

MEMORANDUM

October 2, 2014

TO: Transportation, Infrastructure, Energy & Environment Committee

FROM:  Keith Levchenko, Senior Legislative Analyst

SUBJECT: **WSSC Customer Bill and Dispute Resolution Process**

Attachments to this Memorandum*

- WSSC Presentation Slides (©1-16)
- October 2, 2014 WSSC Response to Council Staff Questions (©17-26)
- Letter dated July 18, 2014 from WSSC General Manager/CEO Jerry Johnson to Eric Friedman regarding the Office of Consumer Protection Report (©27-30)
- News Release dated June 16, 2014 from Councilmember Roger Berliner regarding the Office of Consumer Protection Report (©31)
- Office of Consumer Protection Report: WSSC Water Bills Inquiry - June 16, 2014 (©32-35)
- Letter dated May 28 from WSSC General Manager/CEO Jerry Johnson to Councilmember Roger Berliner (©36-37)
- Letter dated May 14 from Councilmember Roger Berliner to WSSC General Manager/CEO Jerry Johnson (©38-39)
- Letter dated March 20 from WSSC General Manager/CEO Jerry Johnson to Councilmember Roger Berliner (©40-41)
- Letter dated March 18 from WSSC General Manager/CEO Jerry Johnson to Councilmember Roger Berliner (©42-43)
- WSSC Media Release – March 13, 2014: “WSSC Takes Additional Steps to Address Customer Billing Concerns” (©44)
- Letter dated March 12 from WSSC General Manager/CEO Jerry Johnson to Councilmember Roger Berliner (©45-46)
- Letter dated March 11 from Councilmember Roger Berliner to WSSC General Manager/CEO Jerry Johnson (©47)

**NOTE: In several items above, attachments referenced in letters are not included in this packet since they contain identifying information regarding WSSC ratepayers.*

The following officials and staff are expected to attend this worksession:

WSSC

Commissioner Adrienne Mandel

Mr. Jerry Johnson, General Manager/CEO

Mr. Derrick Phillips, Acting Team Chief for Customer Relations

Mrs. Mpande Musonda-Langley, Acting Group Leader, Customer Relations

Mr. Tom Kelly, Strategic Coordinator, Utility Enhancement Support Group

County Government

Eric Friedman, Director, Office of Consumer Protection

Background

In early March, Councilmember Berliner began receiving complaints from WSSC ratepayers of extremely high quarterly water bills for the 2013-2014 winter period. Mr. Berliner's office forwarded these complaints as they came in (61 in total) to WSSC for its review. Councilmember Berliner later asked the Office of Consumer Protection to review both the issue of the high bills and WSSC's bill dispute process.

Councilmember Berliner scheduled this Committee meeting to hear from WSSC and the Office of Consumer Protection, as well as from some complainants.

Council Staff asked WSSC to prepare a presentation (slides attached on ©1-16) providing background on its bill dispute and bill refund request processes and to summarize the results of its review of the 61 bills in question. Council Staff also sent WSSC a number of questions. These questions and WSSC's responses are attached on ©17-26.

Office of Consumer Protection Director Eric Friedman will also be available at the meeting to offer his perspective on the issue and to answer questions about his office's report (see ©32-35).

Council Staff suggests the following discussion topics for the meeting:

1. Presentation of WSSC's current billing dispute and refund request processes
 - a. Dispute resolution process (for unpaid bills)
 - b. Refund hearing process (for paid bills)
2. Discussion of high water bill issues in Montgomery County
 - a. Opportunity for some WSSC customers to discuss their specific situations
 - b. WSSC findings regarding 61 high water bills
 - c. Summary of Office of Consumer Protection report
3. Potential Changes
 - a. Implications of Advanced Metering Infrastructure Project (i.e., monthly billing, real time consumption info, etc.)
 - b. Potential third party review/adjudication of disputed bills

WSSC Bill Dispute Process

WSSC's presentation slides (©1-16) provide good background on WSSC's billing dispute process. WSSC actually has two distinct processes for dealing with billing disputes:

1. For unpaid bills, customers may contact WSSC with billing questions. For unresolved issues, customers may file a complaint with WSSC's "Dispute Resolving Board." The Dispute Resolving Board (DRB) consists of two customer members and one employee member.
2. For previously paid bills (including bills which may have been disputed and not resolved to the customer's satisfaction by the DRB), customers may request a refund hearing before the Commission or a designee of the Commission. The results of this hearing are the final WSSC action on a billing dispute. If still unsatisfied, a customer's next step would be Civil Court.

Office of Consumer Protection Report (©32-35)

One of the concerns noted in the Office of Consumer Protection report and by Councilmember Berliner (©36) is that both of the bill dispute processes noted above are administered within WSSC. The report notes this "lack of independent oversight"¹ as a "major customer frustration."

The report also suggests that a more sophisticated meter reading technology (such as that used by some surrounding jurisdictions) might reduce errors and increase customer confidence in the system.

In its response to the report (see ©27-30), WSSC takes issue with several of the report's contentions, including the breadth of the problem overall (number of billing disputes compared to the number of ratepayer accounts) and the need for additional third party oversight.

WSSC notes that the DRB panels include at least two ratepayer/consumer and/or public members and therefore already involve some third party oversight. WSSC also expresses concerns that further oversight could be cumbersome, time consuming, and costly and that "the report does not demonstrate that a different process would be more effective or transparent."

WSSC agrees that automatic meter reading (AMR) technology could help address some issues (such as avoiding estimated billing and long billing cycles while also allowing for the detection of unusual water usage in real-time). WSSC has a project in place to implement AMR.

Adding a more independent 3rd party presence to the process (beyond the customer representatives who sit on the DRB now) might instill in customers a greater sense of balance between WSSC and the customer in the dispute process. However, whether this approach

¹ Unlike with private utilities, the Maryland Public Service Commission exercises only very limited jurisdiction over WSSC and does not get involved in billing disputes. A restructuring of the process to insert an independent 3rd party into this process would likely require a change in State law.

would address the fundamental issues raised in the report is less clear. WSSC would still be the agency responsible for managing the billing system, the meters, and customer accounts. If, as the report states, the reasons for high water bills ultimately remain a mystery, the insertion of a 3rd party in the process may not make a substantive difference in the outcome of the billing disputes.

2013-2014 Billing Disputes

Councilmember Berliner's office forwarded 61 bills to WSSC for review. As noted in Mr. Johnson's May 28 letter, WSSC identified one account that was incorrectly read and one other that had a high estimated bill. All of the other high bills were attributed to either leaks or high water usage. Five bills met WSSC's "one-time bill adjustment" criteria and were adjusted by 50 percent of the excess usage.

The Office of Consumer Protection report provides a summary of the limited number of possible explanations for why a water bill may reflect high water usage. These include: the customer used more water, the property in question had a plumbing leak, the meter was not properly read, or the meter was not operating properly.² Council Staff would add one other possible factor, which is a billing system error itself—most likely human error or a computer malfunction.

However, the Office of Consumer Protection report concludes that in most cases, the underlying cause of any spike in usage "will remain a mystery, as no definitive answer is ascertainable." In its investigations of these complaints, WSSC often rules out the factors noted above and assumes that unusually high water usage occurred. The customer, meanwhile, contends that water usage was not any higher during the time in question and does not understand how a bill could spike so high and then drop back down.

WSSC has offered several possibilities for these particularly high bills. They include: a significantly longer billing cycle, an unusually high number of "snow days" in which residents may have been home from school or work and used more water than normal, and a higher than normal number of estimated bills (which would self-correct at the next meter reading, but which could result in significant one-time fluctuations). These factors are exacerbated by WSSC's graduated billing structure, which charges customers a single rate for all water used based upon average daily consumption. As average daily consumption increases or decreases, a customer goes up to a higher tier or down to a lower tier and pays a different rate per thousand gallons of water. This means a customer will experience a larger fluctuation in a bill than they would under other billing structures.

Attachments

KML:f:\levchenko\wssc\issues\water bill disputes 2014\t&e 10 6 2014 billing dispute issues.docx

² In its response to the report, WSSC notes that the likelihood of a malfunctioning meter causing a high water bill is extremely low, noting that WSSC's positive displacement meters "are the most widely-used type of meter in the industry due to their long-term durability and accuracy." WSSC also notes that in the rare event that a meter does not work properly, it tends to under-register usage (see ©27).



What happens when a customer disagrees with our bill?

- **The customer calls or writes to WSSC.**
- **We review the customer's account to determine whether a reduction in charges is warranted.**
- **Advise the customer how to check for leaks.**
- **Schedule check readings, inspections, and/or field investigations if necessary.**
- **Initiate an adjustment if warranted.**

*What if the customer is
dissatisfied with the results of
our investigation?*

- If no adjustment is warranted, or the customer is dissatisfied with the amount of the reduction, two appeal processes are in place:
 - Dispute Resolving Board (DRB) Hearings for unpaid charges.
 - Refund Hearings for paid charges.

The Dispute Resolving Board

- **The DRB consists of two Customer members and one employee member.**
- **The DRB meets on a monthly or as-needed basis.**
- **The Customer Relations Group provides administrative support to the DRB.**
- **The Office of General Counsel attends the meetings and provides legal guidance.**

What happens when a customer requests a DRB Hearing?

- All billing disputes are reviewed for possible adjustment.
- If we cannot resolve the billing dispute through our adjustment process, the DRB process is explained to the Customer.
- A Customer is prohibited from the DRB process, if in the past two years, the Customer has had two unsuccessful review requests.
- The customer must contact WSSC within 60 days of the meter reading date upon which the bill is based.
- Our agents answer questions relating to the high usage and explain how to check for leaks.
- We schedule check readings, inspections, meter tests and field investigations, as necessary.
- The Customer Relations Group Leader reviews the account to determine if adjustment, based upon WSSC approved policy and procedure, is warranted.
- If no adjustment is warranted, the Group Leader notifies the Customer in writing and provides the forms necessary to proceed with the dispute.

