

For Information

DATE: June 15, 2011

REPORT TITLE: **UPDATE ON 2010 PEEL UTILITY BILLING AND UTILITY RATE REVIEW PROJECT**

FROM: Dan Labrecque, Commissioner of Public Works

OBJECTIVE

To provide a summary of Peel's Utility Billing performance for 2010; the annual meter testing program which ensures meters measure water appropriately; and, an update on the Utility Rate Structure Review Project.

REPORT HIGHLIGHTS

- Utility Billing continues to operate at a high level of performance including 98 percent of bills issued based on actual reads and maintaining write-offs of less than 0.1 percent of billed revenue.
- Essentially all accounts are metered and the meters are tested on a regular basis to ensure working accuracy (not over or under registering outside acceptable parameters).
- Results of the utility rate structure review along with recommendations will be presented in the fall for Council consideration.

DISCUSSION**1. Background**

Peel's Water and Wastewater system costs are recovered through the Utility Rates and costs related to York Region are recovered separately through wholesale rates. The utility rates generate an average of \$230 million of revenue necessary to operate the system.

Two sections within the Operations Support division are responsible for metering and billing. The Meter Operations section is responsible for the installation, repair and maintenance of water meters (for both residential and commercial properties) and reading meters. The Billing section manages customer accounts, issues bills on a daily basis, handles customer inquiries escalated from the Customer Contact Centre, ensures payments are processed, and follows up on overdue accounts to ensure timely revenue collection.

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2. 2010 Performance Indicators and Key Statistics

Table 1

Measure/Statistic	2009	2010
Number of Accounts Managed	289,985	293,516
Percentage Metered	99.9%	99.9%
Percentage Flat Rate (unmetered)	0.1%	0.1%
Percentage Residential	95%	95%
Percentage Industrial Commercial Institutional (ICI)	5%	5%
Annual Growth in Account Base (2009 versus 2010)	3,324	3,531
Percentage Activated within 90 days	100%	100%
Resale Change of Ownership	19,400	21,196
Final Bills issued within 10 days of closing	88%	90%
Total Bills Produced	1,197,395	1,208,445
Percentage Billed with Estimated Read	1.6%	1.3%
Collections		
Total Peel Water and Wastewater Revenue	\$196 million	\$207 million
Percentage of Revenue Written Off	.07%	.09%
Percentage of Receivables balance in arrears (greater than 39 days, as at December 31, 2010)	13%	12.7%
Tier 2 Call Centre Calls		
Inquiries Resolved	57,679	60,984
Percentage of Calls Answered within 20 seconds	70%	78%
High Bill Assistance:		
Verification Representative contacts via face-to-face visits at property or resolved over telephone	2,388	2,423
Percentage resolved within 10 days	86%	90%
Percentage of Actual Accounts Read	99%	99%
Percentage of Homes Metered Prior to Occupancy	99.9%	99.6%
Installers contacts visits at property (Repairs and Maintenance) in 2009	13,101	10,273
Number of Cards Left to Access premises (Repairs and Maintenance)	4,500	4,410

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Table 1 provides an overview of key activities related to Meter Operations and Billing. In order to ensure effective and efficient operations as well as to ensure continuous improvement, various measures are collected and reviewed through the year.

The Region of Peel continues to have virtually all accounts metered providing the ability to measure and bill water supplied to all residents and businesses. Remote meter reading devices, located outside the building, support a very efficient and effective metering and billing process.

Account growth was somewhat higher than 2009 but is still not comparable to the annual account growth experienced in the early 2000s which at times exceeded 10,000 new accounts per year.

The collections process continues to perform well with a low write-off rate compared to industry standards. The Region of Peel has continued to work with customers regarding overdue accounts. By allowing residents to make reasonable payment arrangements, and by referring them to the Human Services department in cases of financial hardship, the need to disconnect the water service or add fees to the property tax bill is kept to a minimum.

The program to assist homeowners identifies possible water leaks continue to be well received by customers based on feedback from our customer surveys. Our assistance with water conservation promotion helps homeowners to prevent ongoing high water bills.

3. Water Meter Accuracy

Water meters operate in a relatively simplistic manner. There are few moving parts in a water meter. Water meters do not require a power supply because the flow of water supplies the energy to record the amount of water consumed. If a meter fails, it generally either stops completely or under records the amount of water going through the meter. There have been no cases of a meter over recording water use in residential use in the Region of Peel, to date.

The Region of Peel has an ongoing program which includes taking various steps to provide assurance that Peel's water meters are reliable and accurate. On a regular basis a random sampling technique is utilized for drawing samples for each meter class. The meters are removed from service and sent to the manufacturer for testing. The meter test results are compared against American Water and Wastewater Association (AWWA) standards and the manufacturer's new meter specifications along with customer demand flow patterns. Based on the test results and analysis for financial viability, recommendations are then made for changing a particular meter class.

Water meters are expected to last between 15 and 20 years. For the Region of Peel meters have lasted in excess of 20 years and continue to record accurately, therefore some meters are over 25 years old.

In recent years, the meter testing has confirmed accuracy. The focus for change out has shifted to ensuring the remote reading devices are operational and that all of the associated connections and washers are secure. As a result, the Region is able to minimize the risk of leaks and property damages to residents' homes.

In addition to the ongoing program, the Region of Peel also has an on demand testing program in the case when a resident requests that the meter be tested. There is a fee for

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the testing and meters are tested by a third party, Atlantic Liquid Meters, as well as by Neptune Technology Group, both companies are meter manufacturers.

Overall, results from all of the testing performed for residential accounts has shown that the meters are working as they should and provides the Region with the utmost confidence that meters are operating appropriately.

4. Utility Rate Structure Review – Project Update

As previously reported to Council, a review of Peel's Utility Rate Structure is underway. During the summer, consultation with various stakeholders including the Chair and Vice-Chair of the Public Works section of Regional Council and the Regional Chair will occur. A full report along with recommendations will be presented to Council in September.

Beyond the utility rate structure review, potential replacement of the billing application (currently Aqua Peel an in-house developed system in place since 1998), and a metering strategy are key future milestones. Once Council determines the future rate structure, a review of other current systems owned by the Region of Peel will be undertaken to determine if modules/upgrades can be purchased and added to accommodate the system needs or whether a new stand alone billing system is required. The results of this review will be reported to Council as the overall project proceeds highlighting the advantages and disadvantages of each option.

CONCLUSION

Utility Billing has continued to have a high level of performance. Regardless, reviews and initiatives will be explored to ensure metering and billing at the Region of Peel continues to be reliable, effective and efficient.

The Utility Rate Review Project work will continue including presenting recommendations to Regional Council for consideration.



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Commissioner of Public Works

Approved for Submission:



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