The regular meeting of the Consumer Affairs Committee of the Representative Policy Board of the South Central Connecticut Regional Water District ("RPB") took place on Monday, August 17, 2020, via remote access. Committee members present were N. Campbell, M. Levine, S. Mongillo, F. Pepe, R. Smith, and A. Rescigno.

Also present were M. Ricozzi, (RPB Chair), J. Cermola (Authority member), J. Donofrio (Office of Consumer Affairs), L. Bingaman, L. Gonzalez, R. Kowalski, and P. Singh (RWA), and J. Slubowski (RPB Staff).

Stephen:

Okay, I will call the August Consumers Affair Committee meeting to order. Thank everybody for being here. And Tony did point out at the last meeting, I was re-elected as chairman, so thank you for your confidence. Appreciate it. The first item on the agenda today is the safety moment and it relates to heat illness prevention. Talks about heat cramps, exhaustion and heat stroke. Very good information there, either for you as individuals or to know for people in your family. These things are real and they happen. I'll tell ya, lately, these safety moments have really provided a lot of good information. Our next item, item two, is approval of the minutes. Do I have a motion?

Tony:

So moved.

Stephen:

[crosstalk 00:03:07]. Second? Thank you Frank. I'll give everyone a second. Take a look if they have it. Were there any corrections? Any additions? Omissions from the minutes of the last meeting? Hearing no comments, I'll ask for a vote. All those in favor?

Group:

Aye.

Stephen:

Any opposed? Any abstains?

Rich:

I abstain, I was not in attendance.

Stephen:

Okay. And that motion carries. Today our special topic is the monthly billing project. Prem, are you here?

Prem:

Yeah, I'm here.

Stephen:

How are you?

Prem:

You guys hear me? I'm doing good. Thanks Steve.

Stephen:

Good, thank you. Thank you for doing this. Before we start, can you just tell me... This is an update on the project that you're working on. Where are you in this?

Prem:

Yeah, [inaudible 00:04:16]. Right now we are kind prepping up the project requirement phase, so we're working through that. As you are aware, this is a powerful, bigger than my other plan forms. So, this is one of the products underneath the AMI. So, we are trying to kind of make sure we are making progress on that. And today, also talk a bit about how they're approaching the project and how fair it is for our customer.

Stephen:

Very good. Okay, I'll turn it over to you.

Prem:

Thank you. So again, a little bit of backdrop here. If you remember, this goes many years ago as all of you remember, our AMI deployment project. One of our... I would say benefits that we talked about AMI was really monthly billing. [inaudible 00:05:04] monthly billing. So, what we will do today in the agenda is going to be really focused on how we are aligning the benefits of our AMI. So we'll take a look at that. We also talk about the monthly billing and how it's beneficial for our customer. We also kind keyed back on making sure that we talk a little bit of a financial walkthrough. Basically, what it means is that we're not going to focus on the whole AMI project but, we are going to focus on what we had as far as original business case. We talk about what was our net impact on O&M, because of the monthly billing.

Prem:

Then, the team have done a good job on going back and revisiting things about the artifacts, and with COVID now being other scenarios there, a lot of our customers are setting up for an e-billing payment. It's just in a much more favorable than the original business case was. So, we talk about that. Pretty much a financial walkthrough on our O&M impact and how it's more favorable now. So, we'll talk about that in a little bit. We'll also talk about our entire cost impact summary. Basically, what does it leave us with in terms of net O&M impact? Right? So we'll talk about that.

Prem:

Before we get in... Is everybody okay with the agenda or are there any questions before we going in to details?

Representative Policy Board
Consumer Affairs Committee
August 17, 2020

Stephen:

You mentioned there's more people that want to pay online?

Prem:

Yes. Actually, the e-bill participation and has been much more favorable, Steve. Right? So, we had looked at some of our percentages of people adopting to pay their bills and look at their bills online and make e-payments through our KUBRA. We've done some good improvements on our technology on the KUBRA side, so we'll look at some of the numbers there: that it's more favorable and it seems like an uptick on how the customers are more willing to behave and pay their bills. We'll talk about that in terms of how are we trending on that, basically.

Stephen:

Right. We don't know yet whether that is because of the COVID or whether it might continue.

Prem:

Yeah. It is going to be... well, as you know, it's the same story it seems like everywhere. More customers are wanting to do business so they can avoid a person-to-person interaction, right, because of COVID. So that kind of helps, but that's not the only scenario. It is also a trend that's in industry right now. So I put in water for example, become clear data spell, and how they are doing from their perspective, and how does it impact for the regional water authority. So some good comparisons, there, and it's definitely going in a positive trend in terms of customer wanting to do more business online. We'll touch up on that.

Stephen:

Okay. At some point, can you get some numbers for us? It doesn't have to be today.

Prem:

Yeah, sure, yeah. No, we can get you the numbers. As a matter of fact, we'll talk some numbers today as well, and if there's any follow-ups, we can get more details.

Stephen:

Thank you.

Prem:

So let's go into the agenda. As many of you remember, we talked about AMI benefits plan. Again, goes back many years ago. But as part of the whole road map, we discussed many improvements as part of the business case, right? So we talked about, again, trading back a little bit of the facts here. We talked about water watch, which was home connect, where the customers can review their consumption online. We did roll that out. Obviously it's a good trend in terms of how many customers are signing up. As of last week, we had around 640 customers who signed up to look at their consumption online. But it's been a constant uptick on how many customers are signing in. We didn't roll this out in FY '20 as part of the plan.

