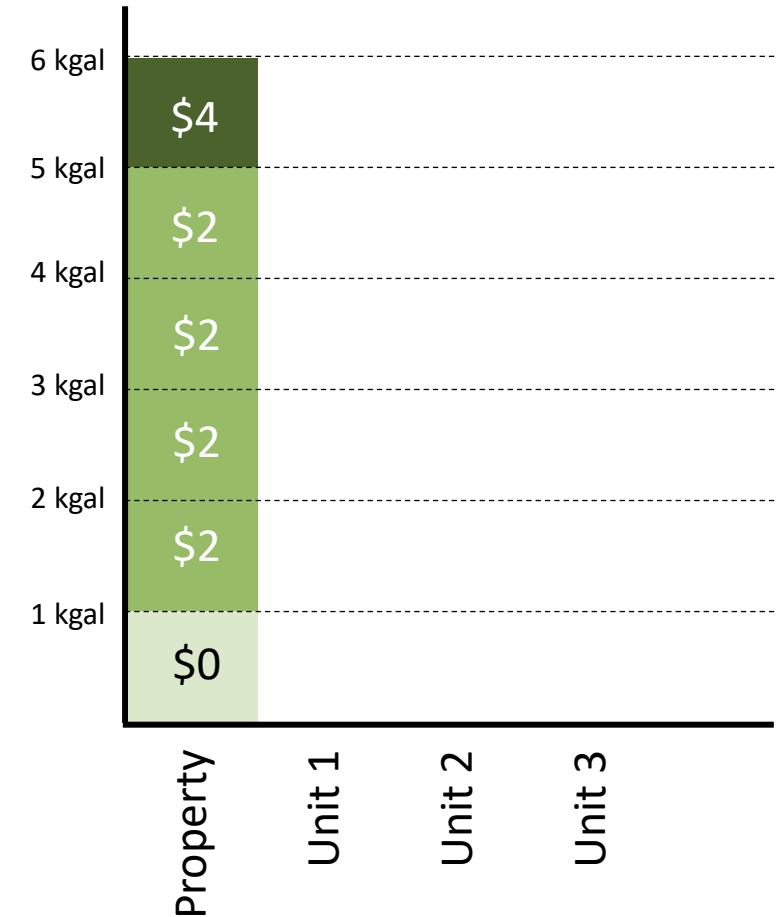
- Apartment with 3 units
- 6 kgal consumption
- Minimum charge of \$20
- \$0.00 per kgal for 0–1 kgal
- \$2.00 per kgal for 1–5 kgal
- \$4.00 per kgal for 5+ kgal

Minimum Charge	\$20
Volumetric Charge	\$12
Total Bill	\$32

Minimum Charge



Volumetric Charges



TYPE 2

Minimum Charge	Per Unit
Volumetric Charge	Entire Property

Assumptions

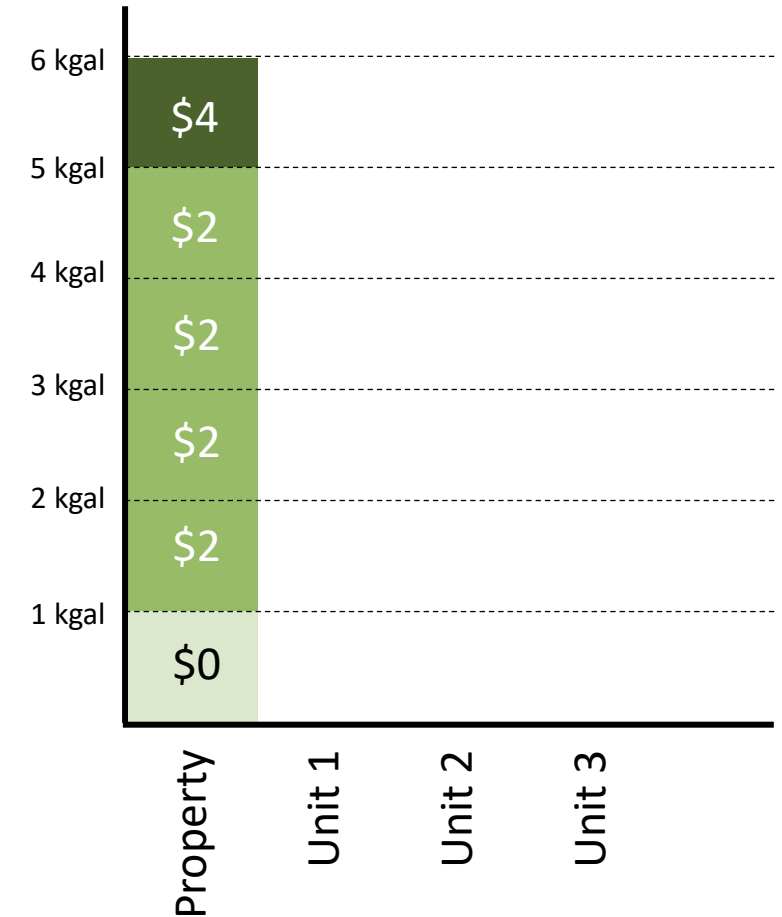
- Apartment with 3 units
- 6 kgal consumption
- Minimum charge of \$20 (per Unit)
- \$0.00 per kgal for 0–1 kgal
- \$2.00 per kgal for 1–5 kgal
- \$4.00 per kgal for 5+ kgal