DRB Hearings

- **The Customer Relations Group must receive the completed DRB hearing request within 30 days of the Group Leader's decision letter.**
- **When the customer returns the completed form, the case is assigned to a Correspondent.**
- **Again, the Correspondent reviews the account to ensure we have not overlooked a possible resolution.**
- **We prepare a case summary to present to the Board for review.**

DRB Decisions

- **After reviewing a case, the Board can:**
 1. **Adjust the charges without a hearing,**
 2. **offer a hearing, or,**
 3. **deny a hearing on the basis that WSSC has equitably addressed the issue.**
- **Based upon the Board's decision, the Customer Relations Group will mail a DRB decision notification letter.**
- **The Customer Relations Group offers liberal payment arrangements from 6 to 12 months depending on the Customer's individual circumstances.**

What happens when a customer is unhappy with the DRB's decision?

- The DRB's decision is the final WSSC avenue for unpaid bills.
- To take the case further, the customer must pay the outstanding charges and request a Refund Hearing.
- Upon request, Correspondence Services provides the customer with a Refund Hearing information sheet, hearing request form, and recaps.

Refund Hearings

- **Refund Hearings are our forum for disputed charges that have been paid.**
- **Unlike DRB hearings, all Refund Hearings are heard.**
- **The Refund Hearing Board, is comprised of WSSC volunteers from outside CRG (UC, GL or above), hears requests for less than \$1,000.**
- **One Commissioner or the Corporate Secretary hears refund requests from \$1,000 up to \$25,000.**
- **A quorum of at least 4 out of 6 Commissioners is required for hearing requests over \$25,000.**

How does a Correspondent prepare DRB and Refund Hearing cases?

- **The Correspondent reviews the customer's hearing request form and the account text.**
- **At this time, the Correspondent may offer the customer a free property inspection.**
- **Generally, we schedule a meter change and test the meter at no charge to the customer.**
- **Often, we speak with field personnel who have first-hand knowledge about the customer and property (i.e., is the garden in full bloom and the grass lush and green?)**

What is included in a case summary?

- **Customer's name, account number, and property address**
- **Disputed billing period(s) and ADC(s)**
- **Amount requested**
- **Nature of the claim – a summary of the customer's complaint.**
- **WSSC staff response – a summary of what we did to resolve the customer's dispute prior to the hearing; including property inspection and meter test results.**
- **Applicable WSSC policy – information regarding MD Laws and WSSC billing/adjustment policies that support WSSC's position.**
- **Staff recommendation – "There is no showing that the disputed charge 'was paid' in excess of the amount that was properly and legally payable.' Therefore, no refund is warranted under Maryland Public Utilities Code Annotated, §25-106(4)(f) "**
- **List of attachments – copies of the customer's request form and supporting documentation, recaps, Standard Procedures, Maryland Public Utilities Code Annotated, account text.**

ACCOUNT #4431282		DATE: 05/02/11
Customer Name: Joung Kim		
Address: 23628 Overlook Park Drive, Clarksburg, MD 20871		
Amount Requested: \$140.87	Total Amount Billed: (09/20/10 -- 12/27/10) \$291.74	
Historical ADC (gallons): (10/02/09 -- 01/04/10) 159	Disputed ADC (gallons): (09/20/10 -- 12/27/10) 275	
WSSC Review By: Jacquelyn Berry	Summary Prepared BY: Kara May	
NATURE OF CLAIM		
Mr. Joung Kim's basis for requesting a hearing is, "My concern is my bill [has] been averaging \$150 range since 2007 and during this month the bill [spiked] to \$291.74. I have [checked] my toilets, sinks, and bath tubs and there are no sign of leaks."		
WSSC STAFF RESPONSE		
<ul style="list-style-type: none"> • We recognize that people use water differently. However, typically, a person in the Washington Suburban Sanitary District uses an average of 70 gallons of water per day. According to our records, there were five occupants during the disputed period. Therefore, the typical average daily consumption (ADC) for the Kim's is 350 gallons (70 x 5 = 350). • In 2009, the property's ADC ranged from a low of 122 gallons on the March 31, 2009 bill to a high of 144 gallons on the July 6, 2009 bill, suggesting the Kim's were using less water than the "average" family of five. • The September 20 through December 27, 2010 bill reflected a 275-gallon ADC, or \$291.74. The usage was 27,000 gallons over 98 days. The ADC on the January 4, 2010 comparable bill was 159 gallons. • Mr. Kim's January 11, 2011 "check reading" confirmed the accuracy of the December 27, 2010 reading and indicated that since December 27, an additional 2,000 gallons of water registered on the meter. The ADC decreased to 133 gallons, normal usage for the Kim's based on their historical consumption, suggesting that the cause of the elevated usage was remedied. • Between January 11 and March 24, 2011, the ADC was 194 gallons. • The same meter registered normal, high and low consumption, indicating that the meter was responding to the varied amounts of water passing through the meter's registration chamber. • The property owner/occupant is responsible for all on-property plumbing; and subsequently, the water consumption that registers on the meter serving the property. • No reduction of charges is warranted based on WSSC's adjustment policies. 		
Applicable WSSC Policy: None.		
STAFF RECOMMENDATION		
There is no showing that the disputed charge "was paid in excess of the amount that was properly and legally payable." Therefore, no refund is warranted under Maryland Public Utilities Code Annotated, §25-106(4)(f).		
LIST OF ATTACHMENTS		
<ul style="list-style-type: none"> • Completed hearing request form. • Consumption and Reconciliation Recaps. • Relevant account text. • Notification of Adoption of Regulation. • Standard Procedures of the Washington Suburban Sanitary Commission (SP CUS 10-01) • Maryland Public Utilities Code Annotated, §25-106(4)(f). 		

Who attends the Refund Hearing?

- **A WSSC Attorney represents the Refund Hearing Board or Commissioners.**
- **One or more staff is available to testify and answer questions. Typically, this includes a Customer Relations Group staff member and, if necessary, a meter expert.**
- **If the customer is represented by an attorney, then the WSSC staff is also represented by an attorney.**
- **All Refund Hearings are recorded.**

What happens during the Refund Hearing?

- **The hearing officer welcomes the claimant and reads an opening statement provided by the General Counsel's Office on the purpose of the hearing, how it will be conducted, and when a decision will be issued.**
- **All who are to testify swear an oath that their testimony will be truthful.**
- **The claimant and the WSSC staff are asked for opening statements, and then to present their cases.**
- **Documentation may be entered into evidence.**
- **If any attorney is present he/she may question the parties.**
- **Additionally, the Refund Hearing Board, Corporate Secretary, or Commissioner(s) may ask questions at any time.**

Refund Hearing Decisions

- **Decisions should be rendered within 60-days of the hearing.**
- **The presiding attorney is responsible for writing the decision.**
- **The decision is the final WSSC avenue for appealing paid charges.**
- **If the customer is dissatisfied with the decision, the final appeal is a civil court of law.**
- **If the decision is in the customer's favor, the Correspondent hearing administrator initiates a Refund Hearing Adjustment and, if appropriate, ensures a refund check is mailed to the customer with the adjusted bill.**



WASHINGTON SUBURBAN SANITARY COMMISSION

14501 Sweitzer Lane • Laurel, Maryland 20707-5902 • (301) 206-WSSC (9772) • (301) 206-4001 • (800) 634-8400
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WATER AND SEWER BILL

Account Number: 0418004 Service Address: 1221 BRIGGS CHANEY RD Billing Period: 10/29/06 - 01/19/07 = 91 days

Average Daily Consumption
Typical per person: 70 gallons
Your Account This Period: 109 gallons

Important Messages

This adjusted bill was approved by the Commission in your refund hearing. If there is a credit on the account due to this adjustment, a refund check is enclosed. Otherwise, the credit has been deducted from the account balance due. If you have questions, please call (301) 206-8807.

Previous Charges	
Previous Balance	\$506.63
Payment(s) Received	506.63
Total Previous Charges	\$13.22
Current Charges	

Water Readings (Adjusted Refund Hearing)

Water Use Charges 10,000 gallons @ \$2.04 per 1,000 gallons	20.40
Sewer Use Charges 10,000 gallons @ \$3.56 per 1,000 gallons	35.60
Bay Restoration Fee	7.50
Account Maintenance Fee	11.00
Adjusted Charge	264.33

CREDIT BALANCE DO NOT PAY 191.83-

Account Number
0418004

Service Address
1221 BRIGGS CHANEY RD

RETURN THIS PORTION WITH YOUR PAYMENT - PLEASE MAKE CHECK
PAYABLE TO WSSC AND WRITE YOUR WSSC ACCOUNT NUMBER ON THE
CHECK

DR. MANCHAND SALOD
12704 BARBARA RD
SILVER SPRING MD 20906

AMOUNT DUE NOW

~~NONE~~

AMOUNT DUE AFTER

BILL PAYMENT

WATER FUND CONTRIBUTION

TOTAL PAYMENT



Washington Suburban Sanitary Commission

14501 Sweitzer Lane • Laurel, Maryland 20707-5901

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Via Email: Keith.Levchenko@montgomerycountymd.gov

October 2, 2014

Mr. Keith Levchenko
Senior Legislative Analyst
Montgomery County Council Staff
100 Maryland Avenue, 5th Floor
Rockville, MD 20850

Re: October 6 meeting on WSSC Billing Dispute Resolution Process - Draft Agenda and Questions

Dear Mr. Levchenko:

We are responding to your request for information for our October 6, 2014 meeting. Below are the answers to your question along with attached supporting documentation.

1. Please provide all of the written policies WSSC has in place with regard to the billing dispute process and refund hearing process.

Please see the information below and attachments numbers 1 and 2.