Prem:

Billing process improvements was another area. As you know, we have almost, close to 97% of our customers' metered by AMI meters, right, so people are seeing a little bit of the process improvements where we discuss about how we kind of read our customers' meters and how we bill the customers. So we kind of started putting goals of billing process improvement and enhancements in place, and this has been going on for some time. We do have our list of items in terms of what those process improvements are, like lean process improvement was one of them. So there are a list of items underneath it, so that's... again, it's in motion right now, obviously, we kind of talk about as we enhance more and more, as we deploy technology, it is actually in more than a favorable position, right, in terms of how the customers' behavior is changing the way we actually do business with them.

Prem:

Revenue recovery was the other one that's part of this fiscal year. So basically what it means is we are looking and focusing on our collections area, if you will. So we will identify a couple of improvements along the lines of revenue recovery. Again, we are also looking to make sure we have full focus, and now that we have deployed as much technology AMI in place, we are doing some of the, I would say a high level of re-arranging and re-aligning our focus on revenue. And obviously as you know with COVID, we did actually put a hold on shutoff until the end of this year. So we are trying to prepare ourself, and whenever we open that floodgate, how do we really approach and make sure that we are being able to look at our revenue situation overall. But I think it did have some impacts because of COVID, because [inaudible 00:10:39] approaching now. So there are some of these initiatives that have been started for this year.

Prem:

And then water calculation, water loss calibration tool: this is another area where, as you know, we have more accuracy in our reads that are coming through, and we are able to compare that to our production data. So we actually are comparing what we call our all-our water loss percentages, as you are aware. So there is some work going on in that space right now, but the overall AMI plan kind of talks about having better reads, which is a case, and also we will be working through this project for this year.

Prem:

And then, in terms of bill presentment redesign: at a high level... as you know, KUBRA is our primary vendor, who we work with on our bill presentment as well as the payments, as you are aware. So with KUBRA, what that we have right now, we have a project that kind of takes us from looking at the bill redesign... so for example the customer bill that we have today, we are looking at for days on a single meter to multi-meter, we are redesigning the bill itself so to keep it simple for our customer, at the same time, provide the information that they are looking at. So that project is start out to go live I would say around February of next year, which is part of our Fiscal '21 plan. The teams are working right now on redesigning the bills. There's been multiple iterations of looking and understanding the bills. So maybe as part of one of our meetings in the future we could show those different bills for single meter and multi-meter, and we can share that information after this meeting. So that's some work we're doing to keep it simple for our customer.

Prem:

Flex and deployment, like I mentioned, we are almost around 97% of our flex deployment fully completed. We still have those hard-to-reach locations that we have actually planned for this year to be

able to deploy some more of that. So I think in terms of numbers, we have close to 4,000 flex and deployment that needs to be completed. So the team is working on it. We do have a plan, so we are kind of navigation through that. So these were all the different, as you can imagine, benefits that we are trying to close out on from the AMI perspective.

Prem:

Monthly billing, which is two days' discussion, right? So monthly billing conversion was one of the AMI benefits. So right now, as we had discussed, going through multiple iterations as we discussed in our finance committee as well. We had huge budget cuts as you can imagine, right? [inaudible 00:13:22] So we had reduced our numbers quite a bit. You also are aware that we had default the whole rate case for the year. So keeping all that in mind from a customers' benefit perspective, this product started out for going live in January 2022. So we have quite a bit of time and work to be done. Right now where we are is we are trying to collect on the requirements. We are working through making sure the impacts that we have on our customer... Again, business case [inaudible 00:13:53] are the biggest things. So today we'll be looking at that specific financial [inaudible 00:13:58] in the business case there. So that's for today's discussion, right, the monthly billing project.

Prem:

Again, we pulled out some of the details directly off of our AMI business case, which you can see on the left side. Basically radius is the size of customers' bill, as you could imagine. Instead of doing our billing quarterly, it's going to be more monthly billing. Areas in collections: now that we have a monthly billing scenario, we should be able to have a better cash flow, and really make sure that we could collect our dues. So we have been looking at some of those improvements as part of the monthly billing. And obviously, now that we have AMI meters deployed, customers have timed information on their water use. So that was one of the biggest thing that we had during the product off. Which also means that we won't have those high bill complaints, because now you have smaller bills. The customers would be talking to us more often. We are deploying some proactive communications along with it, so this tells our customers more information that they have handy.

Prem:

Along with that, this whole water watch that you're aware of, now customers are able to look at their usage pretty much on a daily basis if they want to. And obviously customers can budget on a monthly basis, which is another bigger benefit. So they can compare their bills. From a monthly basis, they can also compare the bill's estimation over the history of the AMI data, as you are aware. So you could compare from let's say July of this year to July of last year. So there's a trend that they can monitor. So those information will be readily available for them as well.

Prem:

Last but not least, I also wanted to catch up on, if you remember, we had a whole strategy planning discussion that we had in the past where we talk about embracing innovation and technology and how it could help our customer. So that's kind of aligned to our overall strategy, the AMI implementation. So we're really making sure that, while we have COVID and other situations which we haven't expected, we're still making sure we are tracking ourselves on our strategy plan to deploy what we had discussed so far.

Prem:

So that's the high-level benefits plan. There are much more other benefits, if you remember. We talked about, the benefits are kind of not quantifiable. Think about in terms of the soft benefits, if you will. So [inaudible 00:16:31] the trucks out there, it's more environment-friendly, et cetera. So we have all the other benefits that we track along, so I could share those as well. But those led all our benefits under the AMI umbrella. So now it really focusing on monthly billing. Anything, any questions so far before we get into the monthly billing details?

Naomi:

Yes, I have one. Will our customers have the ability at some point to go paperless?

Prem:

Yes. Actually as a matter of fact, we do have that ability today in terms of e-bill participation. Let's say if a customer is signing up for an e-bill, right, so they would be able to look at their bills online and also make their payments online. So while that option rate is low, they will have that ability. They do have it today in terms of them signing up. So again, as we kind of make more improvements, as we put those things along their place, we could actually have a separate campaign just for paperless as well. So to answer your question, yes, we will have the capability.

