

**Utilities & Environmental Protection Report to
SPC on Utilities and Corporate Services
2018 December 12**

**ISC: UNRESTRICTED
UCS2018-1437**

Appeal Mechanism – Water Utility Billing

EXECUTIVE SUMMARY

This report is in response to Notice of Motion 2017-31 and Council Report UCS2018-0991, which directed Administration to return to Standing Policy Committee (SPC) on Utilities and Corporate Services with recommendations for appeal mechanisms for customers who have experienced abnormally high water consumption and who are not satisfied with bill adjustment decisions from Administration.

This report provides information on results of the new bill adjustment escalation process implemented on 2017 October 01, which indicates that the current appeal mechanism to the Director, Water Resources is meeting the majority of customer needs. The report also summarizes the current state of the Government of Alberta's intent to expand the role of the Utilities Consumer Advocate (UCA) to include water utility education and billing mediation services. Finally, the report considers existing boards or new Council committees that could adopt an additional appeal mechanism process for Water Utility customers.

Upon review of above, it was concluded that the creation of an additional appeal mechanism will not add value to the existing process and will not be a benefit to rate payers. As a result, an additional appeal mechanism is not recommended.

ADMINISTRATION RECOMMENDATION:

That the Standing Policy Committee on Utilities and Corporate Services recommend that Council direct Administration to:

Continue to use the appeal mechanism of escalation to the Director, Water Resources for customers with abnormally high water consumption, who are not satisfied with the initial bill adjustment decision.

**RECOMMENDATION OF THE SPC ON UTILITIES AND CORPORATE SERVICES, 2018
DECEMBER 12:**

That Council direct Administration to continue to use the appeal mechanism of escalation to the Director, Water Resources for customers with abnormally high water consumption, who are not satisfied with the initial bill adjustment decision.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 February 26, Council directed Administration (UCS2018-0091) to further investigate options for appeal mechanisms and report back to Council through the SPC on Utilities and Corporate Services with a recommendation by Q4 2018.

On 2017 September 09, Council adopted Councillor Colley-Urquhart's Notice of Motion (NM2017-31) on "Water and Wastewater Consumer Billing Irregularities" and directed Administration to research potential customer appeal mechanisms.

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BACKGROUND

The Director, Water Resources is authorized by the Water Utility Bylaw (40M2006) to adjust bills for customers that experience abnormally high water consumption. In August 2017, customers expressed dissatisfaction with the bill adjustment process citing concerns with partial adjustments, accuracy of utility billing and water meters, and lack of an appeal mechanism to hear their concerns. In response, a new bill adjustment process for leaks and undetermined causes was implemented on 2017 October 01. This included a formalized review process and appeal mechanism to the Director, Water Resources for customers who are unsatisfied with decisions on bill adjustments.

In 2017 December, Law and Legislative Services conducted a preliminary review of potential options for customer appeal mechanisms and governance oversight approaches possible within The City's existing governance structure and authority. Options included 1) monitoring the effectiveness of the new (October 2017) customer escalation process, implemented as part of the new bill adjustment process; 2) using an existing board such as the Licence and Community Standards Appeal Board; or 3) establishing a new Council committee or appeal body.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Adjustment and Referral Process

Development of the new bill adjustment process better defined the escalation process for customers not satisfied with the eligibility criteria. Under this process, Customers contact ENMAX, The City's customer care and billing provider, if they experience higher than normal, unintentional water consumption and are assessed based on the eligibility criteria. If eligible, ENMAX processes the bill adjustment. If ineligible, the account is referred to The City of Calgary for review by the Director, Water Resources. Customers who are eligible and who are not satisfied with the amount of the adjustment can also request that their account be referred to the Director, Water Resources for further review.

Of the 375,000 Water Utility accounts, there were 1,084 accounts reviewed by ENMAX on The City's behalf under the Bill Adjustment Leaks and Undetermined Cause process from 2018 January to 2018 September. Of those accounts reviewed, 209 were determined to be ineligible and therefore automatically referred to The City for review by the Director, Water Resources. After reviewing the ineligible accounts, 103 accounts were approved for a bill adjustment and 106 customers were advised that their account was not eligible for an adjustment.