There are two official avenues through which customers can have their billing concerns addressed: the Dispute Resolution Board (DRB) and the Refund Hearing Board (RHB).

Overview:

- WSSC is entrusted by our community to provide safe and reliable water, life's most precious resource, and return clean water to our environment, all in an ethical, sustainable, and financially responsible manner.
- When a customer disagrees with our bill, we review the customer's account to determine whether a reduction in charges is warranted. We advise the customer how to check for leaks, schedule check readings, inspections, and/or field investigations if necessary. If warranted, we initiate an adjustment.
- The DRB and Refund Hearing processes handle the wide breadth of issues that can arise from billing disputes.
- WSSC builds multiple checks and balances into the customer service process, such as: allowing customer volunteers to sit on the DRB, limiting the terms of board members, and the suspension of payment-seeking methods pending investigation.
- Adjustments are offered to the customer depending on a variety of situations.
 - Special Billing Unit can use approximately 47 different types of adjustment codes to ensure accounts are being billed accurately.

- The most commonly used adjustment is the Single Unit Residential High Bill adjustment. This adjustment is offered when the customer's usage increases by at least three times the normal usage and no other applicable adjustment is available. This adjustment removes 50% of the excess water and sewer usage on one bill. Eligible customers may receive such an adjustment for one billing period once every seven years.

Dispute Resolution Board (DRB):

- The DRB is the process by which unpaid bills can be disputed.
- The DRB is composed of two customer members and one volunteer WSSC employee member.
- At the customer's request, a DRB form will be sent to their home via certified mail.
- The DRB reviews all DRB requests and responds with a written form decision. As part of its review, the DRB may conduct a hearing with the customer and WSSC staff.
- Once a customer requests a DRB review, WSSC suspends further efforts to collect the bill, including service disconnection. (Please see PowerPoint presentation detailing what the Customer Relations Group (CRG) does when a customer requests a DRB).
- If the DRB determines that a hearing is required, the customer is notified of the time, date, and place. The customer can choose to be represented by anyone of his or her choosing. Customers are offered the option of testifying at the hearing via telephone.
- The customer will be informed of the DRB's decision by mail within 10 working days after review.

Refund Hearings

- Pursuant to the Md. Ann. Code, Public Utilities Article, § 25-106, customers may file a written claim with WSSC requesting a refund of charges paid to WSSC that the customer claims are not properly payable. (Please see PowerPoint presentation detailing what CRG does when a customer requests a Refund Hearing)
- Unlike the DRB requests all customers are granted a Refund Hearing. Customers are offered the option of testifying at the hearing via telephone.
- The RHB, which consists of three WSSC non-CRG management level employees, hears all refund requests concerning paid charges less than \$1,000.00. The Corporate Secretary hears all refund requests equal to or greater than \$1,000.00 but less than or equal to \$25,000.00. A quorum of Commissioners hears cases involving paid charges that exceed \$25,000.00.
- Refund Hearings are the final appeals process within WSSC. The customer may testify, call witnesses, cross-examine any WSSC witnesses, offer evidence, and present summation and argument. Legal representation is optional.
- All refund hearings are recorded, formal decisions are issued, and the customer may appeal the refund decision to the Circuit Court.

2. Please provide some background on the changes made to the Dispute Resolution Board in recent years (including changes stemming from WSSC's internal audit report of the DRB).

Please see attachment number 3 Standard Procedures of the Washington Suburban Sanitary Commission, SP Number 94-01 effective May 2, 1994 to March 31, 2012 for comparison with attachment number 1.

- To ensure timely resolution of billing disputes, WSSC added timing requirements to the SP requiring customers who are dissatisfied with an unpaid water/sewer bill to contact WSSC within 60 days of the meter reading date upon which the bill is based. Additionally, WSSC must receive the customer's completed DRB request form within 30 days of the date of the letter sent by the Customer Relations Group.
- To equitably distribute the workload, effective April 1, 2012, WSSC changed from one Board to two. The Board comprises two volunteer customer members solicited from WSSC's Customer Advisory

Board, and one volunteer WSSC employee member. The General Manager may appoint up to two alternate customer members to provide customers with more opportunities to serve and to encourage an unbiased perspective, the term of each customer member was limited to two years.

- For accounts that are denied adjustments, WSSC includes with the denial letter mailed to customers the Refund Hearing information and request form for further disputing the account charges once the bill is paid in full.

3. One-Time Bill Forgiveness Policy

- a. What parameters does WSSC follow in providing "one time" (available to a customer once every 7 years I think) bill forgiveness (up to 50% of the total bill I think)?
- b. Is this one-time forgiveness in addition to any bill corrections or errors acknowledged by WSSC?
- c. Why are some customers approved for this forgiveness and others not?
- d. Is this budgeted as an expense in the WSSC budget or simply reflected as reduced revenue?
- e. Does WSSC assume a certain value in total approvals each year? What is the impetus for having a 50% limit?

Please see attachment number 4 Standard Procedures of the Washington Suburban Sanitary Commission, SP Number 10-01 effective July 1, 2008 to present.

- WSSC has 47 different types of bill adjustment and correction codes for water and sewer bills to ensure customers are billed fairly and accurately.
- The High Bill Adjustment is only one type of adjustment. If a billing error has been made, we correct the account under one of our correction codes.
- WSSC maintains all Commission water and sewer mains, service connections, water meters, and appurtenances. The water/sewer bill charges customers for water consumption that registers on the meter serving the property. The property owner is responsible for maintaining all plumbing on private property, and for paying for water that registers on the meter, including water that may be lost due to leaks.
- As a courtesy to all our customers, WSSC offers a high bill adjustment to single unit residential properties.
 - This adjustment is offered when the customer's usage increases by at least three times the normal usage and no other applicable adjustment is available. The adjusted bill excludes water and sewer use charges attributable to 50% of the water use in excess of the property's comparable ADC, or current ADC if comparable is unavailable. Eligible customers may receive such an adjustment for one billing period once every seven years. Since, ultimately, the property owner is responsible for residential plumbing, normal usage plus 50% of the cost of the excess usage is the property owner's responsibility.
- Single Unit Commercial Properties are also eligible for a courtesy one-time high bill adjustment.
 - This adjustment is offered when the water consumption increases at least three times greater than the comparable ADC (or the current ADC if the comparable is unavailable) due to unexplained reasons and for which no other applicable WSSC policy exists. The adjustment removes the charges for 25% of the excess water and sewer usage. Since ultimately the property owner is responsible for all on-property plumbing, normal usage plus 75% of the cost of the excess usage is the responsibility of the owner. Eligible customers may receive this adjustment only once, for one billing period.
- To be fair and equitable, and to remain fiscally responsible to our ratepayers, customers must meet all the criteria to qualify for our courtesy adjustments.
- Since July 1, 2008, the High Bill Adjustment is subject to availability of funds in the WSSC approved budget. Due to the poor economic climate, in Fiscal Year 2011, which began July 1, 2010 and

ended June 30, 2011, there were no funds in the WSSC approved budget for high bill adjustments. That year and the following year WSSC employees had to forgo merit raises, cost of living increases, and numerous other budget reductions. Matching 401k funds were withdrawn in Fiscal Year 2011 and have not been reinstated.

- Since Fiscal Year 2012, High Bill Adjustments have been funded each year.
- Although funds are allocated in the budget for High Bill Adjustments, all customers who qualify for High Bill Adjustments will receive this bill reduction regardless of the budgeted funds.
- Below are the High Bill Adjustment statistics for the last five fiscal years:

Fiscal Year	Number of Adjustments	Adjusted Amounts
2010	2,266	\$-1,113,589.29
2011	1	\$- 677.65
2012	1,862	\$- 835,797.01
2013	2,401	\$-1,067,824.58
2014	2,728	\$-1,572,680.70
Totals	9,258	\$-4,590,569.23

4. Water Meters

- a. Are WSSC's water meters independently certified as accurate before being put in service? If not, what process does WSSC use to verify that its new meters are working properly before being put in service?
- b. How does WSSC verify that a residential water meter already in service is functioning properly?
- c. Can water meters misread water usage but then otherwise function properly when later tested?
- d. Does WSSC charge a fee to a property owner to check the accuracy of their water meter? If charged, under what situations can this fee be waived?

Please see attachment number 5 American Water Works Association (AWWA) Meter Testing Standards.

- The WSSC technical specifications for meters require accuracy performance more stringent than AWWA standards. The specifications also require that ALL meters purchased must be tested by the manufacturer, a copy of those test results submitted with each shipment, and a test tag of the results affixed to each individual meter.
- Additionally, upon arrival from the manufacturer and prior to official acceptance of the shipment, a ten percent (10%) random sample is selected from each shipment of new meters for inspection and testing. The sample is inspected visually for any defects, electronically to ensure compatibility with our reading and billing system, and then flow-tested on our state-of-the-art gravimetric system to verify compliance with specified accuracy requirements. Failure to pass inspection and testing results in the entire shipment being rejected.
- The handheld computer utilized for collecting readings contains information on each account in the meter reading route. When the meter is read by WSSC personnel at the customer's property, the consumption is automatically compared to the normal consumption for that individual account. If the consumption indicated is either significantly higher or lower than normal parameters, personnel receive an alert with a request to verify the entry.
- If the reading is too high or too low, WSSC will:
 - Schedule follow-up readings.
 - Visually inspect the meter.
 - Test the meter at our specially equipped meter testing facility.