Minimum Charge	\$60
Volumetric Charge	\$12
Total Bill	\$72

Minimum Charge



Volumetric Charges



TYPE 3

Minimum Charge	Entire Property
Volumetric Charge	Per Unit

Assumptions

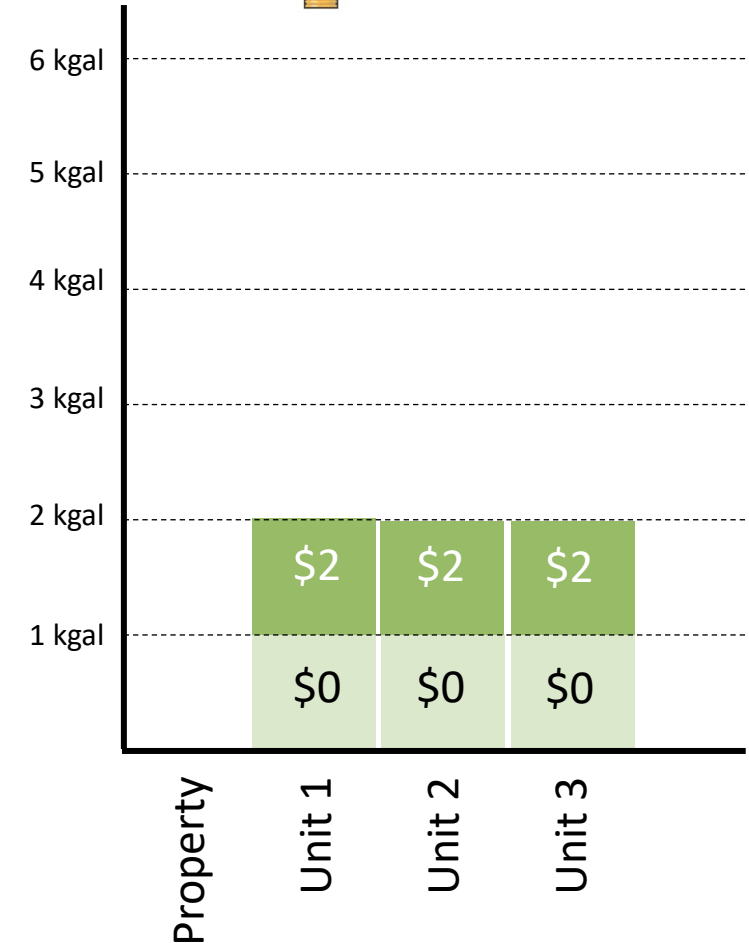
- Apartment with 3 units
- 6 kgal consumption
- Minimum charge of \$20
- \$0.00 per kgal for 0–1 kgal
- \$2.00 per kgal for 1–5 kgal
- \$4.00 per kgal for 5+ kgal

Minimum Charge	\$20
Volumetric Charge	\$6
Total Bill	\$26

Minimum Charge



Volumetric Charges



TYPE 4

Minimum Charge	Per Unit
Volumetric Charge	Per Unit

Assumptions

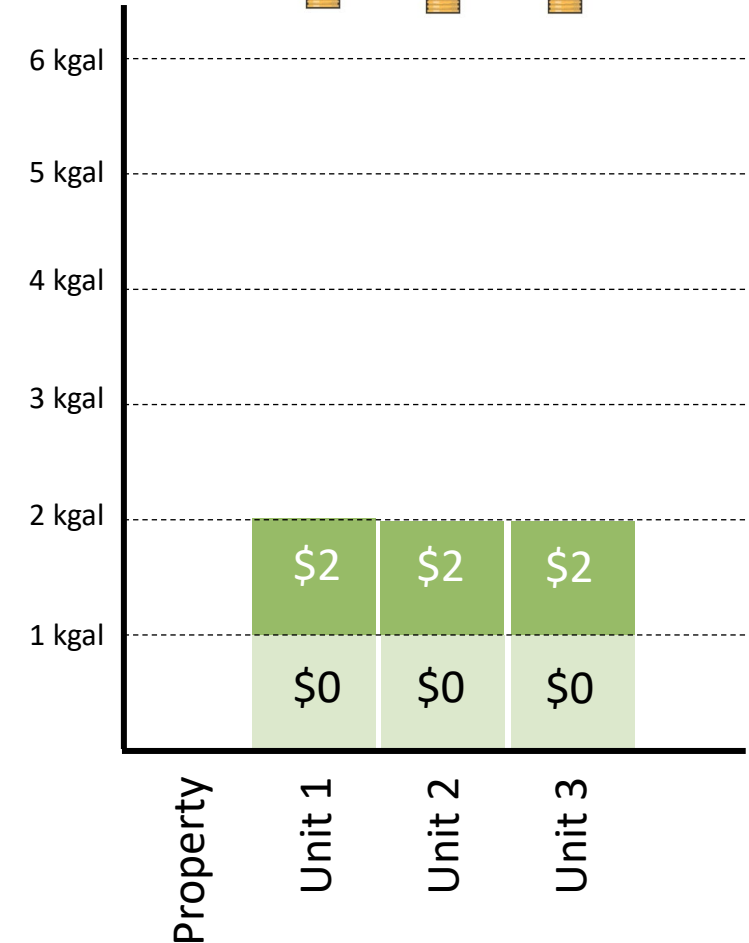
- Apartment with 3 units
- 6 kgal consumption
- Minimum charge of \$20 (per Unit)
- \$0.00 per kgal for 0–1 kgal
- \$2.00 per kgal for 1–5 kgal
- \$4.00 per kgal for 5+ kgal