Appeals

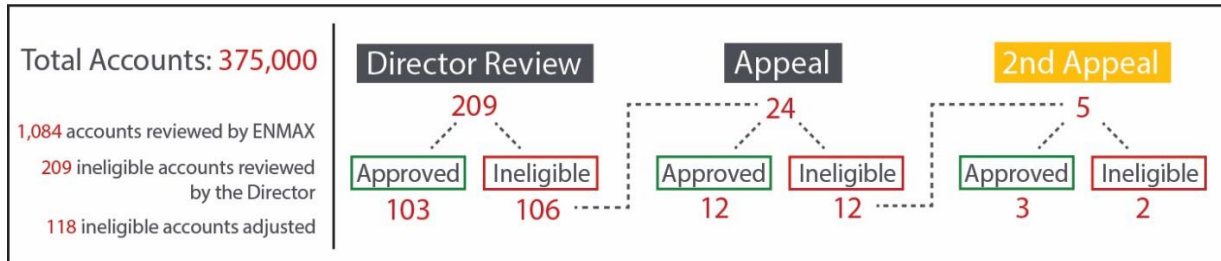
Appeals occur when a customer is not satisfied with the Director's decision for ineligible accounts that are referred to The City for review. There are various reasons that customers appeal decisions, including dissatisfaction with the bill adjustment dollar amount or the desire to provide additional information for the Director to consider. From 2018 January to 2018 September, 24 customers requested reconsideration of the Director's decision. Of the 24 customers, 5 appealed a second time. These 5 appeals are the best indicator of how many customers may leverage an appeal mechanism outside of Administration.

The following table summarizes the data:

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Government of Alberta, Utilities Consumer Advocate

On 2018 June 11, the Government of Alberta's Bill 14: An Act to Empower Utility Consumers received Royal Assent and was proclaimed on December 1, 2018. This Act will expand the role of the Utilities Consumer Advocate (UCA) to include water utilities. The UCA will provide mediation services for Albertans to resolve concerns with water utility providers and educate consumers about water utilities through website information, contact centre and events. The City of Calgary is waiting for more information on processes and implementation to determine opportunities for alignment with City processes.

Other internal appeal mechanisms

Law and Legislative Services reviewed the use of existing City appeal bodies, such as the Licence and Community Standards Appeal Board or establishing a new Council committee. With the existence of the current appeal mechanism to the Director, Water Resources, using an existing board or creating a new committee or appeal body would add limited value for customers. In addition, the existing committees meet infrequently, which would impact the timely review of accounts and negatively impact the customer experience due to waiting times. Creating a new Council committee or appeal body would incur costs to implement and sustain.

Options for customers

If customers are not satisfied with the review by the Director, Water Resources, they are able to request that the Director, Water Resources further review their account and provide additional information for consideration. In the future, there will also be the option to access the mediation services announced by the Government of Alberta through the Utilities Consumer Advocate.

Stakeholder Engagement, Research and Communication

The City of Calgary and ENMAX are collaboratively working to improve the customer experience with the bill adjustment process for customers experiencing abnormally high water consumption due to leaks or undetermined causes. Customer feedback will continue to be monitored to determine if revisions to the appeal mechanisms are required.

Strategic Alignment

The processes to support customers to appeal decisions related to abnormally high water consumption are linked to a number of Strategic Action areas in Council's Priorities for 2015-2018:

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- A healthy and green city (H6- Continue to build public awareness and understanding of our shared responsibility to conserve and protect the environment).
- A well-run city (W5 - Regularly collaborate and engage citizens to encourage participation in City decision-making, and better communicate the reasons for the decisions).

Social, Environmental, Economic (External)

The bill adjustment and appeal process intends to balance the difficult customer experience that results from receiving an abnormally high water bill, the importance of homeowners monitoring their water use, and The City's accountability to all rate payers to use their financial resources responsibly.

Financial Capacity

Current and Future Operating Budget:

The continued use of the current appeal mechanism has no implications on current and future operating budgets. Referrals from the Utilities Consumer Advocate will be managed using existing resources.

Current and Future Capital Budget:

There are no capital budget implications of this report.

Risk Assessment

The recommended appeal mechanism presents some risk that customers are not satisfied with the Director, Water Resources review. This is mitigated by customers having the option to request another review of their account by the Director, Water Resources, contact their Councillor's Office or the future Utilities Consumer Advocacy mediation service. The appeal mechanism will be monitored to determine if changes are required.

REASON(S) FOR RECOMMENDATION(S):

The recommendations provide customers with an appeal mechanism that balances customer expectations with the appropriate administrative resources.

ATTACHMENT(S)

None