

Baker, Lou Ann

From: Ziegler, Lindsay
Sent: Monday, March 31, 2008 11:00 AM
To: Baker, Lou Ann; Dicken, Paul J.
Subject: regulatory update

Lou Ann & Paul,

Just wanted to let you know what I've found out so far on the complaints issue.

On customer notification of red letter days, as long as the missed readings are uploaded into SmartSuite with the appropriate "skip" code, it should not be difficult to add a note to the bill stating something like "Your bill is estimated this month because we were unable to read your meter due to inclement weather." I would assume that somebody would want to wordsmith the message, of course. I will find out how many characters we can print.

This also brings up an additional question – like would it make sense to tell anybody who has missed a reading the reason why? Probably a bit more difficult, but not earth-shattering. Of course this would rely on correct and truthful reason codes.

On the estimating logic, I've made a bit of progress. Based on a small sample for the last 2 years, it looks like the "summer season" runs from June through October (give or take), and the winter season runs November through May. The winter averages are pretty consistent, but last summer was way higher than the norm (not a surprise.) In my small sample, summer of 2006 was 23% higher than winter, but summer of 07 was **55% higher**. –

The direction I'm headed in is to establish, each year, a global summer & winter season average for each customer class, to be used for new customers. For existing customers, we would base our seasonal averages on their previous year's seasonal average. This may or may not be adjusted during the season; I haven't yet modeled the logic to see what produces the lowest error rate. In this case, I'm defining the error rate as the difference between the actual billing (estimates & reads) and a 'smooth' billing, which is what we would do if we could read minds.

One risk we have is in using an unusual season like last summer as the basis for the next season. The seasonal approach should produce good results for winter, but if we use straight averaging for this coming summer, people's bills are still going to be high, unless it's another summer like 07 (which God forbid.)

Regards,

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