Minimum Charge	\$60
Volumetric Charge	\$6
Total Bill	\$66

Minimum Charge



Volumetric Charges



PUBLIC UTILITY COMMISSION OF TEXAS

WATER AND SEWER SUBMETERING OR ALLOCATION

- Under submetered or allocated billing, the local public utility measures water use for the whole property at a “master” meter and then bills the property owner based on the master meter reading
- Under submetered billing, the owner uses submeters at each dwelling unit to bill tenants for water and sewer services based on their actual water usage
- Under allocated billing, the owner does not meter each dwelling unit, but uses a formula to allocate water and sewer utility charges among the tenants



OUTSIDE CITY CUSTOMER RATES

PUCT APPELLATE JURISDICTION

- TWC 13.043 (b)(3) – Ratepayers residing outside City Limits may appeal a rate action to the PUCT
 - Appeal must be initiated within 90 days after the effective date of the rate change
 - Petition must be signed by the lesser of 10,000 or 10% of ratepayers eligible to appeal
 - Each person receiving a separate bill is considered a ratepayer, one person cannot be more than one ratepayer
 - Petition can be signed by the person or spouse



WHAT IS REQUIRED OF A CITY?

TWC 13.043(i)

- Within 60 days after the decision on a rate change, provide written notice of the change
- Notice must contain: the effective date of the new rates, the new rates, and the location where additional information can be obtained
 - Notice can be provided electronically if the City has access to emails

TWC 13.043(b-1)

- Disclose to any person, on request, the number of ratepayers who reside outside the City Limits
- Provide to any person, on request, a list of the names and addresses of ratepayers who reside outside the City limits, assuming the ratepayer has consented to disclosure
- Provide this information without charge, by telephone or in writing

WHAT HAPPENS IN A RATE APPEAL?

- “the utility commission shall ensure that every appealed rate is **just and reasonable**. Rates shall not be **unreasonably preferential, prejudicial, or discriminatory** but shall be **sufficient, equitable, and consistent in application to each class of customers**. The utility commission shall use a methodology that preserves the financial integrity of the retail public utility.”
- “The utility commission shall hear the appeal de novo and **shall fix in its final order the rates the governing body should have fixed in the action from which the appeal was taken** and may include reasonable expenses incurred in the appeal proceedings.”

WHAT HAPPENS IN A RATE APPEAL?

- “The utility commission may establish the effective date for the utility commission’s rates at the original effective date as proposed by the utility provider and may order refunds or allow a surcharge to recover lost revenues.”
- “The utility commission **may consider only the information that was available to the governing body at the time the governing body made its decision** and evidence of reasonable expenses incurred in the appeal proceedings.”

CASE HISTORY

Docket No.	City	Date Petition Filed	Current Status
42862 / 46404	Town of Woodloch	9/4/2014	Rates over-turned by Commission
45248	City of Fritch	10/13/2015	Settlement reached, Petition withdrawn
49225	City of Celina	2/14/2019	Settlement reached, Petition withdrawn
52226	City of Melvin	6/10/2021	City lowered rate, Petition withdrawn
53063	City of Leander	1/7/2022	Litigation Ongoing
54074	City of Murchison	9/15/2022	City lowered rate, Petition withdrawn
55970	City of Mineral Wells	12/12/2023	Petition found Administratively Complete, Referred to SOAH

KEY TAKEAWAYS FOR OUTSIDE CITY SERVICE

- Be careful
- Justify your rate action and document prior to taking action
 - If outside city rates are set by multiplier, recognize this may be insufficient justification
- Provide notice in accordance with statute



Any Questions?



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SOURCES

Slide: Public Perception

- [UPDATE: Group of concerned citizens calls for external investigation into West Fargo billing errors \(valleynewslive.com\)](#)
- [https://news.yahoo.com/water-billing-error-framingham-may-103137414.html?fr=sycsrp_catchall](#)
- [https://www.kxxv.com/news/local-news/in-your-neighborhood/bell-county/water-district-refunds-bell-county-cities-850-000-for-17-year-billing-mistake](#)
- [Water billing mistake prompts new city policy | Homer News](#)