- All of the meters currently utilized for WSSC's residential accounts are positive displacement meters. A positive displacement meter actually measures the direct volume of water flowing through the measuring chamber; nothing is inferred. In the rare event a meter were to over-register, it would over-register from installation. It is not possible for a meter of this kind to over-register, then under-register, and then run within required accuracy parameters. Additionally, if water does not pass through the measuring chamber, no usage is indicated on the meter's register.
- Its durability, consistency, and long life cycle are the reasons positive displacement meters are the most predominantly used type of meters for residential accounts by water utilities. The scenario indicated cannot happen with WSSC residential meters.
- Yes, WSSC charges a fee to a property owner to check the accuracy of their water meter. The current fee (FY'15) to perform an accuracy test is one hundred ninety dollars (\$190) which is billed to the customer's water/sewer account. However, that fee does not reflect the Commission's actual cost of the meter test. A residential meter cannot be tested at the customer's property; it has to be removed and replaced with a new one. In addition to the replacement, there are costs associated to opening, closing, and processing a work order, transportation, and labor, etc. The fee is refunded if the meter test indicates over-registration exceeding specified parameters of accuracy (98-101.5%).
- In cases where customers are specifically disputing the accuracy of our meters, (DRB and/or Refund Hearing), WSSC will typically waive the \$190 fee.

5. WSSC's Billing System

- a. How does WSSC confirm the accuracy of its billing system?
 - b. How often does WSSC find mistakes on bills?
 - c. What are the causes of these mistakes? Computer system problems? Human input errors?
 - d. What is the status of WSSC's planned upgrades to its billing system?
- WSSC's current billing database is dependent on information either directly uploaded or manually input. The accuracy of the billing is directly related to the correctness of the information gathered and entered by the users.
 - Each fiscal year, WSSC reads approximately 10.2 million meters. For the past two fiscal years, our error rate was .027%, which means 99.97% of meter readings were accurate.
 - Account Services representatives review excessive bills (ADC of 5,000 or higher) to ensure the accuracy before mailing. The tolerance is as follows:
 - **High-Tolerance:** All monthly/quarterly accounts are 275% above "normal readings."
 - **Low-Tolerance:** Monthly accounts are 60% below "normal readings."
 - **Low-Tolerance:** Quarterly and other accounts are 4% below "normal readings."
 - Human error is the major cause of reading errors. Our computer system prompts us to possible incorrect readings based on the abovementioned tolerance guidelines, and acceptance or rejection of the reading is up to the processor based on historical or customer information.
 - All residential meters installed since 1995 are equipped with Automatic Meter Reading (AMR)/ Advanced Metering Infrastructure (AMI) compatible registers. The majority of meters are touch-read through a remote pad regardless of whether they are located in an inside or outside setting. Replacing the remote pad with a Meter Interface Unit (MIU) can convert these meters to AMR/AMI reading technology. Neither the meters nor the method used to read them is antiquated.
 - AMR/AMI technology is currently evolving quite rapidly. In a relatively short span a time it has evolved from basic "walk-by" and "drive-by" systems to "fixed-network" data collection allowing meter reading to be performed without leaving the office. While the capabilities of the systems are impressive, the cost of a full-scale implementation of AMR/AMI technology at a utility the size of WSSC has been estimated at approximately \$80 million dollars.

- WSSC has converted our metering equipment at approximately 8,500 large commercial properties and a few residential properties. Commercial properties are the most difficult meters to read (often in very deep meter vaults) and most frequently read (monthly).
- In the future, we hope to convert our metering equipment at all properties.
- Additionally, we are in the beginning phase of implementing a new comprehensive database that will incorporate this new technology, which has the ability for hourly fixed-network data collection that can increase meter readings from 10.2 million per year to 10.8 million per day. This will allow us and our customers to identify spikes in usage much earlier.

6. On-Site Inspections

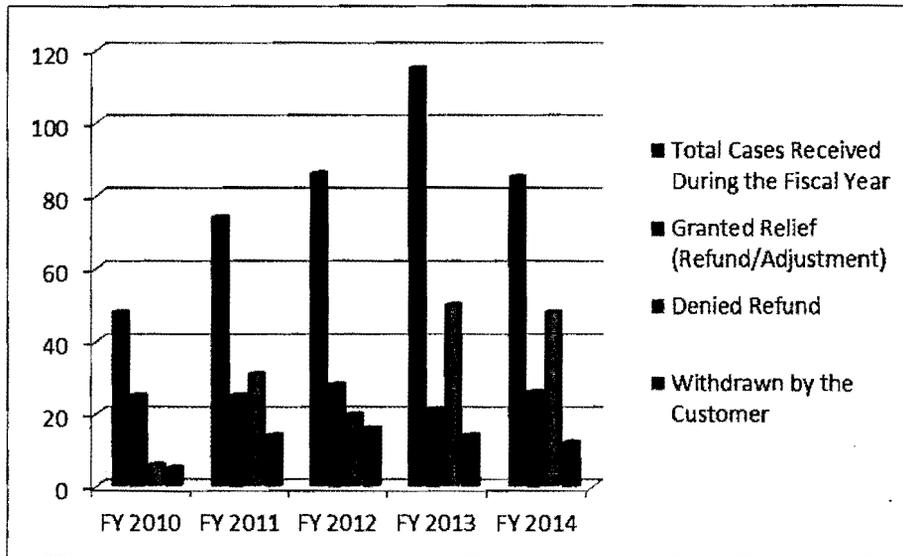
- a. Under what circumstances will WSSC visit a property as a result of a billing dispute?
 - b. Are fees charged for these services? If yes, under what situations can this fee be waived?
- The first step when a customer questions the accuracy of a bill is to verify the billed meter reading.
 - For customers with inside meters, we request the customer provide a “check” reading. In cases where customers cannot locate or read the meter, we will visit the property to read the meter a second time.
 - For outside meters, we visit the property to reread the meter.
 - We will schedule a “field investigation” to visit the property to confirm that the meter assigned to the property is the one installed and being read. Additionally, for customer with outside meters, we will visit the property and observe the meter for movement/registration.
 - Although any leaking plumbing fixture is solely the responsibility of the property owner, WSSC offers a plumbing inspection to help residential customers locate leaks. Our inspectors check fixtures such as toilets, hose bibbs, faucets, and pipes. However, our inspectors are not plumbers; therefore, they cannot make repairs if a leak is identified.
 - WSSC conducts meter tests to determine the accuracy of its meters. The tests are conducted according to accuracy standards recommended by the AWWA (see attachment number 6). Residential meters are removed from the property and tested at our specially equipped meter testing facility. Large commercial meters are tested on-site.
 - No fees are assessed for check readings or field investigations. For information, we conduct multiple check readings and/or field investigations during the dispute process.
 - The \$70.00 plumbing inspection fee is often waived if the customer is elderly, physically, mentally or financially challenged.
 - Further, the plumbing inspection and meter test fee is typically waived as part of the dispute process (DRB and/or Refund Hearing).
 - The \$190.00 meter test fee is charged to the water account in advance. We will reimburse the \$190.00 fee if the test concludes that the meter was in fact over-registering based on AWWA standards.

7. What is the status of WSSC’s Advanced Metering Infrastructure effort?

- Prior to implementing AMR/AMI technology, WSSC engaged R. W. Beck, Inc to provide a thorough, unbiased assessment of the costs and benefits of an investment in Advanced Metering Infrastructure.
- WSSC has since converted our metering equipment at approximately 8,500 large commercial properties and a few residential properties.
- Commercial properties are the most difficult meters to read (often in very deep meter vaults) and most frequently read (monthly).
- There are approximately 460,000 WSSC accounts in Prince George’s and Montgomery Counties. Some are served by multiple meters.

8. Provide some metrics of the Dispute Resolution and Refund programs; what has the past 5-year trend looked like? How many cases have been submitted? What percentage were granted some relief? How long does the process take to address from request to refund/adjustment?

Below is a graph illustrating the five-year trend for Refund Hearings for each Fiscal Year from 2010 to 2014.



The breakdown is as follows:

FY – 2010 (July 1, 2009 – June 30, 2010)

- average length of refund hearing process – 145 days
- 17 carryover cases on July 1, 2009
- 48 cases received during the fiscal year
- 36 cases closed during the fiscal year
 - 5 cases withdrawn by the customer
 - 6 cases denied refunds
 - 9 cases resolved by CRG during the period
 - 16 cases granted refunds
 - 69.4% granted relief

FY – 2011 (July 1, 2010 – June 30, 2011)

- average length of refund hearing process – 192 days
- 30 carryover cases on July 1, 2010
- 74 cases received during the fiscal year
- 70 cases closed during the fiscal year
 - 14 cases withdrawn by the customer
 - 31 cases denied refunds
 - 9 cases resolved by CRG during the period
 - 16 cases granted refunds
 - 35.7% granted relief

FY – 2012 (July 1, 2011 – June 30, 2012)

- average length of refund hearing process – 206 days
- 36 carryover cases on July 1, 2011
- 86 cases received during the fiscal year
- 64 cases closed during the fiscal year
 - 16 cases withdrawn by the customer
 - 20 cases denied refunds
 - 12 cases resolved by CRG during the period
 - 16 cases granted refunds
 - 43.7% granted relief

FY – 2013 (July 1, 2012 – June 30, 2013)

- average length of refund hearing process – 216 days
- 54 carryover cases on July 1, 2012
- 115 cases received during the fiscal year
- 85 cases closed during the fiscal year
 - 14 cases withdrawn by the customer
 - 50 cases denied refunds
 - 4 cases resolved by CRG during the period
 - 17 cases granted refunds
 - 24.7% granted relief