Mark:

Are people being able to pay their bills online now?

Prem:

That's a good question, Mark. So the way... yes, they can, to answer in short. So for example, let's say a customer calls in to make a payment, we call an e-payment, for example. They have a couple options. They can actually call our general number that you can call from a customer service perspective, and there's a channel where they can select one as an option, it takes them directly into KUBRA to make a payment, kind of calling through the whole telephone. You have that option. You also have something called ACH payments where they can go in online and make their payments. We do have a channel. So what they can opt for-

Mark:

How many people pay their bills online now, percentage-wise?

Prem:

So at a number perspective, we have 29,000... I may be a little bit off in terms of number, but 29,000 customers have registered for e-bill e-pay options, so they would be able to pay, out of our entire 116,000 customers. So we do have that option today. But to our point earlier, we want to make sure we can promote that more, for various benefits and reasons we have. The trend also talks about the uptick that we have. So for example, e-bill participation, if you compare ourselves, the 29,000 customers that we have in our territory... and our goal is to kind of improve upon... and if you compare that to what [inaudible 00:19:04] is doing, they have close to 35% participation today. They have same similar goals in terms of improving their customers' being able to look at the bill and pay the bill online. But you will

see today as to what is our goal for the next three years as to how we can improve that much better than we have today.

Stephen:

Prem, this is Steve. I have a question. If we are going to be more interactive with our customers because of the monthly billing, do we have the staff to respond in a very timely way to those calls?

Prem:

Yes, that's a great question. So when you look at in terms of our call center today, we have five specials with us. We have six CSRs constantly on the call. So they pick up the call, there's a customer who's calling as a first-call resolution. So when we go out... to be honest with you, when we go more e-bill and e-pay and more online, it's one of the only channels, right, in terms of let's say the new baby boomers we call it, right, millennials, etc. They would like to do more business online. They don't even want to make a call, right? So they just want to do the business online. But in terms of the customers calling in, we actually are in much better shape because you're really dividing the customers to go do their business online versus the customers calling in. So the amount of cost needs to go down compared to not going up, you see what I'm saying? So it's going to be a much favorable position for us. But today we are able to answer all the calls.

Prem:

We get an average of 200 calls a day, even with COVID now, right? So we've been managing it pretty well. We have no customer complaints. I'm pretty sure Jeff will talk about as part of the OCA updates. So we've been pretty much keeping ourselves up. So to answer your question, yes, I think we are in much better shape.

Stephen:

Okay. Did you say we were getting 200 calls a day now?

Prem:

Yes. Close to that, yep.

Mark:

Wow.

Prem:

Yes. We are trying to make better customer experience. We have made some changes to make sure that our CSRs are picking up our customer calls, and obviously we are tracking all our metrics to make sure that we are able to support our customers. And obviously Mondays and Fridays are our pretty heavy days, as you could imagine. Other days are a little bit lighter, but we do get quite a bit of calls on Monday.

Prem:

So going to the next slide... So at a high level from in terms of the monthly billing business case itself, we kind of categorized and made sure we look at our customer experience, putting customers first, right.

That's where you see up in the first bar there, better customer experience. The second area of focus was, as you know as a company, we want to kind of look at some of the benefits, again reflecting on what's better for our customer and some of the improvements of cash flow that are pretty important from a company standpoint. We looked at putting all of those company benefits, making sure that we can reap those benefits.

Prem:

And then also strategic initiatives. So what are we doing about it, right? So why do you talk about customer experience and company benefits? One of the things that we are trying to put in place as strategic initiatives, we make sure we can address all those projects or initiatives, initiative project implementation.

Prem:

So starting off on the left hand side, right, as we talked earlier: increased communication opportunities for marketing and engagement. We had put self-service much in our customers' hands. So things like water watch for example are great initiatives that we are trying to kind of put a perspective on customer more going towards self-service. Obviously it's going to help us overall from our strategy on let's say non-core as a business, right, so we can expand that off, and right, we deploy things like mobile application. We talk about [inaudible 00:23:02] We are working on some of the initiatives in FY21, to get much of that put in place, which will help us not only to communicate proactively to our customer, but also to enhance our products and services, opportunities to just non-core, right?

Prem:

So that's one are of focus, and when you start looking at it at a high level, while water watch and the areas that you try to deploy would help customers in self-service, we're also trying to make sure that we look at other areas of improvement like, for example, we have various omni-channels. We talk about contact central quite a bit, customer service center, but we can also deploy other technologies in play. So while we have AMI, we are trying to look and improve upon some of those areas as part of our deployment plan, the FY21 and beyond.

Prem:

We talked about more and more affordable bills. In a sense, we are looking at a monthly instead of a quarterly. It's also an area where we looked at, in comparing to Aquarion, they have done this already. They are monthly now, as you are aware. It has a very positive impact on some of the customer experience because now customers are able to afford to pay their bills, along with other technology deployments we did. Obviously we are trying to put those into perspective now, and trying to improve upon, and more I would say relevant, let's say e-bill or e-pay, for example. With the participation rates that we have, we are trying to improve those numbers as well as we go through more of these small [inaudible 00:24:42] bills come out, at the same time, they are able to pay those with the technology that [inaudible 00:24:46]

Prem:

Also in terms of customer satisfaction, obviously no high complaints means it's better customer satisfaction. And then we are trying to proactively communicate. So for example things like... right now we are [inaudible 00:25:05] customers that we have data for, actually signed up for e-bill, right? We can

use some of those data and be able to send text messages, for example, to a customer for situations like a main break or a water break. So things like that can be expanded upon so we can be able to send text messages. We can also, based on how much of them are providing their email addresses and stuff, we can also improve some of those areas where we can proactively communicate to our customer, kind of improve upon customer satisfaction. So that's another area of focus for customer experience.

