

For Information Only

Changes to Water Wastewater Billing

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Administration
Committee

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Resolution

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Finance Implications

The 2017 water/wastewater budget will increase by \$229,000 resulting in a net increase to the water/wastewater rate of 0.4%.

Purpose

This report provides information to Council on the changes to the water/wastewater billing cycle that will occur by January 1, 2017.

Background

In 2015, the Ontario Energy Board (OEB) announced that by the end of 2016, all electricity distributors in Ontario will be required to bill their customers on a monthly basis. The OEB believes that more frequent billing will assist customers in managing their cost, understanding their energy habits, would prompt more conservation behaviour and improve communication. The OEB recognizes that there could be incremental costs to distributors for additional bill production and distribution but believes these costs could be mitigated by improved cash flow.

Since Greater Sudbury Utilities Inc. (GSU) bills water and wastewater customers on behalf of the City on the same bills as electricity, the City's customers are impacted by this change.

Existing Billing Process

GSU bills 48,135 City customers for water/wastewater services. Currently, most (99%) of customers are billed bimonthly and only large customers are billed monthly.

Billing occurs in a billing cycle which approximates two months of consumption depending on the number of days in the billing cycle.

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Currently customers can sign up for the:

- Variable Payment Plan which has bimonthly withdrawals based on the due date. There are currently 8,943 customers set up on this plan, or
- Equal Billing Plan which has eleven equal monthly payments with any difference being processed on the twelfth month. There are currently 5,314 customers set up on this plan.

Customers also have the following payment options: at the GSU office, online, telephone banking and at Citizen Service Centres including Tom Davies Square.

Billing options considered

GSU and the City considered various options relating to water/wastewater billings:

1. Move water/wastewater billing to monthly billing with electricity including monthly meter readings,
2. Estimate and bill water/waste water consumption the first month along with the fixed service charges and read and bill actual consumption and fixed service charges the following month, or
3. Bill fixed service charges monthly and record zero water consumption every second bill. In this option actual consumption for two months is billed every second month.

Considerations were made to ensure that the option selected would be the most beneficial to the customers and would result in a minimal cost increase.

Benefits

- Aligns billing frequency with other bills (such as gas, telephone, cable, etc.).
- Assists customers in managing their month-to-month finances.
- Smaller, more manageable payments for customers.
- Better manage water consumption by providing customers with actual usage on a more frequent basis.
- More timely identification of a plumbing issue for quicker resolution.
- Customers continue to receive one bill for both hydro and water/wastewater.
- Customers currently on equal billing will not be impacted by the change other than the fact that they will now receive a bill on a monthly basis.
- The City will have more accurate information to prepare projections and year end accruals.
- Improved cash flow for the City as payments will be received more frequently.

Drawbacks

The change to monthly billing requires technical changes to GSU's software, additional staff time for transition and post transition support.

There will be less time available for GSU, meter reader contractor and City staff to follow up and take corrective action when a direct read is not obtained.

Option 1 would result in an annual costs for 2017 of approximately \$418,000 for additional stationary, postage and meter reading. This results in an estimated increase to the water rate of 0.7% to the customers. GSU continues to review the cost estimates for potential reductions. GSU will encourage more customers to move to paperless billing to reduce the cost impact.

Options 2 and 3:

- Would result in an annual cost increase for 2017 of approximately \$229,000 for additional stationary and postage. This results in an estimated increase to the water rate of 0.4% to the customers.

- Some of the benefits noted above would not be achieved as actual usage will not be billed monthly (i.e. actual usage available on a more frequent basis, more timely identification of a plumbing problem).

Automated Meter Readings

The City is in the process of completing a feasibility study for automated meter reading/ automated metering infrastructure and advance metering analytics. If the results indicate that the City should invest in automated meters, the costs for existing water meter readings would be eliminated. This savings could offset the additional costs incurred for monthly billing. There may be additional cost savings in 2018 with the introduction of this new technology which might automate additional processes.

Impact to Service agreement between City and GSU

The April 1, 2013 service level agreement requires GSU to provide notice to the City and to the affected customers of the proposed change in billing frequency at least one billing cycle prior to the change being implemented. No changes are required to the agreement for the change in billing frequency.

Summary

Option 2 which is to estimate and bill water/wastewater consumption the first month along with the fixed service charges and read and bill actual consumption and fixed service charges the following month was considered by GSU and City staff to provide the best balance between costs and benefits for all parties: customers, City and GSU. This billing will not change the total annual amount billed for water/wastewater services. Each monthly bill will be smaller than the bimonthly bills as they will now reflect one month rather than two.

Transition to monthly billing

GSU is working on a transition schedule and the change will be in effect on or before January 1, 2017.

Communication strategy

GSU is working on a communication strategy which will include buck slips, key messages via news releases, social media and other methods of advertising. Additional information will also be available on GSU's website.