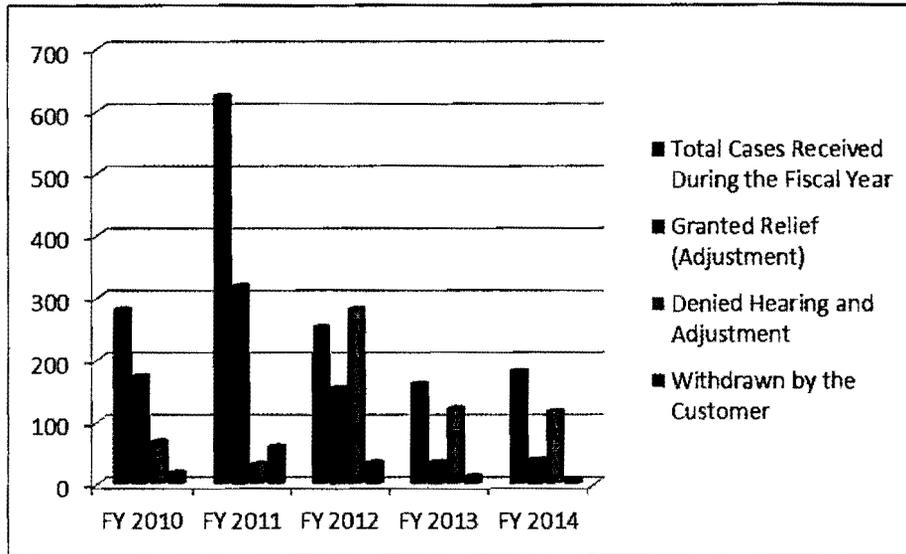
FY – 2014 (July 1, 2013 – June 30, 2014)

- average length of refund hearing process – 247 days
- 77 carryover cases on July 1, 2013
- 85 cases received during the fiscal year
- 86 cases closed during the fiscal year
 - 12 cases withdrawn by the customer
 - 48 cases denied refunds
 - 7 cases resolved by CRG during the period
 - 19 cases granted refunds
 - 30.2% granted relief

TOTALS FY – 2010 to 2014 (JULY 1, 2009 – JUNE 30, 2014)

- average length of refund hearing process – 210 days
- 19 carryover cases on July 1, 2009
- 408 cases received during the period
- 341 cases closed during the period
 - 61 cases withdrawn by the customer
 - 155 cases denied refunds
 - 41 cases resolved by CRG during the period
 - 84 cases granted refunds
 - 36.65% granted relief

Below is a graph illustrating the five-year trend for DRB review for each Fiscal Year from 2010 to 2014.



The breakdown is as follows:

FY - 2010 (July 1, 2009 through June 30, 2010)

69 carryover disputes on July 1, 2009
 281 disputes received during FY
 283 disputes closed during FY
 19 disputes withdrawn
 69 disputes denied hearing and adjustment
 41 disputes resolved without need for review
 133 disputes reviewed and granted adjustment without a hearing
 21 hearings conducted
 All Disputed Charges: \$360,182.85
 DRB Amount Granted \$297,607.16
 82.63% of the disputed amount adjusted

FY - 2011 (July 1, 2010 through June 30, 2011)

66 carryover disputes on July 1, 2010
 625 disputes received during FY
 416 disputes closed during FY
 60 disputes withdrawn
 33 disputes denied hearing and adjustment
 36 disputes resolved
 283 disputes reviewed and granted adjustment without a hearing
 4 hearings conducted
 All Disputed Charges: \$487,340.69
 DRB Amount Granted: \$306,556.27
 62.9% of the disputed amount adjusted

FY - 2012 (July 1, 2011 through June 30, 2012)

275 carryover disputes on July 1, 2011
 252 disputes received during FY
 482 disputes closed during FY
 35 disputes withdrawn

282 disputes denied hearing and adjustment
42 disputes resolved
112 disputes reviewed and granted adjustment without a hearing
11 hearings conducted
All Disputed Charges: \$1,194,582.48
DRB Amount Granted: \$ 261,111.92
21.86% of the disputed amount adjusted

FY - 2013 (July 1, 2012 through June 30, 2013)

45 carryover disputes on July 1, 2012
161 disputes received during FY (=206)
177 disputes closed during FY
13 disputes withdrawn
122 disputes denied hearing and adjustment
8 disputes resolved
28 disputes reviewed and granted adjustment without a hearing
6 hearings conducted
All Disputed Charges: \$277,473.96
DRB Amount Granted \$ 96,470.26
34.77% of the disputed amount adjusted

FY - 2014 (July 1, 2013 through June 30, 2014)

29 carryover disputes on July 1, 2013
182 disputes received during FY
172 disputes closed during FY
8 withdrawn
117 denied hearing and adjustment
10 resolved
30 reviewed and granted adjustment without a hearing
7 hearings conducted
All Disputed Charges: \$355,253.79
DRB Amount Granted: \$134,037.23
37.73% of the disputed amount adjusted

TOTALS - FY2010 – FY 2014 (July 1, 2009 through June 30, 2014)

72 carryover disputes on July 1, 2009
1,501 disputes received
1,529 disputes closed
135 disputes withdrawn
625 disputes denied hearing and adjustment
137 disputes resolved without need for review
585 disputes reviewed and granted adjustment without a hearing
48 hearings conducted
All Disputed Charges: \$2,674,833.77
DRB Amount Granted \$1,106,609.83
41.37% of the disputed amount adjusted

I hope this information is helpful. Please feel free to contact me with any additional questions.

Sincerely,

Derrick D. Phillips
Acting Customer Relations Team Chief



Washington Suburban Sanitary Commission

14501 Sweitzer Lane • Laurel, Maryland 20707-5901

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GENERAL MANAGER
Jerry N. Johnson

July 18, 2014

Eric Friedman, Director
Office of Consumer Protection
Montgomery County
100 Maryland Avenue, Suite 330
Rockville, Maryland 20850

Dear Mr. Friedman:

I have received your report, WSSC Water Bills Inquiry-June 16, 2014. I trust my staff provided all of the information and cooperation you requested. It was and is our intention to always cooperate fully and provide everything you needed to conclude a thorough and fair review.

After a very thorough review of the report and thoughtful consideration I find that I must respectfully take exception to statements in the report and both of your primary conclusions.

First, your statement that "Only the Amount of Daily Consumption (ADC) is appropriate to be used for comparison purposes", is incorrect because the ADC only determines the rates charged for water and sewer usage. However, the length of a billing cycle is a critically important determining factor in the actual amount billed to a customer. This fact becomes very clear when, for example, the billing cycle is as much as one-third longer than our usual cycle as it was during the period of time that was in question.

Furthermore, the report states four possible explanations for the high bills. The last point, "the meter was not properly operating," is highly unlikely. Our staff meter expert, Mr. Thomas Kelly states, "In the rare event that a residential meter was not operating properly, it would actually *under-register* usage." He notes that we use positive displacement meters on all WSSC residential meter installations. Positive displacement meters are the most widely-used type of meter for residential applications within the water industry due to their long-term durability and accuracy. Positive displacement meters do *not* fluctuate in accuracy (Mr. Kelly is recognized for his expertise both nationally and regionally). He has served on and also chaired several American Water

Eric Friedman
July 18, 2014
Page 2

Works Association (AWWA) committees related to meters. WSSC will make him available should you wish to speak with him to further explore this matter.

If you review our previous news releases and public statements on this subject, we noted that bills were high primarily because the regular quarterly billing cycle would have more days of usage as a result of the delayed meter readings associated with unusually bad weather. We consistently stated that customer bills would be lower than normal in the next billing cycle because that quarterly bill would have fewer days in the billing cycle as our meter readers returned to their regular meter reading dates.

I am disappointed that the Office of Consumer Protection (OCP) did not wait to issue the report until those results were available. To my knowledge the OCP did not ask for the results, which makes the report less than complete. I am, however, providing that additional data which confirms our explanation of this matter as Appendix A under cover of this correspondence (as before, I trust that our customers' personal information will not be made public). As you will note upon review, of the 60 accounts previously examined, all received lower bills during the most recent billing cycle.

Next, the OCP does not dispute any of the WSSC's findings on customer accounts. In fact, it would appear that notes from the OCP on the customer spread sheet support WSSC's notes and findings on individual accounts. Absent the presence of any substantive analysis, the OCP has made recommendations about dispute procedures and automatic meter reading.

I must emphasize that we are here to provide service to our customers in all facets. We take that responsibility seriously. All of our customers deserve fair and equitable billing procedures and dispute procedures and WSSC meets that expectation in the overwhelming majority of cases. The record demonstrates that if we make a mistake we correct it. We have processes in place to resolve customer concerns, including:

- Obtain meter readings to verify billed meter readings;
- Ask customers to investigate for possible leaks, especially toilet leaks;
- Offer property inspections for a \$70 fee (Waived under certain conditions);
- Offer meter tests for a fee (Waived under certain conditions);
- Provide billing adjustments when warranted per WSSC policy;
- Offer payment installment plans;
- Offering a dispute process for paid and unpaid bills;

Regarding that disputer process, specifically the third-party review, neither the OCP nor County Attorney Office appear to state clearly that each panel of the Dispute Resolution Board (DRB) is **composed of at least 2 rate payer/consumer and/or public members.** Therefore, though the DRB is provided staff support by WSSC employees,

Eric Friedman
July 18, 2014
Page 3

there is oversight of the dispute process by third parties not directly connected to WSSC. Bringing in a third party would be redundant. Additional third party review could be more cumbersome, time consuming and costly, and the report does not demonstrate that a different process would be more effective or transparent.

The OCP states that this (large) number of complaints about WSSC bills "...has not been received by our office at any time during the past 30 years." I do not doubt that statement. But let's put it in perspective.

The report cited the Councilmember's concern with the "deluge" of customer complaints about the high bills. At the request of the OCP and the Councilmember's office we reviewed 60 separate customer bills. That's out of 475-thousand accounts. And problems were found with only nine, of which only one was a WSSC error:

- 1 meter reading error and that bill was adjusted.
- 1 estimated bill and that was re-billed with an actual reading.
- 5 toilet leaks of which 3 qualified for and were given high bill adjustments.
- 1 gasket leak that was adjusted.
- 1 underground leak that was adjusted.

Considering that every one of our customers was affected by this extended billing period, WSSC did not receive an unusual number of complaints from either Prince George's County or Montgomery County customers. Sixty complaints out of 475,000 (from a very limited geographic area) is not a deluge.