Prem:

Billing design, that's a project that, as I mentioned, is underway right now. We are noting the requirements and designing the templates, et cetera. So the idea there is that we don't want to complicate, or have the build-up more complicated, so we are redoing a little bit of how the look and feel is in terms of building design: again, providing various levels of information, right. There is a single meter situation, not a multi-meter, so we are trying to adopt simple [inaudible 00:26:17] that could explain to our customer. At the same time, we provide more information and we are kind of streamlining the process there. We look at printing these bills, and as you can imagine... We'll talk about the financial walkthrough in a minute, but as you can imagine, we have now [inaudible 00:26:35] compared to [inaudible 00:26:37] bills.

Prem:

So what does that mean in terms of promoting the e-bill participation for those customers versus printing more of these bills in-house versus now, with customers having KUBRA as a provider, where they can actually look at some of these simpler bills to be paid more from an online perspective versus more from what would we end up sending them as a monthly bill. So how we can kind of navigate through the channel with customer behaviors to be able to adopt more of this online e-billing customer. So that's going to be our full AR focus. So the highest bill kind of gets them to understand the [inaudible 00:27:20] better, right? So that's the idea there.

Prem:

On the company benefits side, obviously improved cash flow is one area. Trying to reduce our AR and bad debt expense... As we trend towards more customer complaints on a bill, it takes us almost three months to kind of go back because now the customer probably had a leakage, et cetera. That could increase more in terms of the consumption. Now we have the technology, we are able to tell them in advance with the [inaudible 00:27:53] option. So with that option being there, now there's less debt, so we can actually do a better job in kind of collecting a customer's bill and actually communicating to them. So those are some of the company benefit example. Leaking adjustments... I know that Jeff works with us quite a bit to make sure we look at any customer complaints and having your bill sent off on a monthly basis would kind of add to the discussion early on so that we don't end up parking our leakages and really talking about how much water could have been saved. So those are some of the benefits we can look at.

Prem:

Obviously we spend a lot of time. Customer contact center spends a lot of time in explaining about the bills and what went wrong, et cetera, when a customer calls in. Fortunately we are not having so many of those calls, but this would make even better in terms of researching and going back in history and just adding how much of this is really impacting the customer so we can actually reduce some of those productive time that could be used on doing something more constructive. So some of that is also a

benefit from a company standpoint, so we don't end up spending much of the time on researching and going back and forth. So those are some[inaudible 00:29:15] on company benefits side.

Prem:

Obviously for strategic initiatives, I talked about proactive communication, how we can tell a customer even before they feel that there's a leak, for example. So while we build this technology and trying to put in place, again, it's not going to happen overnight. We have to make sure that we build our foundation strong, that's why we went with AMI. We'll start building those areas, whether it is text message or email communication. How could we help a customer more in proactively communicating to them for a situation like a leak or a main break. Today we do a good job. We keep them well-posted, as you are aware. Obviously we keep all of you in the loop, but then is there even more better technology out there that we could deploy, that we could use to email information or phone information to be able to text them or email them, for example.

Prem:

Obviously if you think about, I mentioned about e-bill participation... But you look at overall what we have in terms of our current e-bill participation versus where we want to go in terms of e-bill participation: for the next three years, we are looking at putting some perspective on, what does that overall number look like? So when I compare that with, for example Aquarion, we had, as you know, we can't jump from let's say a participation percentage... It's an overall year-on-year benefit as you kind of navigate through the year. And obviously putting the word out there more. So we are looking at a benefit of around 41%. We have crafted a most-likely case versus a best-case scenario in the graph in the next slide. But when you think about it for a minute, it's going to be that the overall participation rate... We also want to kind of challenge ourselves a little bit in the area of promoting our e-bill, the benefits that we have. So we are looking at a 41% kind of signup rate for e-bill as the most-likely scenario. And we wanted to bring as much close to possible this cost-equal scenario.

Prem:

While we discuss about the horizontal business case, talk about $460,000 as being a net O&M impact. We looked at that to see how we could benefit our customer to lower that number as much as we can. Some of the issues that we had on our side. So the team did a good job on whether we can take a look at the numbers, but team did an overall good job of understanding and making sure that we can bring it to as close to cost-equal scenario as the most likely scenario. So that's the increase in e-bill participation, from where we are today to getting up to 41%. It's a net 17% increase on the e-bill participation grade for the next three years that we should accomplish.

Prem:

And then, optimizing payment processes. So promoting more ACH. So our customers who do more of... This is the way that we pay our bills today, right? Some of you may be already aware that you have your utility provider to bill your... take the money out of your bank, ACH taking out from your savings account, versus... We have our one-time customers, like we pay our bills off of a credit card payment, for example. So there are some areas we could improve on in terms of ACH promotion. So the idea is that we wanted to increase the ACH, which is more in terms of me connecting directly to the bank account in terms of how they are set up today.

Prem:

So like I said, [inaudible 00:32:57] customers are equally big customers today. So if we are able to increase that percent up by 20%, there are savings there as well. So we compared that and we benchmarked it across what other utilities are doing, and compared to the next door neighbors, like Aquarion for example. So being able to improve up upon a 20-point scale the next three years, it's not by next year, overall next three years term, would also get as a benefit. And some of the trend that we have been seeing has been more positive. So we went up in terms of our overall rate, if you think about where we are. We have a comparison of data. We can share that with you in terms of month-on-month how we have been increasing. So it has been a very positive trend there.

Prem:

And then some of the in-house printing capabilities. Today we actually, as you know, we print all of our bills, and we kind of send it out. If we kind of change that, and with the help of our vendor KUBRA, we could actually reduce some of the paper printing cost. Again, irrespective of whether you go to monthly or quarterly, obviously there's going to be a better use of our cost there in terms of printing. But then having a lower-cost provider compared to doing it ourselves, because they do it for many big utilities out there, it's the same thing. It will reduce our overall cost, so there's a cost impact there.

