

# City of Independence

## MEMORANDUM

City Council Office

DATE: August 23, 2018

TO: Honorable Mayor and City Council Members

FROM: Jordan C. Ellena, City Management Analyst *JCE*



SUBJECT: Recommendation Following Initial Review of Utility Billing

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As the City's Management Analyst I am appointed by you, the City Council, to routinely review every department of the City. From time to time, pressing and/or other timely issues come to the fore and the Audit and Finance Committee makes changes to my plan of work to assign a new higher priority task. The issues experienced by our customers related to the utility billing system require such a prioritization and expertise. At the August 6<sup>th</sup> Council Meeting you directed me to begin an internal and impartial review of the entire billing system.

Over the last two and half weeks I have conducted numerous in person interviews with staff from Independence Power and Light, the Water Department, and Technology Services. These conversations included staff from customer service, meter reading, various engineers, technology personnel, and utility rates staff. Additionally, I spoke with members of the City's implementation team to try and identify and issues both individual and systemic that may have contributed to issues experienced by our customers. Staff has been very cooperative and I have had no problems getting both candor and raw data when necessary. I commend staff for dealing with my review in a professional manner.

Of particular interest to me during my review has been the roll out and implementation of the new system, as well as specific complaints regarding customers receiving no bills, bills with estimated reads, issues with level pay, and most importantly complaints from customers regarding unexpectedly high bills. This not an exhaustive list of every issue raised or question asked by customers but was an attempt to identify the broader issues encountered by multiple customers.

In light of the narrow time frame, the complexity of the data that needs to be studied, and the desire to adequately address our customers concerns I write you today to recommend that the City hire a professional outside firm with utility billing data experience to complete an independent audit of our utility billing system. Below I outline some of my initial findings that support my recommendation for an independent outside audit. Should you have any additional questions or concerns regarding this please do not hesitate to ask.

## System Billing and Meter Reading Data

My preliminary review of residential utility bills included both customers who called to raise questions about their bill and a sampling of bills that saw documented usage or amounts double or triple during the first few months of billing in the new system. I have not been able to identify any systemic errors such as a miscalculation by the billing system. Of the hundreds of bills reviewed a higher bill was a result of higher consumption of either electric or water during the hot summer months. Based on my limited review the billing system appears to be calculating residential bills correctly based on the usage data in the system. Minor errors may exist in more complex billing situations with customers who have add-ons to their accounts such as private lighting, surge protection, or net metering. **Due to the complexity of our utility rate classes and to ensure customer confidence in the billing system I recommend that an external professional with expertise in utility billing be retained to review each utility rate class for each utility by checking a sampling of customers from each to ensure billing accuracy.**

Based on my preliminary finding that the system is calculating bills correctly according to the usage data in the system, I moved on to review raw meter reading data. This review compared the meter read data during June, July and part of August with the preceding four months of data in order to identify and increase in the number of skipped reads or other anomalies associated with meter reading itself. My review showed that the number of skipped meter reads or those readings that errored out because the system identified them as too low or too high based on the previous read, was indistinguishable to me from previous months. However, during my interviews with staff questions were raised about whether the meter reading data was getting into the billing system cleanly. Specifically, are there data fields from the raw meter read reports not matching up with where they should be mapped in the new billing system? An analysis of this type is beyond my capabilities. **An outside expert well versed in utility data will be able to definitively review both the raw meter reading data and the information in the CIS billing system and provide further insights.**

## Preparation, Training, and Go-Live

Beyond my review of the CIS billing system inputs (meter reading data) and outputs (bills), I have also spoken to staff members about the implementation and preparation for the new software, training on the new system, and the decision to go-live when we did.

Interviews with staff have led me to believe that inadequate plans were made for staffing at least the transition period from old system to new. This is especially true when one considers the new responsibilities handed off to customer service in the transition. Under the old billing system Technology Services handled the management and support for the billing process. This included ensuring data inputs were correct, reviewing bills the system identified as possible errors that needed to be reviewed before delivery, and finally supplying the bills to the mailroom for printing. Under the new CIS billing system, Customer Service has taken on all or most of those responsibilities. This added responsibility of the new system coincided with the additional call volume associated with the new billing system and customer concerns. A

group that was already maxed to capacity as far as workload and responsibilities had their attentions further divided by new responsibilities.

Beyond processing bills daily, customer service is tasked with at least coordinating the correction of identified problems in the system. While the vendor Advanced Utility Systems is still assisting them in making corrections, the bulk of the work is falling to one staff member to process and prioritize requested changes. Some changes that need to be made can only be done by Advanced Utilities staff while others can be made by our personnel.

While it makes sense to run changes to the system through one authority, it does not make for a speedy or transparent process. Staff from all areas I spoke to mentioned that they have initiated various requests for changes and then wait for a response that, in some cases has still not arrived about when or if changes will be made. **I recommend, at least in the short term, supplementing the billing process transition with a mini “strike team” of project management, data, and communications folks from within the utilities to aid in identifying, prioritize, and fixing issues with the billing system in a more timely way.** This would free up customer service to ensure more bills are processed on time and deal with their elevated call volumes. The “strike team” should work on both internal and external communications related to utility billing. Ensuring that customer service representatives have the most up-to-date and correct information for customers while also breaking down communications barriers internally between departments. Customer service is overwhelmed with calls and managing the billing transition at the same time. Customer Service Representatives acknowledged that in some cases they have been unable to provide the level of customer service they would like because they are not getting timely responses to their requested changes.

Next, I heard several times from staff that the trainings offered throughout the process by Advanced Utility Systems were less than helpful at times. The trainings were marred by system crashes many times or the statement “if we were live, you would follow these steps” because they were working in a complete test environment. These types of issues prevented front line staff from getting comfortable with the system during what should have been the training period. Instead staff is just now beginning to feel comfortable with the system as customers are understandably frustrated. At this time I did not identify any issues for which additional training is necessary however staff should keep close tabs on the needs of the various stakeholder groups for additional trainings should that need arrive.

Finally, I have major concerns with the decision and timing of go-live with the new system. Besides the obvious, that taking a new billing system live during the hottest part of the year was not a smart decision, a series of other circumstances contributed to the decision to go-live when we did. Those circumstances have in my opinion contributed to some of the issues outlined above. The implementation and roll out of the CIS billing system took a least a year longer than originally envisioned. Multiple go-live dates were pushed for various reasons. These delays continued until the situation become untenable and pressure from the City Manager’s Office to get the system up and running won out. Another contributing factor was retirement of staff members in Technology Services that supported the old billing system. These personnel changes were planned to occur right around the go-live date in late May. In the end the internal project team decided to go-live with what we had. In my opinion, the impending

retirement of key staff should never have impacted the implementation of such an important project. Steps should have been taken to ensure continuity of operations from one staff member to another.

Based on these preliminary conclusions outlined above I believe an independent audit will be more able to answer both the public's and the City Council's questions related to the implementation of the new utility billing system. An independent review should identify any other issues directly related their findings in relation to the billing and meter reading data review. Thank you for your time and attention in this matter. Should you have any questions please do not hesitate to contact me.