With respect to the great value of Automatic Meter Reading or "AMR", we agree. We have already taken steps to implement AMR; it is part of our current adopted IT Strategic Plan. We must first update our IT infrastructure in order to support a state-of-the-art system (5-Year IT Strategic Plan, page 13). AMR (Or Advanced Metering Infrastructure -AMI) is also part of our current CIP (Available on our website, p.7-14) with nearly \$1 million for planning in the current fiscal year and a total estimated cost of \$80 million.

As you are aware, this utility is still recovering from years of no rate increases followed by several years of less-than-inflation rate increases. We have been addressing more immediate priorities, such as aging underground infrastructure. I, however, very much appreciate your interest in and your potential support for the future AMI system.

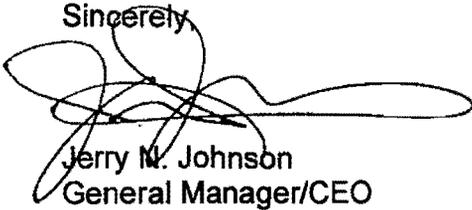
In conclusion, I appreciate the effort of your office in preparing the report, but respectfully disagree with some of your assumptions and your implication regarding third party review. I also regret that your office did not take the time to review the billing results from the shorter billing cycle that followed the extended one. Now that it is

Eric Friedman
July 18, 2014
Page 4

available, perhaps reviewing the additional data will offer you a modified perspective. We are in basic agreement on the issue of automatic meter reading.

I believe our system is fair. We take our mission very seriously; to provide water and wastewater services to all of our customers in a financially responsible manner. This includes the fair and equitable treatment of all of our customers in all matters, financial and otherwise.

Sincerely

A handwritten signature in black ink, appearing to read "Jerry M. Johnson", written over a horizontal line.

Jerry M. Johnson
General Manager/CEO

Enclosure

- c: The Honorable Roger Berliner, Councilmember, Montgomery County
Chairman Boulware and Commissioners, WSSC
Derrick D. Phillips, Acting Chief of Customer Relations, WSSC

Montgomery County Council Press Releases & Statements

Montgomery County Councilmember Roger Berliner's Statement on the Office of Consumer Protection's Report on WSSC Billing Disputes

- Release ID: 14-176
- Release Date: 6/16/2014
- Contact: Neil Greenberger 240-777-7939 or Delphine Harriston 240-777-7931
- From: Council Office

Montgomery County Councilmember Roger Berliner, who chairs the Council's Transportation, Infrastructure, Energy and Environment Committee, today made the following statement regarding a report on billing practices and the billing dispute resolution process of the Washington Suburban Sanitary Commission (WSSC).

The complete text of Councilmember Berliner's statement:

Following a deluge of constituent complaints regarding recent WSSC bills, I requested our county's Office of Consumer Protection (OCP) to examine WSSC's billing practices and billing dispute resolution process. I want to commend Mr. Friedman and the Office of Consumer Protection for their report that reviewed these issues. The report confirms a need for a fair and independent forum for consumers to challenge WSSC bills.

As the report notes, at no "time during the past 30 years" has OCP received this many complaints about excessive water bills. Significantly, "WSSC and consumers typically assert contradictory conclusions" regarding the cause of these high bills. WSSC asserts that consumers either "used more water" or "had a leak," while consumers maintain that either "the meter was not properly read" or that "the meter was not properly operating." Constituents report that these discrepancies continue well after potential leaks have been ruled out and maintain that their average household usage has not changed. These extraordinarily high bills have caused real hardships for our residents, particularly the elderly living on fixed incomes.

Most importantly, the report highlights a "deficiency in the regulatory structure"—the "lack of independent oversight with respect to WSSC and complaints regarding WSSC bills." State law does not give our County that authority. As it stands, WSSC is the sole arbiter of whether a bill is correct. Consumers are clearly at a disadvantage and this needs to change. Accordingly, I will be working with our state delegation in the months ahead to create a fair and independent forum that will better serve our County's ratepayers.

###



OFFICE OF CONSUMER PROTECTION

Isiah Leggett
County Executive

Eric S. Friedman
Director

MEMORANDUM

June 16, 2014

TO: Roger Berliner, Councilmember
Montgomery County Council

FROM: Eric Friedman, Director
Office of Consumer Protection

RE: WSSC Water Bills

You requested that our office review information you obtained from the Washington Suburban Sanitary Commission (WSSC) and further review complaints from residents regarding higher than normal water bills.

Our office has analyzed the information. Attached is our report along with the background information. Our office will continue to handle the individual complaints filed with our office on a case-by-case basis and will continue to work with WSSC to determine what adjustments may be appropriate and to provide information to consumers.

We trust that this report may be of value to you. Please feel free to contact me if any additional information is requested. Thank you.

ESF/wd

WSSC Water Bills Inquiry – June 16, 2014
Montgomery County Office of Consumer Protection

In April 2014, OCP began an inquiry into complaints about WSSC water bills after receiving the names and addresses of approximately 50 residents of MC who contacted Councilmember Roger Berliner, County Executive Ike Leggett, or the Office of Consumer Protection. These residents believed that water bills they received from WSSC were incorrect and higher than normal. (see Councilmember Berliner letters and newspaper articles – attachment A).

This large a number of complaints regarding WSSC water bills has not been received by our office at any time during the past 30 years. In addition, these complaints appear to have been exacerbated by the severe winter weather conditions which prohibited WSSC from reading meters in a timely fashion and resulted in longer than usual "quarterly" billing cycles.

OCP reviewed information WSSC provided to Councilmember Berliner, reviewed documentation provided by residents, and obtained first-hand information in the field from a WSSC meter reader. In addition, OCP reviewed State of Maryland statutes regarding water utilities, requested an opinion from the Office of the County Attorney, and gathered general information from other water utilities. (see County Attorney Memorandum and State Code – attachment B).

Residents filing complaints typically make reference to how much more they were required to pay WSSC from one bill compared to previous WSSC bills. However, while the amount the resident is told to pay may be upsetting to consumers, the dollar amount referenced in a WSSC bill is not of value for comparison purposes. The length of each billing cycle varies and the rates change periodically. Only the amount of water usage (Average Daily Consumption) is appropriate to be used for comparison purposes.

WSSC and consumers typically assert contradictory conclusions to explain identical facts. Both contradictory conclusions may be equally plausible and may be impossible to prove. For example, where there is a spike in water usage followed by a return to normal usage, the consumer may conclude that WSSC misread the meter or that the meter malfunctioned. However, WSSC may conclude that the consumer used more water or had an intermittent leak.

While there is no "one size fits all" explanation for each consumer's allegations, there appear to be a limited number of possible explanations for why water usage and the corresponding water bill may be higher than usual:

- the consumer used more water,
- the consumer had a leak (permanent or intermittent),
- the meter was not properly read by WSSC, or
- the meter was not properly operating.

In some instances a spike in water usage was followed by a return to normal water usage readings. In some cases the fluctuations were 200% to 400% while other consumers experienced fluctuations of 5% to 100%. In some cases, the fluctuations resulted in lower usage as well as in higher usage and bills (see OCP chart – attachment C).

WSSC's responses to complaints from residents regarding high water usage and bills are generally limited in number. In the majority of cases, WSSC has confirmed that its bills are accurate. In many cases the underlying cause of any spike in usage will remain a mystery, as no definitive answer is ascertainable. (See WSSC Press Release regarding higher water bills and WSSC letters with charts – attachment D).

WSSC maintains several internal mechanisms and procedures to address billing dispute complaints from consumers:

- Consumers may first contact WSSC's "Customer Relations Group" to seek assistance regarding billing disputes.
- With regard to unpaid charges, consumers may then file a complaint with WSSC's "Dispute Resolving Board." By statute, the DRB may only grant adjustments that are authorized by approved WSSC policies and procedures.
- With regard to paid charges, consumers may file a claim for a "Refund Hearing."
- Subject to available funding, WSSC also offers "Residential Bill Adjustments" of 50% of the excess water/sewer usage to individual customers once every seven (7) years if the water consumption increases at least three (3) times greater than normal usage.
- On occasion WSSC may offer to waive the cost to have a WSSC inspector visit a consumer's home to look for water leaks (currently \$70.).
- On occasion WSSC may offer to waive the cost to have WSSC remove and bench test a meter (currently \$190.).

WSSC maintains approximately 475,000 residential water meters in Montgomery County. Approximately 161,000 meters are located in a hole or "pit" in the ground outside each resident's house. Approximately 313,154 are found inside each resident's house; of which approximately 19,000 can only be read by WSSC by going inside the consumer's house. In addition WSSC maintains 386 "Automatic Meter Reader" residential water meters that can be read by WSSC using "drive-by" electronic technology.

Other local water utility companies appear to have more sophisticated meter reading capabilities. "Automatic Meter Readers" enable a utility company to "drive-by" a resident's home and retrieve/record the meter reading without having to physically see or touch the metering device and without having to manually input a series of numbers. All of the residential water meters in the City of Rockville are read by the utility company using "drive-by" technology. In addition, most of the water meters in Howard County are read electronically via radio interface, thereby minimizing human error (see attachment E).

Summary

The major customer frustration and apparent deficiency in the regulatory structure regarding these issues appears to be a lack of independent oversight with respect to WSSC and complaints regarding WSSC bills. All of the current avenues of redress for consumers with regard to billing disputes are administered within WSSC and without requiring WSSC to report to any independent review body. The limited review of WSSC rates by the Montgomery County and Prince George's County Councils does not appear to provide any oversight regarding complaints against WSSC, including billing disputes. In addition, the Maryland Public Service Commission does not take complaints, such as billing disputes, regarding municipally-owned water companies. Accordingly, it appears that WSSC does not "report" to any independent review body with regard to billing disputes and related issues.