Prem:

So those are a few of the strategic initiatives that we are trying to track to really get to our [inaudible 00:34:31]. We have a better case for a cost-equal scenario for our customer, so that's how we are trending there. So any questions on this slide? Because next slide is going to talk about actual numbers. So any high-level questions at this point?

Naomi:

Yes, I have one. When you talk about the in-house printing capability, would that be... Do we really have the staff, the equipment, and all these things to take on something of that level?

Prem:

Yeah, no, I think this is, when I say evaluate, Naomi, [crosstalk 00:35:04] Today we do the printing in-house. So we do have the staff today and we do have printers. These now big printers that we use to actually print the bills for the customers today. But this is more in the sense evaluating if we need to... Let's say we go from quarterly to monthly, right. So now we are going from four bills to 12 bills. So it's basically increasing the number of bills. So when we say evaluate, by going through KUBRA, for example, a third-party vendor, they actually can do it in much more efficient fashion. So we don't have to increase our in-house capabilities. But if we don't, then we will have to do an in-house capability increase, right? So it's actually more positive on the other end, right.

Prem:

So we just have to look at the other bill, like, let's say for example Pipe Safe. We do some printing for Pipe Safe today. So we can continue to do some of those in-house, but the overall actual bill printing itself, you actually could have KUBRA do it for us, which is much more efficient. So we have not planned to increase let's say resources because it doesn't make sense because it's a non-value add because we have one staff today who does much of the taking the bills out and putting them in envelopes, so we do

a lot of that work today with four bills, right, a year, versus twelve bills which will be much more. We can't do that, so we want to be more efficient. So that's what it means really, so in terms of evaluating...

Stephen:

Naomi, this is Steve. This has been a concern of mine since the water company does do their own billing. This is something that maybe can be, with the monthly billing, finally farmed out so it's one less thing that has to get done in-house. As he said, we do four now. We'd have to go to 12. So that big change is a result of the evolution of this project.

Mark:

If you put more people online and more online bills, there'll be less printing.

Prem:

That's right, exactly. And that's exactly-

Naomi:

But that would be the key, is to get them online.

Mark:

Paperless bills.

Naomi:

The UI uses that same system, because that's who I have. We use... right.

Prem:

Yeah, absolutely right. Yeah. UI uses KUBRA as well, and going back to my old... I don't know. I'm going back, dating myself, like seven, eight years ago. So UI did a similar kind of promotion with KUBRA. And they have got a very good participation. They are comparable to what we are anticipating for us to be in, close to... I mean, they are the same, New Haven county, so similar to what we do here. They are up to like 41%, similar to where we are. That's exactly why we benchmark this out, to see what would be realistic of how many customers can really participate in e-bill and e-pay. But I think that's a great segue. I would like to Dana for... She had done great work on some of the numbers, and I notice Rochelle is also on the call. We talk a few pieces on some of their darbs we are looking at. So if you go to the next slide, Jennifer, right... Let's got and try to understand.

Prem:

So before we go through details, let me set the stage for all of use, to keep it simple. What you see here, we wanted to kind of have a walkthrough where we say [inaudible 00:38:35], so that's the gray bar on the left hand side, right, and then we go back and say what are the incremental costs because of doing monthly bills. And then we look at on what are the savings and efficiencies? Those are the orange bars. Basically those are [inaudible 00:38:51] things that are part of the business case. So it kind of tells you a story. It's pretty much a story that says, "This is our cost today. The increments and the overall costs for monthly bill," and then it goes back on all the [inaudible 00:39:04], right? So basically it comes back on what do you end up spending after the project is done.

Prem:

And then just to level-set at a really high level, like I mentioned, the original business case, they talk about a $460,000 net point of impact when we are [inaudible 00:39:22] versus right now, based on... I know COVID had been a... That's one thing that COVID did, was to push the customers to be part of e-bill pay, et cetera. But also on the other side, we are looking at promoting some of that technology. So that leaves us with a most likely 66K impact. And then the best-case scenario gets us to the same, right, but the most likely is not, but then it's still better than what we had, right, in the original business case. That being said, now Dana, do you want to walk through?

Dana:

Sure. You actually set a great foundation for the discussion. So walking through these causes, Prem said on the far left, you see the costs today with our budget of about $920,000, or 0.92 million. That is our cost today with quarterly billing. Components of that include that we would expect an impact with monthly billing, would be in the realms of postage. As you all mentioned, when we move from quarterly to monthly billing, we go from four bills a year to 12 bills a year. That has an impact on the postage cost because we're actually sending out more bills every quarter, so every year, with an increase to the cost of about 0.34 million. Payment processing costs, now these include bank fees, KUBRA payment processing fees, all of which we incur today, but again, now we're talking about 12 payments a year from our customers as opposed to only four payments a year. That translates to about 0.65 million dollars.

Dana:

And then the debt service cost for financing the project related to monthly billing would be about 0.11 million dollars. Do you have any questions on the postage or payment components? I can address those, and then Rochelle could perhaps elaborate a little bit on the debt service, if you have questions in those areas.

Dana:

Okay. So when we take a look at basically just that volume increase and the cost associated with that, it brings us from our current costs of about 0.92 million to 2.02 million. That's a significant cost, and a significant increase. So as we said, we talked about some opportunities for savings, both in terms of the cash conversion, meaning that our customers are able to ideally make these bills more affordable and they'll pay us more quickly. Leak adjustments should come down significantly as we look at the fact that we're able to catch troubles with the consumption earlier and not have to do as much leak adjustment. We also have e-bill impacts. This gets at some of the benefits and strategic initiatives that Prem had mentioned in the previous slide where we're really looking to drive that e-bill participation, just as Naomi and others were talking about in terms of reducing some of that cost and increasing that adoption of our customers for paperless billing. The more customers we can move to e-bill, that's less postage, less paper, and again we're reducing those incremental costs with having more bills.

