

**UTILITY ADVISORY BOARD  
MEETING MINUTES**

September 3, 2009

Public Works Department - Water Utility Conference Room

**Board Members Present:** Dick Behrends, Geoff Larson, George Porter, Janet Hall Schempf, Leon Vance

**Staff Present:** Joe Buck, Scott Jeffers, Jim Heumann, Joe Myers, Liam Carnahan, Laurel White

**I. CALL TO ORDER:**

The meeting was called to order at 5:30 p.m. by Dick Behrends, Chairperson.

**II. APPROVAL OF UAB MINUTES:**

Scott Willis made note of an error in the August 20, 2009 minutes, Action Item A: "AT&T" should be changed to "AEL&P".

The August 20, 2009 minutes were approved as corrected.

**III. PUBLIC PARTICIPATION:**

None.

**IV. ACTION ITEMS:**

**Board Review of "Self-Reporting" Incentive Concept and Issues**

Mr. Carnahan reviewed CBJ current policy regarding backbilling customers: a one year backbill is authorized if billing error is our fault or indeterminable and three years backbill is authorized if billing error is determined to be the customer's fault. It was noted that Craig Duncan, Finance Director, authorized this policy.

Mr. Carnahan noted that the CBJ database transition to GOVERN involves the merging of four databases into one. The four databases contain conflicting information and various avenues are being taken to resolve this, but Mr. Carnahan is not convinced this will identify all conflicting information.

Mr. Carnahan presented to the Board policy options ranging from keeping the current policy to invoking a self-reporting period, then backbill three years if caught afterwards.

Mr. Behrends addressed the Board with the question, "Is there a need to change the current policy?"

Mr. Larson responded that the policy is already lenient and if a customer is knowingly receiving free services. Such a customer may not self-report as they may weigh the consequences of reporting vs. being "caught". Mr.

Larson advocated for keeping the current policy, and added that advertising and educating customers about correct billing rates is necessary. Mr. Larson voiced concern for those who have already been backbilled without the opportunity to self-report.

Mr. Carnahan asked what the motivation would be for self-reporting if there is no change to current policy. Mr. Behrends responded that there would be no six-year backbill and further noted that ramifications of incorrect billing would be widely advertised.

Mr. Carnahan stated that if there is a policy change, he would like to have a six year backbill period available as leverage. Mr. Porter responded that this would be advantageous in an appeal process. Mr. Carnahan noted that there is no appeal process.

Mr. Behrends asked whether customers want a policy change. Mr. Carnahan responded that those receiving backbills want a policy change.

Mr. Behrends asked for an estimate (percentage) of currently billed customers who may be billed incorrectly. Mr. Carnahan replied that this is unknowable but in his time of dealing with this issue (2 ½ years) he has signed no more than 50 backbill letters. This is less than one percent.

Mr. Behrends inquired how many customers are abusing the system. Mr. Carnahan responded that a significant number of people have modified their homes (i.e., added apartments) and although their bill has not increased, they don't self-report the discrepancy.

Mr. Behrends asked Mr. Willis about AEL&P policy regarding incorrect billing. Mr. Willis responded that AEL&P can backbill, even if the error is their fault. On occasion, they have turned to the police for enforcement. Mr. Willis further noted that their tariffs are set by a regulatory commission and cannot be arbitrary, but they have flexibility regarding pay-back terms.

Mr. Carnahan stated that CBJ allows backbills to be paid over a 12-month period and recently a 24-month payback period was allowed for a very large backbill. Mr. Carnahan stated that he would like to see the payback period codified.

Mr. Porter suggested a range of payback options; i.e., if backbilled less than \$10,000, a 12-month payback period, etc.

Mr. Larson asked Mr. Carnahan how many backbills will be identified with the database conversion. Mr. Carnahan responded that it would

depend upon a customer's motivation. If the policy is well advertised, perhaps more than ten and less than 150 customers would self-report. When the audit is complete, it could be in the triple digits, but less than 500.

Mr. Willis suggested a consolidation; i.e., some will be "caught" but for those self-reporting, just bill forward and no backbill charged. Mr. Larson responded that people who know they're getting free service won't report and those who don't know cannot self-report. Mr. Carnahan responded that an opportunity period of self-reporting would give customers an opportunity to "come clean."

Mr. Willis voiced his desire of an opportunity program running concurrently with an advertising campaign.

Mr. Behrends asked the Board whether the current policy should be changed.

Mr. Jeffers added a note of clarification that the Board can recommend a policy change to the City Manager. The City Manager changes the policy.

Ms. Hall Schempf asked whether anyone has self-reported. Mr. Carnahan responded that approximately four months ago an HR Representative reported under-paying and they were back-billed for one year. Ms. Hall Schempf asked what different results are expected with a new policy. Mr. Carnahan responded that enforcement is the key issue.

**MOTION:** Mr. Porter formed a motion of providing for no amnesty and the one, three and six-year backbill period is to remain. If a backbill is less than \$10,000 then a 12-month payback period is instituted and if more than \$10,000 a 24-month backbill is instituted. Ms. Hall Schempf seconded the motion.

Discussion ensued.

Mr. Willis stated that he is not opposed to amnesty as an incentive to self-reporting. Mr. Larsen replied that there is already an incentive in that the one, three and six year backbill options are in place. Customers just need to be educated.

**VOTE:** The motion was passed, three for the motion and two opposed.

Mr. Willis noted that he wouldn't have been opposed to the motion if there had been a positive incentive for self-reporting.

Mr. Larson emphasized that education of the public is very necessary. The people who know they are underbilled will not come forward and self-report. It is necessary to educate the public that we have statutory rights to “go after” underbilled accounts.

Discussion ensued regarding targeting those underbilled accounts in an advertising campaign. Mr. Carnahan responded that it would be easy to print this information on all the bills. Mr. Jeffers responded that he is not convinced information contained in a bill will be read. Mr. Buck further noted that education is a good idea and made an observation that in a similar situation, free meters and installation were offered to B&Bs and those with mother-in-law apartments. There was very little response.

Mr. Behrends noted that the motion has passed and that there is agreement that better education is important.

Regarding the backbill payment period, Mr. Jeffers noted that this is a suggested change to the City Manager’s policy. Mr. Buck will take this suggestion to the City Manager.

**V. ADJOURNMENT:**

The meeting was adjourned at 6:16 p.m.

Respectfully Submitted,

Laurel White, Administrative Assistant II  
Public Works, Water Utility