While the extent to which these consumer complaints regarding high water bills may or may not be related to inaccurate meter reading by WSSC, the lack of more sophisticated "drive-by" electronic meter reading technology as employed by other local water jurisdictions gives the appearance that WSSC's meter reading infrastructure and capabilities are antiquated by comparison and therefore potentially subject to inaccurate readings.

WSSC appears to maintain extensive and detailed documentation regarding many operational issues. Further inquiry may be needed by an independent reviewer with specialized utility expertise in order to shed any additional light regarding these high water bill complaints and related issues.



Washington Suburban Sanitary Commission

14501 Sweitzer Lane • Laurel, Maryland 20707-5901

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Dr. Roscoe M. Moore, Jr.

GENERAL MANAGER
Jerry N. Johnson

May 28, 2014

The Honorable Roger Berliner
Councilmember, District 1
Stella B. Werner Office Building
100 Maryland Avenue, 6th Floor
Rockville, Maryland 20850

Re: Updated Billing Inquiries

Dear Councilmember Berliner:

Thank you for your patience while we further investigated the charges on the 61 accounts on the enclosed spreadsheet. We regret that you remain dissatisfied with our efforts to fully investigate all the high bill complaints, and have included the additional information you requested.

WSSC's mission is to deliver safe and reliable water, life's most precious resource, and return clean water to our environment, all in an ethical, sustainable, and financially responsible manner. The WSSC water/sewer bill charges customers for water that registers on the meter. In that regard, the Maryland Public Utilities Code Annotated, §25-502(a)(3), requires WSSC to charge for water used based on the amount of water passing the meter during the period between the last two readings.

Our investigation revealed that except for one account which was incorrectly read, and another that had a high estimated bill, the other accounts reflected higher than normal charges for reasons unrelated to any type of billing error. The meter reading error and estimated bills were immediately corrected. Based on WSSC follow-up readings and customer readings, we confirmed the accuracy of the remaining bills. In some cases, we have offered free property inspections and meter tests to further verify the accuracy of our bills. Some accounts with high usage were due to leaks, and where warranted, we adjusted the accounts within the guidelines of the applicable WSSC adjustment policy.

Subject to the availability of funds in the approved budget, WSSC offers Residential High Bill Adjustments (SP CUS 10-01, Section 3.0 a) to our single unit residential customers when the water consumption increases at least three

The Honorable Roger Berliner
May 28, 2014
Page 2

times greater than normal usage and no other applicable adjustment is available. The adjustment is offered on one bill once every seven years and removes 50% of the excess water/sewer usage. Since ultimately the property owner is responsible for residential plumbing, normal usage plus 50% of the excess usage is the responsibility of the owner. Five of the accounts forwarded from your office met these adjustment criteria and were reduced based on the adjustment guidelines.

WSSC delivers water to the property and charges the account for usage that registers on the meter. We have no way of knowing how that water is used or lost once it passes through the meter. We have reduced the account charges for those accounts based on the adjustment guidelines approved by our Commissioners effective July 1, 2010. Based on our further review of the accounts, no other adjustments are warranted. In that regard, we must adhere to our adjustment guidelines to maintain our fiscal responsibility. The costs of adjustments are redistributed to all our customers in the form of increased water/sewer charges.

WSSC offers two avenues for disputing the charges on our water/sewer bills. The Dispute Resolving Board (DRB) is the avenue for disputing unpaid charges while the Refund Hearing is the avenue for disputing paid charges. To request a DRB review or Refund Hearing, customers may individually contact our Customer Care Center at 301-206-4001 or cust-relations@wsscwater.com to obtain the forms and additional information regarding the dispute processes.

We hope this information further explains our position on this matter. If you have any questions, please contact Mr. Derrick D. Phillips, Acting Customer Relations Team Chief, at 301-206-8838 or Derrick.Phillips@wsscwater.com.

Sincerely,



Jerry N. Johnson
General Manager/CEO

Enclosure

cc: Chairman Counihan and Commissioners
Eric Friedman, Director of Consumer Protection, Montgomery County
Derrick D. Phillips, Acting Customer Relations Team Chief, WSSC
Jim Neustadt, Director of Communications, WSSC
Eugene Williams, Acting Director of Intergovernmental Relations, WSSC



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

ROGER BERLINER
COUNCILMEMBER
DISTRICT 1

CHAIRMAN
TRANSPORTATION, INFRASTRUCTURE
ENERGY & ENVIRONMENT COMMITTEE

May 14, 2014

Mr. Jerry N. Johnson
General Manager/CEO
Washington Suburban Sanitary Commission
14501 Sweitzer Lane
Laurel, MD 20707

Dear Chairman Johnson,

For months, my office has been getting reports of outrageously high bills from the WSSC. For months, we have been working with the Office of Consumer Protection and WSSC Customer Representatives to address these issues on a case by case basis. For months, I have remained unconvinced by the answers your agency has provided to my office stating that these bills are indeed accurate. How can it be that when customers are being billed hundreds, and in some cases, thousands of dollars higher than their normal bills, your agency maintains that there is no issue?

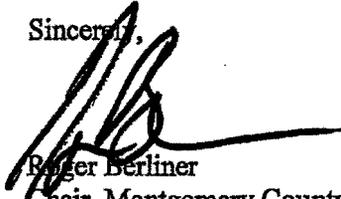
This past weekend, the daughter of a ninety-one year old war widow contacted my office. Her mother has been billed \$900 over a three and a half month period. Her normal bill hovers around the \$90 dollar range. They have no leaks. They have no plumbing issue. Nonetheless, WSSC customer representatives, using your established protocol and methodology returned to us with the same answer we have heard before:

"The bill is correct and there is nothing we can do." Something is not right.

Accordingly, I am requesting that the WSSC provide updated information per the attached chart. This chart, which contains the names of all those residents who contacted both my office and the Office of Consumer Protection, should help all of us gain deeper insights into the efficacy of your meters, meter readers, and billing protocols.

Please contact my office to advise when WSSC should be able to provide this updated information. Thank you in advance for your cooperation.

Sincerely,



Roger Berliner
Chair, Montgomery County Transportation,
Infrastructure, Energy & Environment Committee

RB/wd

cc: Chairman Counihan and Commissioners, WSSC
Derrick D. Phillips, Acting Customer Relations Team Chief, WSSC
Eugene Williams, Acting Director of Intergovernmental Relations, WSSC
Jim Neustadt, Director of Communications and Community Relations, WSSC
Eric S. Friedman, Director, Office of Consumer Protection



Washington Suburban Sanitary Commission

14501 Sweitzer Lane • Laurel, Maryland 20707-5901

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Chris Lawson, Vice Chair
Omar M. Boulware
Mary Hopkins-Navies
Hon. Adrienne A. Mandel
Dr. Roscoe M. Moore, Jr.

GENERAL MANAGER
Jerry N. Johnson

March 20, 2014

The Honorable Roger Berliner
Councilmember, District 1
Stella B. Werner Office Building
100 Maryland Avenue, 6th Floor
Rockville, Maryland 20850

Dear Councilmember Berliner:

Thank you for your patience while we continue to look into complaints from our customers and your constituents regarding their high water/sewer bills. We investigated the 25 additional accounts forwarded to us from your office and found the following:

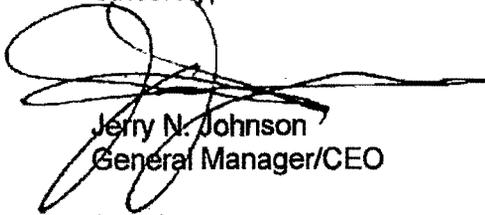
- 25 accounts were billed correctly based on account review, follow-up meter readings, and further investigation.
 - 14 accounts were accurate and need no further action.
 - 5 accounts are scheduled to be reread on March 21, 2014.
 - 4 accounts were reread and may be high due to leak(s). If requested, we will perform courtesy inspections.
 - 1 account with high usage was confirmed by subsequent meter readings. We provided leak detection tablets to check for leaks, and the customer will advise us of the results.
 - 1 account had estimated bills due to low usage. We re-read the meter on March 10, 2014 for actual billing. Processing of the reading is pending.

The investigation of these additional accounts revealed no billing errors. Higher account charges were due either to the extended billing periods, possible leaks, or increased usage. We continue to respond to and investigate customer high bill complaints as they are received. We continue our efforts to read the meters so we can return to our normal reading/billing routines.

The Honorable Roger Berliner
March 20, 2014
Page 2

We hope this added information is helpful. If you have further questions, please do not hesitate to contact me or in my absence Mr. Derrick D. Phillips, Acting Customer Relations Team Chief, at 301-206-8838 or DPhilli@wsscwater.com.

Sincerely,



Jerry N. Johnson
General Manager/CEO

Attachment

cc: Chairman Counihan and Commissioners, WSSC
Derrick D. Phillips, Acting Customer Relations Team Chief, WSSC
Eugene Williams, Acting Director of Intergovernmental Relations, WSSC



Washington Suburban Sanitary Commission

14501 Sweitzer Lane • Laurel, Maryland 20707-5901

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GENERAL MANAGER
Jerry N. Johnson

March 18, 2014

The Honorable Roger Berliner
Councilmember, District 1
Steller B. Werner Office Building
100 Maryland Avenue, 6th Floor
Rockville, Maryland 20850

Dear Councilmember Berliner:

Thank you for your patience while we investigated 24 of the complaints from your constituents and our customers regarding higher than normal account charges on their recent water/sewer bills (reviewed through 3/14/14). As I mentioned in my March 12, 2014 letter, although some of the high usage can be attributed to lengthier billing periods, some of the increased usage may be due to increased consumption during recent inclement weather when customers were in their homes more because of school and business closures.