Dana:

And third-party bill print again, everyone was really excited about that as an option for how we could change how we could do that here at RWA and that would be a key component of this monthly billing project: moving from in-house bill print to using our current partner KUBRA to utilize that bill print and mail function. So not only will we be reducing the numbers of bills that we have to mail because we're

going to increase electronic participation, we're also going to end up reducing the cost and resources needed to support in-house bill printing because we're going to utilize KUBRA at a lower cost. Additionally, we have the ACH component that Prem had mentioned. Again, this is a lower-cost payment option of the variety of payment options we do offer to customers, and the idea would be to grow this as well.

Dana:

All of that leads us to a new total cost of billing in a monthly scenario of just under a million dollars, 0.99. As Prem had said at the outset, really that brings us to a most-likely case of about $666,000 increase to our current budget. What I want to point out: that most-likely case is built on an e-bill impact of increasing from our current 25% participation in e-bill to almost 42%, which puts us aligned with Aquarion and some of the others in the area and some industry standards. There was some discussion on the previous slides about some proactive communications and other ways to promote participation in those tools, so those will be a big component of trying to achieve those objectives. And the ACH component, again, we do have customers who utilize that payment option quite well, but we are looking for about another 20% growth in that participation, again, through the growth in e-bill, through the growth in some of our electronic channels and payment options, we would be looking at driving customers and making that their payment option of choice. That's kind of how we're getting to our most-likely case.

Dana:

The best case, and on the next slide we can talk about those in a little bit more detail, but the best case scenario shows us... We'd actually end up with a savings if we're able to achieve some of the high-reach marks we have for e-bill and ACH participation, along with some other savings opportunities Rochelle has in the financial section. Rochelle, did you want to talk about cash conversion or league, or does anybody have questions about those areas?

Stephen:

Dana, what is ACH?

Dana:

ACH is a... of course, I'm going to drop my-

Naomi:

It's Automated Clearing House.

Dana:

It's essentially the function where you use your bank account as opposed to a Visa or a credit card, debit card.

Mark:

Right out of your checking account.

Dana:

Yes, thank you.

Mark:

I use that all the time.

Rochelle:

The idea there is, out of the electronic payment processing options we have, that's the lowest-cost option. So the idea is to encourage customers to go to the lowest-cost option.

Stephen:

Okay. Thank you.

Prem:

As a matter of fact, the team is already working on, if you look at when a customer logs in, you have three different options. So the team is already working on making this as the first option. This way they are more promoted towards going to the ACH option than the other option. This way... obviously a customer can do whatever they want to do, but at least they have the option as a first option so we can reduce some of the cost there.

Mario:

Can someone go into a little more detail on the cash conversion, since that's the biggest anticipated savings?

Rochelle:

Yes, I can talk in a bit more detail about that. We actually consulted with Dave Fox with Raftelis, who I believe everyone's met, to get some indication relative to what we should anticipate for an improvement in cash receipts due to monthly billing. And on a pre-COVID environment actually our percent strategic initiatives actually quite high, so it's already very good, so we put in, based on discussion, an additional half a percent within the first two months, and in discussion, again, with Dave Fox, he thought that was a reasonable assumption. There should be some pickup, but again with our pre-COVID collection rate already being high, we thought that was the most reasonable assumption. In the best case, we adjusted it a bit more, but again, already being at a relatively high percent, the half a percent we thought was reasonable.

Prem:

Make sense, Mario?

Mario:

Yes, thank you.

Prem:

We've got our next slide... Do you want to talk about [inaudible 00:48:15] estimate as well?

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Mark:

No, let's go to the next slide.

Prem:

Okay. So do you want to dive through it, Dana? Quickly?

Dana:

Yeah, sure. So in this slide what we've done is essentially taken the chart you saw in the previous slide and broken it down more into a matrix cost discussion. What you see on the first column is all the different types of costs that we just talked about, both increasing and decreasing in terms of the cost components. And what we have is the original AMI business case. So you might remember when we did and presented to the RPB the business case related to the AMI project overall. Monthly billing was a component of that. And there was an anticipated incremental cost increase of $460,000 related just to monthly billing. That was a projected amount based on conversion that we expected O&M cost would increase, that $460,000, when we went to monthly billing. We obviously haven't incurred those costs yet because we are not in a monthly billing scenario, right. We continued with our quarterly for now. So we wanted to provide that original comparison and expectation so that we could put these other costs and assumptions into some context for you relative to where we thought we might be.

Dana:

As we talked about, we've looked at an incremental growth. Prem talked about, right, this doesn't just happen overnight, some of these objectives and cost both increases and [inaudible 00:49:51]. And what we wanted to do was take a look at the first year, second year, and then moving out to third year would be our most likely business case, and then our best case. In year one, what we're looking at is an assumption about moving from 25% e-bill participation to 30% e-bill participation. Now we believe that's completely reasonable, because we have seen since January to July of just this year, we have increased from 21% e-bill participation to, in July, we are at 25% e-bill participation. We've done some promotion, but not the aggressive promotion that we're looking at doing moving forward. So we do think in a one-year time that is a reasonable amount of expectation and growth there.

