

## Indianapolis: Estimated Water Bills

### Overview:

Last week, two customers filed a class action lawsuit against Veolia Water Indianapolis alleging that water meters had not been read every other month, and accusing the company of deceptive practice and fraud. The plaintiffs seek up to \$1000 per violation plus attorneys fees.

### System/Contract

Veolia Water Indianapolis (VWI) serves over 290,000 customer accounts and provides drinking water to nearly 1,000,000 consumers. With a rated capacity of 208 million gallons per day, the utility averages approximately 130 million gallons produced per day. Finishing the sixth year of a 20 year contract with the City of Indianapolis (who owns the waterworks facilities), VWI operates and manages the production facilities, wells, metering, customer service and billing operations.

In 2007, the company achieved 36 of 37 incentives targeted to measure their annual performance.

### Background:

- Indianapolis Water is required to read meters every other month, by state statute as well as by regulatory rules. By simplistic illustration, meters on the south side of the city are read in odd months, and meters on the north side of the City are read during even months.
- Estimates are calculated (during non-read months) based on a rolling average of the customer's most recent 12 months of usage or the average of the past two actual read months (whichever is higher).
- Customer accounts are credited after the actual read if the estimate was high. These credits have been implemented throughout the history of the utility due to the alternative reading schedule. Estimates will never accurately predict the exact reading of any customer; therefore adjustments will always be a part of the billing process.

### Why weren't some meters read?

- It is not uncommon for us to be unable to read meters from time to time during the winter months, because of snow cover, harmful temperatures or weather that jeopardizes the closing of the pit.
- Sometimes there are other reasons we cannot access the meters. The presence of dogs or other obstructions such as parked cars or structures can impede the reader's ability to get the usage information.

- The largest impact on meter reads occurred in December, while we were following up on a concentrated internal effort to close out accounts that our system flagged for repeated attempts to read meters.
- Locating meter pits and validating field data did result in a shift of labor from some scheduled meter reads in December. Readers typically cover 450-600 accounts daily—with the focused efforts and shovels/tools in hand, their daily progress slowed to 30 reads/day. (pictures available)
- Results of this blitz effort provided an additional \$2 million dollars to the DOW, and more importantly returned the status of the unavailable meter pits to regular read status.
- While the goals of the blitz were achieved, meters that were missed in December due to weather/blitz may also have missed the next scheduled read in February due to weather issues. (again, reading every other month. Our incoming calls show that readings scheduled in Dec/Feb were more weather impacted than the November/January scheduled reads)
- All regular reads on this impacted cycle (mostly NW or NE of the City) have been accurately read and reported during April. All customers should have received adjusted bills, based on the readings by May 2.

**Why are more people asking questions?**

If customers compared Feb. 08 bills to Feb 07 they would notice the following impacts:

- The Department of Public Works had sewer rate increases in January '07 AND January '08 to pay for its infrastructure improvements. These increases total 25% over the previous billing level. (Sewer bills are determined by calculating the amount of water used per month.)
- There was a 29% water rate increase in May '07 that will fund system upgrades, enhance water quality, system reliability and water supply, and invest in safety and security.
- We had an extremely hot dry summer in 2007 which resulted in more lawn irrigation for many customers. More water used means higher bills and higher bills result in ultimately higher estimates.
- In addition to hot dry weather, the watering season was extended, lasting from May to October with 90 degree days. Individual water consumption was up drastically during this time period. (By comparison, during “normal” summer usage, customers see about a 21% increase in summer months over winter months. In 2007, bills showed customers using 55% more water due to increased consumption.)

- Again, in the event of a high estimate, customers will be credited the difference between their actual usage and their estimated usage.
- Comparison of customer bills show that customers who DO NOT IRRIGATE during summer months typically show truer bill estimates during the winter season.

**What are we doing going forward:**

- We are apologizing to customers for not meeting service expectations for the northside customers impacted on the Dec/Feb. billing cycle.
- During March and April, we have worked to complete meter reads as efficiently as possible. All routes impacted have been billed/credited to customers.
- Our internal efforts to locate difficult meter reads has been completed, so this one-time deferral of some accounts will not impact service again.
- We sent letters to homeowners about obstructions that are impacting our ability to read meters. (more than 4000 sent to date since December)
- We have increased the actual number of meter readers on staff, as well as increased overtime to read additional meters.
- We are reviewing the estimating logic IW uses (which is approved by the state) to determine if there is a better way to estimate bills. For example comparing customers' seasonal usage (winter 07 to winter 08) in preparing estimates rather than the existing logic. The state regulators have indicated a willingness to consider modifications to this logic calculation.
- The implementation of Route Smart, a long-term effort to improve the effectiveness of reading routes, should be active in early summer. Creation of this new tool has been a multi-year process for accurate evaluation and implementation.

**Additional Long Term Resolutions:**

- Automated meter reading is a plausible solution to address the concerns regarding guaranteed meter reading. AMR is currently utilized by IPL for area customers who provide monthly readings.
- Indianapolis Water could request monthly reads be added to the next rate case proposal to address estimating concerns. Upon request, customers can currently pay \$2.79 per month to ensure monthly meter reads are completed.