Attached is a table documenting each property's billed average daily consumption (ADC) for the potentially disputed billing periods; the ADC based on subsequent meter readings; and our findings. From the accounts received from your office and reviewed to date, our investigations revealed the following:

- 1 account was read incorrectly and is being corrected.
- 23 accounts were billed correctly based on account review, follow-up meter readings, and further investigation.
 - 11 accounts we reread were accurate and needed no further action.
 - 5 accounts were reviewed, and found to be accurate based on historical usage.
 - 1 underground leak was identified on private property during a property inspection provided at no cost.
 - 1 account had a September 2013 high bill which was adjusted due to a gasket leak.
 - 1 account was disconnected on December 20, 2013 for a leak on the property. The customer is aware of the leak.
 - 2 accounts we reread were offered free property inspections to check for possible leaks.

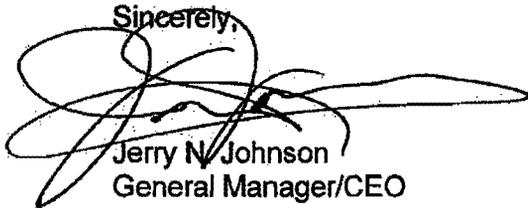
The Honorable Roger Berliner
March 18, 2014
Page 2

- o 1 customer reading confirmed the accuracy of the billed reading, and the customer's plumber found no leaks. We have offered the customer a free property inspection to check for possible leaks.

As we anticipated, our investigation revealed that the vast majority of the higher than normal bills is unrelated to any type of billing error. Higher account charges were due either to the extended billing periods, leaks, or increased usage. WSSC continues to investigate customer complaints as they are received and we are working diligently to read all our meters to provide customers with accurate, timely, actual bills. We anticipate returning to our normal reading schedule during our next billing quarter.

We hope this information is helpful. If you have further questions, please do not hesitate to contact me or in my absence Mr. Derrick D. Phillips, Acting Customer Relations Team Chief, at 301-206-8838 or DPhilli@wsscwater.com.

Sincerely,



Jerry N. Johnson
General Manager/CEO

Attachment

cc: Chairman Counihan and Commissioners, WSSC
Derrick D. Phillips, Acting Customer Relations Team Chief, WSSC
Eugene Williams, Acting Director of Intergovernmental Relations, WSSC

WSSC Media Release - March 13, 2014

OFFICE OF COMMUNICATIONS & COMMUNITY RELATIONS

WSSC Takes Additional Steps to Address Customer Billing Concerns

Meter Readings Seven Days a Week and Payment Arrangements Available

Contact: Lyn Riggins
301-206-8100
lriggin@wsscwater.com



FOR IMMEDIATE RELEASE

Laurel – March 13, 2014: In response to a longer billing cycle and higher than usual bills for some customers, WSSC is making immediate operational changes including increased meter readings and payment options for customers.

Specifically, WSSC is:

- **Reading meters seven days a week, including evenings**
- **Extending the bill payment “deadline” by a month for customers who make the request and demonstrate a need**
- **Providing a billing arrangement for those with higher than normal bills**

These changes should assist customers who have experienced a bill increase up to 30% compared to the bill they received for the same period last winter because of a longer billing cycle. The extended billing cycle is due to a delay in meter reading in January, February, and early March when we experienced challenging weather. Some customers could also see an increase in their usage compared with their bill from last winter. School and business closings caused children and parents who would normally have been at work and school to be at home, likely increasing their residential water consumption.

Customers should take a few minutes to look at their billing cycle and understand the number of days being billed. That information is located in the upper right portion of the bill. The average daily consumption (ADC) information is located in the upper left portion of the bill.

Extremely high consumption at any time could be the result of a leak. WSSC recommends checking your toilets for leaks twice a year. Follow the simple steps in this [leak detection video](#) to find out if you have a toilet leak.

If you think you have a leak, or if you still have questions about your bill after carefully reading it or need to make payment arrangements, please call our **Customer Relations staff at 301-206-4001**. Agents are available Monday through Friday from 7:30 a.m. to 7:00 p.m. and the automated system is available 24/7.

#

Established in 1918, today WSSC is among the largest water and wastewater utilities in the nation, with a network of nearly 5,600 miles of fresh water pipeline and more than 5,400 miles of sewer pipeline. Serving 1.8 million residents in Prince George's and Montgomery counties, WSSC drinking water has always met or exceeded federal standards.





Washington Suburban Sanitary Commission

14501 Sweitzer Lane • Laurel, Maryland 20707-5901

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Chris Lawson, Vice Chair
Omar M. Boulware
Mary Hopkins-Navies
Hon. Adrienne A. Mandel
Dr. Roscoe M. Moore, Jr.

GENERAL MANAGER
Jerry N. Johnson

March 12, 2014

The Honorable Roger Berliner
Councilmember, District 1
Steller B. Werner Office Building
100 Maryland Avenue, 6th Floor
Rockville, Maryland 20850

Dear Councilmember Berliner:

Thank you for your March 11, 2014 letter regarding the higher than normal bills some of our customers received for the last billing interval. As you requested, we continue to investigate the matter, and are grateful for the cooperation of all our affected customers. Specifically, we are investigating each customer's account on the list your office provided to resolve each customer's concern.

In January and February 2014, we were unable to read all our meters due to inclement weather. Normally, when we are unable to read our meters, we issue estimated bills based on the property's usage during the previous year's comparable billing period. However, when charges are estimated, silent plumbing leaks may remain undetected until we obtain an actual meter reading which may result in even more increased charges. In that regard, WSSC opted to delay sending bills, and secure meter readings to bill customers for their actual usage. As a result, customers have been receiving bills with billing periods up to 30 days longer than normal.

We understand that customers are also receiving bills reflecting elevated usage that is not linked to the extended billing period. Some of the increased usage may be due to school and business closures resulting in customers being home for longer periods which could lead to higher water usage for normal household activities.

For each inquiry regarding higher than normal bills, we are reviewing the account and investigating other possible causes of the increased usage/charges that may be unrelated to the extended billing periods. For inside water meters, we ask customers to provide a current meter reading to confirm the accuracy of the billed reading and suggest they check their plumbing fixtures for leaks. For outside meters, we schedule a follow-up meter reading to confirm the accuracy of the billed reading.

To provide customers with information and to resolve their billing concerns, we have taken the following steps:

- WSSC will include information explaining the extended billing period in the message portion on the front of each bill.
- We will include with each bill an insert including information regarding possible causes of the increased usage.
- Our media outreach includes press releases to media outlets and television appearances -- WTTG Fox 5 is scheduled for tomorrow as is WTOP with others to follow.

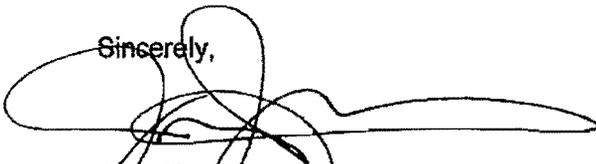
Councilmember Roger Berliner
March 12, 2014
Page 2

- We will also utilize social media to transmit highlighted points from our press releases.
- We have created special messages for our website with access from our homepage.
- Recorded messages on our automated telephone system will include key points from our press releases and our plans to address the matter.
- To enable the Commission to eliminate our backlog of unread meters, since February, we have been reading meters six days per week. Beginning March 12, 2014, we are seeking assistance from other areas throughout the Commission with meter reading expertise to enable us to read meters seven days per week. Additionally, with advent of daylight savings time we are extending the number of hours for reading meters from eight to ten hours per day.
- To allow customers more time to pay these higher than normal bills, we are offering extended payment installments to divide the charges into more manageable weekly, bi-weekly or monthly payments.
- We are investigating the possibility of modifying our Interactive Voice Response System to accommodate extended payment plans. If successful, this will enable customers to independently initiate their own payment arrangements 24 hours a day seven days a week.
- Late fees for these extended billing periods will be waived.

Please be assured, we will continue to fully investigate all billing matters raised by our customers until resolved. We anticipate returning to our normal quarterly meter reading schedule during our next billing interval. Therefore, the next bill should reflect fewer days than the approximate 90-day billing period.

We hope this information is helpful. If you have further questions, please contact me or in my absence Mr. Derrick D. Phillips, Acting Customer Relations Team Chief, at 301-206-8838 or DPhilli@wsscwater.com.

Sincerely,



Jerry N. Johnson
General Manager/CEO

cc: Chairman Counihan and Commissioners, WSSC
Derrick D. Phillips, Acting Customer Relations Team Chief, WSSC
Eugene Williams, Acting Intergovernmental Relations Director, WSSC

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MONTGOMERY COUNTY COUNCIL
ROCKVILLE MARYLAND

ROGER BERLINER
COUNCILMEMBER
DISTRICT 1

CHAIRMAN
TRANSPORTATION, INFRASTRUCTURE
ENERGY & ENVIRONMENT COMMITTEE

March 11, 2014

Mr. Jerry Johnson
General Manager
Washington Suburban Sanitary Commission
14501 Sweitzer Lane
Laurel, Maryland 20707

Dear General Manager Johnson,

Today, I have heard from dozens of residents questioning the accuracy of their most recent WSSC bills. **Many residents report that the bill they received is nearly double, or in some cases, eight times the amount of their typical bill.** They are clearly angry and frustrated as you can imagine, especially after receiving what they deem to be unsatisfactory explanations from your organization's customer service department.

The press release sent out today states that WSSC added an additional month on to the billing cycle due to several snow related events which made it difficult to read all the meters within the normal timeframe. While I understand that this may be true, the amount due on many residents' bills far exceeds what one might expect for an additional thirty days of service.

As the Chair of the Council's Transportation, Infrastructure, Energy and Environment Committee and as a District Councilmember, I would like to help facilitate the resolution to this confusing and troubling situation. As such, I respectfully ask that you investigate this matter immediately and provide our residents – your customers—satisfactory explanations regarding their recent bills and/or adjustments as necessary.

Thank you for investigating this matter. I look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Berliner".

Roger Berliner
Councilmember
District 1