Dana:

Also, we are looking at ACH promotion growth moving up to an additional 12%. Again, we believe that ties nicely with the e-bill and the way that, as Prem said, when you move into e-bill and KUBRA, it's your first option. So we're doing things there to sort of slowly, incrementally grow the participation in ACH as well. So that's a 30% of e-bill in year one, and a 12% increase in ACH in year one. So again, we'd have some incremental O&M costs at that point. In year two, we'd be looking at a 35% e-bill participation rate, and a growth of 15% in the ACH. Again, continuing to decrease our O&M costs. Moving us into the most likely case, which is where we anticipate being in year three, we will be working to get there earlier, and again, given some of the growth we've seen, I think that that's possible. But we are trying to set something that seemed reasonable, and that we could have a high bar but yet give you some perspective in terms of the growth that would be needed to get there. In that most-likely case, we're looking at 42% e-bill participation, and an increase in 20% of the ACH payments. That gets us to a net cost of $66,000 on top of our current O&M cost. So that's moving from quarterly billing at four times a year to monthly billing at 12 times a year.

Dana:

And then, our best case, we got a little bit more aggressive on both the cash conversion, leak adjustment, e-bill, and the ACH components. Here we're really looking at how we can be more proactive with our customers in doing additional promotion and growth. And again, some of the cash conversion component looks at some more optimistic perspectives, as Rochelle alluded to earlier in her discussions with Raftelis about some of the growth perspective we might have there in that cash flow. In that instance, we actually would expect a savings if we can get and reach these objectives as we intend to, right. So we'd actually see a growth and a reduction in overall O&M expenses as customer adoption into those electronic channels would increase.

Prem:

So thank you Dana, right. So I guess now the floor is kind of open for some discussion and looking at some of these data points too, right, because again, these are assumptions based on what is seen, and as you could imagine, we kind of feel that where we are today from a 460 to a 66, and with COVID, a lot of things have changed, right, and we are looking at more of those improvements which we'd never anticipated. So it kind of worked out as being an opportunity there. So we're looking at improving some of these number, and the most likely case, just so everybody feels more comfortable... These numbers are lesser than what we have with our other friends around us, like Aquarion for example, or UI for example. Their numbers are even more aggressive in terms of their e-bill participation. So we do truly believe that, while the reasonable case is something that we look at most-likely case, there's a good chance that we could actually go to best case scenario, right. So we have to keep the taps on.

Prem:

And we kind of also looked at a year one-year two-year three approach so we don't over-promise and under-deliver, so we're trying to make sure that we are being very reasonable there. So that's the idea. So any questions? I know Jeff, you also wanted to kind of look at it. I hope that you're able to see through, and if you have any questions, we can answer them as well.

Jeff:

No, I thought that the presentation both in the written and the verbal form was comprehensive and helpful and easy to follow. I don't have any questions.

Prem:

Thank you, Jeff.

Mark:

I think your numbers are conservative. And I think you're going to do better that what you're showing here.

Prem:

Thank you.

Mark:

The one problem I have with KUBRA is that they charge $3.95 to the customer. That's the only problem I have with KUBRA. And even if you do the ACH, if you don't go through KUBRA, then there's no charge. But if you go through KUBRA, they're going to charge you $3.95.

Prem:

Correct me if I'm wrong, that charge is on Regional Water Authority, right, Rochelle? Because customer does not see any charge-

Naomi:

[crosstalk 00:55:36] charge them.

Rochelle:

Correct.

Rochelle:

Certain utilities do charge the customer.

Mark:

UI charges $3.95.

Prem:

Yeah, that's a great point.

Mark:

That's good. You're going to do better than this, these numbers.

Prem:

Yeah. And I think, to be honest with you, I'm thinking out loud. That was one of the first questions I asked: what do we charge our customer? Fortunately, our model never was to charge our customer, right. So it is us who is taking the hit, but at the same time, we look at the overall business case, we want to make sure, as part of the whole KUBRA negotiation, we have lowered the cost quite a bit, right. And that's something we are able to achieve with these savings. So in my mind the most-likely case is something that's a sure hit, but can we push that a little bit more further onto the best-case scenarios where we are really innovating? Yeah, it is very conservative, but we want to be really careful on not over-promising and under-delivering. So we want to make sure that we do what we can, from our perspective. And obviously these are assumptions, and we want to make sure that we hit our assumptions.

Prem:

Okay, so I know we took quite a bit of time, but I think it was well worth to go through the details, and I'll also share some of these details in terms of our e-bill participation, et cetera. We'll keep the whole board up and kind of updated on how are we proceeding. So we will be tracking... We are tracking it on

a monthly basis, and we can share as we go, too, as how we are performing, and then we'll go from there.

Prem:

If there's no other questions, I'll give the thing back to you, Jennifer, so you can take it back.

Stephen:

Prem, this is Steve. I want to agree with Jeff. This was a very comprehensive presentation. Lots of information to digest, and I want to thank you for that, first of all. Just a couple of comments. I think this year is, because of COVID, was an unusual year. So the assumptions, we'll have to see how those hold up. Hopefully it meets your expectations so that those financial goals can be met.

Stephen:

Going back a couple of slides, too... While the bills may be smaller, the affordable part is still a concern, as there are more bills. So we shouldn't lose sight of that in terms of our customers. And if there are no more questions, we can move on, and I thank you and staff for your participation today.

Mark:

Steve, just take note, the boss is on. Did you know that? Did you see him? The boss is on. See, yeah, you did good, Steve, you got the boss at your meeting.

Stephen:

I don't want to guess at who's the boss, but...

Mark:

Larry's at your meeting.

Stephen:

I appreciate his participation. And I should also... Oh, Larry's on too. I want to thank Mario for chairing the last meeting, as I had an emergency and couldn't make it. So thanks, Mario.

Stephen:

We're on to Item Four, which is the report of the OCA. Jeffrey.

Jeff:

Thank you. We have one pending consumer complaint. This is a complaint that I first reported to the committee on back in June involving Clark Commons, which is a condominium association in Milford. If you recall from the last two reports, this is a customer that experienced some high water bills for one of its buildings for the period of January 2018 to November of 2019. And when the matter was first referred to us, the complaint that the customer articulated was that it had a bad meter, and that once the meter was changed out in November of 2019, the charges reverted to normal, so that was the foundation of the investigation.

Jeff:

However, what we've since learned is that the customer spoke with authority customer service in early October on two occasions, and it was after the customer's second conversation with the authority in October rather than when the meter was changed out in November that the usage reverted to normal. The authority offered the customer a one-time waste adjustment of approximately $417, to which the customer responded that if they didn't get two years' worth of water bills wiped out, roughly $2,700, that they were going to bring a class action lawsuit against the authority.

Jeff:

At that point, when that threat was made last month, we brought the authority's corporate counsel, Paul McCary and Bruce McDermott from Murtha into the loop so that they could be aware of the threat, and we've obtained some additional information in response to the customer's questions. We received information today that we're trying to communicate to the customer, so this is still an active investigation. We're not at the point yet where we'd stop talking to the customer and are going to issue a report. Instead, we'll provide the additional information that we've received from the authority over the last couple of days to the customer and see what the customer wants to do.

Stephen:

Hey Jeff, this is Steve. There's several things here that strike me. One, what would justify a class action suit, and was there sort of a research into this to determine that this was a legitimate charge, and has that information been presented to the commons?

Jeff:

In terms of what would justify a class action, the representative of the condo association is not a lawyer and does not seem to be well-informed in class certification requirements for the judicial district of Connecticut. Let's just assume that, as a layperson, he at some point in his life heard the phrase "class action" an uttered in an effort to exert some type of leverage over the authority rather than a legitimate basis for a claim.

Jeff:

The legitimacy of the bills obviously is what the focus has been, and our understanding is that the authority told... customer service records indicate that the authority told the customer that there was the probability of a leak, and it was after that was communicated to the customer within a couple of days that the usage reverted to the norm, rather than what the customer represented to us in his initial emails, which was that it was after the meter was changed out. So the customer was focused on the meter. Once the customer was told that the meter tested out, the customer then turned his attention to the flex net, attempting to argue that there's some type of defect in the flex net. Again, I'm not an expert in flex-net technology, but I do understand the communication purpose and network purpose of the flex net device. And while I'll leave this to the authority's experts on the topic, I don't see how any error in the flex net device would result in some random high bill for a period of time.

Stephen:

So this is very likely a legitimate leak of some kind that occurred?

Jeff:

Well, something obviously happened, and we don't even know, quite frankly, how the customer came up with his credit demand. He's asked for $2,700 in credits, and we have obviously looked at the bills for the period in question. But to say that there's information missing that would allow us to determine that this is a valid claim would be putting it lightly. We really don't have... Other than some emails from the customer complaining about the bills, we don't have any responsive information with regard to any work that may have been done by way of repairs. And that's really what we would look at. That's why I say it's still an active investigation.

Stephen:

Do we know if they have a common hall they use, or a pool, or something like that, other than the condos themselves, where such a leak or a problem might have occurred?

Jeff:

Now we know there's two buildings that are under the same management, and that the claim pertains to one of the buildings.

Frank:

When they changed the meter, did they test the meter to see if the meter was faulty? The water company?

Jeff:

Yes.

Frank:

And what was the results of the meter?

Jeff:

Tested out fine.

Frank:

What was that?

Jeff:

It tested out fine.

Frank:

Okay. So it wasn't the meter, then?

Jeff:

Correct.

Frank:

But he's trying to say it was the meter?

Jeff:

Trying to say it was the meter because he says that after the meter was changed, consumption returned to normal, but that's not what happened. It turned out that consumption returned to normal about a month before the meter was changed.

Frank:

Okay. Thank you.

Stephen:

Mario, did you have something?

Mario:

Yes. Is this... The building, are there multiple units in each of the buildings on the same meter?

Jeff:

I believe so, but I don't have any details as to the number of units in either building.

Mario:

Okay. Because he was trying to make a comparison, was he not, with another building in the complex?

Laura:

That's correct.

Jeff:

Right. When he talks about the percentage increase, I think he's looking at the other building.

Laura:

I couldn't figure that out, Jeff, thank you. I was looking at just this building. Initially he was comparing the two properties.

Jeff:

Right. 71% I think comes from that. So we'll continue, we'll communicate the new information that we have from the authority to the customer and continue to talk with the customer about what the facts are and hopefully reach a conclusion by our next consumer affairs committee meeting.

Stephen:

Okay, thanks Jeff. Richard, has anyone from there contacted you as a representative?

Rich:

No.

Stephen:

Okay. So that's it, Jeff?

Jeff:

That's it.

Stephen:

That's it. One thing, thank you. Next item on the agenda is the approval of the OCA invoice for July as presented. Do I have a motion?

Frank:

Motion.

Stephen:

And second?

Rich:

Second.

Stephen:

Thank you, Richard. Any questions for Jeff on the bill?

Frank:

I got a question. What's Bayview Park, Jeff?

Jeff:

Bayview Park was a prior consumer complaint that was resolved in I think June.

Frank:

Okay.

Jeff:

July.

Frank:

Thanks. Thank you.

Stephen:

Any other comments, questions on the bill? All those in favor?

Group:

Aye.

Stephen:

Aye. Any opposed? Motion carries unanimously. Thank you. Item six is the authority meeting volunteers, which we talked about a little before the meeting. Mark's going to attend in August, and Naomi in September. Thank you again. Our next meeting is Monday, September 21st. Does anyone want to bring anything up before we entertain a motion to adjourn?

Mark:

I make a motion we adjourn.

Frank:

Second.

Stephen:

Thanks, Frank. All those in favor?

Group:

Aye.

Stephen:

Thanks, everyone. Good meeting.