

**Representative Policy Board Consumer Affairs Committee
South Central Connecticut Regional Water District**

**September 21, 2020
Meeting Transcription**

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, September 21, 2020, via remote access. Committee members present were M. Levine, S. Mongillo, F. Pepe, and R. Smith.

Also present were T. Clifford, B. Eitzer and T. Slocum (RPB), S. Sack (Authority member), J. Donofrio (Office of Consumer Affairs), L. Bingaman, P. Singh and P. Vece (RWA), and J. Slubowski (RPB Staff).

Stephen:

Well, since we have a quorum, I'm going to call the September Consumer Affairs Committee meeting to order. And we'll start with the safety moment. This time it's about dog bite prevention. Good tips for me. I never had a dog as a kid, so I never got real comfortable with them, even though I liked them. Always good to know how to deal with them. Item two is approval of the minutes. Do I have a motion?

Frank:

A motion.

Stephen:

All right. Thank you, Frank.

Frank:

Yup.

Stephen:

Second?

Rich:

Second.

Stephen:

Thank you. Are there any corrections, additions, any comments? Any omissions there? All those in favor?

Group:

Aye.

Mark:

Do we got enough to approve the minutes?

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Stephen:

Yeah, we have four people.

Jeff:

We have a quorum.

Mark:

Okay.

Jeff:

Yup.

Stephen:

Thank you. Minutes are approved unanimously. Item three is our special topic. PipeSafe marketing update. Prem Singh. Is Prem here?

Jennifer:

Prem is not here yet.

Stephen:

Let's skip him for the moment. We can go on to the item four, which is the report of the OCA. Jeff?

Jeff:

Sure. As you know, from our last few meetings, we had a very active consumer complaint, involving Clark Commons in Milford. And all through our [inaudible 00:02:23] meetings, it was about \$2700 credit that the customer was looking for. And since then, two Zoom meetings with the customer, Laura Gonzales and Rochelle, and I, and Lou, had some pretty lengthy discussions with the consumer. The representative of the association is a pretty sophisticated guy. His position was that the FlexNet device was malfunctioning and that's what was responsible for what he considers to be excessive consumption readings.

Jeff:

So he provided us with some data, and to make a long story short, we have reached a resolution with him. Previously, the Authority had offered him a waste adjustment of around \$430. And after getting some additional information from him and focusing on the period during which the high meter readings existed, the Authority came up with a revised waste adjustment proposal of \$1355. And the consumer did bring it to their board and they did accept that proposal.

Jeff:

Something clearly was going on. I still am of the opinion that there was a leak. He was adamant that they did a lot of testing and there was no, in his mind, conceivable way there could have been a leak, because there were no leaks found when they did their testing and he's not aware of any repairs. The

reason why I really believe that there was something else going on, aside from just an engineering perspective, I have never been provided with any indication that if the FlexNet device malfunctioned, this arbitrary consumption number would result. He provided us with data that showed, beginning in 2016, a pretty significant increase in consumption. And the reality is that the time period that we're talking about began August of 2017. That's when the new device was installed.

Jeff:

So if we use his own theory that the installation of the FlexNet device in August 25, 2017, until the replacement in November of 2019, explains the spike in consumption then you, if you look at the prior, say, four to eight quarters, you saw in his own data, significant increases in consumption. So we brought that to his attention, the fact that his own data showed upticks. And he said that that was easily explainable through seasonality. But we said, "All right, well, we'll take the summer months out," because he said, "Well, consumption goes down beginning in September every year." So we said, "All right, we'll take the summer months out and look at the consumption historically, going back to 2010." So he provided us information and the Authority provided us information.

Jeff:

And it just didn't align. Clearly there was something going on during the six quarters that he complained of. But I really thought that there was a trend that could be gleaned from looking at the data he provided. So, like I said, we had two Zoom meetings over a span of about 10 days with him and his board did accept the waste adjustment of 1355. And what I've recommended to the Authority... Usually when settle with a customer, we don't require the customer to sign any kind of release. This particular customer had talked to us about bringing a class action lawsuit against the Authority.

Jeff:

And I mean, it's kind of hard for me, because I'm the consumer advocate. I really shouldn't be trying to dissuade someone if they want to bring some kind of a claim. But what I said to him was, "Do you have any experience with class action litigation?" And he said, yes, that he had been a class [inaudible 00:07:26] once before. And I said, "If you don't mind me asking, without telling me any confidential information, how much money did you put in your pocket from that?" He said \$5,000. And I said, "Well, that's a small claims case. And I think this is a much different kettle of fish, because I don't think you'd ever even get a class certified." So he said, "No, I don't want to go through all that again. I just want to feel like we're being treated fairly."

Jeff:

But given the fact that he had talked about bringing some kind of claim, what I've recommended to the Authority is that they issue an accord and satisfaction letter to memorialize that this adjustment is in lieu of any and all other remedies and that by accepting the adjustment, they're waving any and all claims. Because, again, he's pretty sophisticated. This guy is in the software business and he writes code. So even though that really has nothing to do with what we're talking about, he was very strong in his opinion. But when you look at the data that he provided, quite frankly, it just didn't support the position that he was taking. So I think we need to get it wrapped up. And I think it's a fair outcome for both the consumer and the Authority. But we want to make sure that it's really wrapped up and that we don't, a year from now, have this same issue with this consumer.

Stephen:

Any questions for Jeff?

Prem:

I just had a comment. This is Prem here. Thank you, Jeff. I know this was a long trail. I know it involved multiple meetings, et cetera. But I think it's also a clear and factual representation. Especially when we look at data points like the customer spoke to us and from literally the next day the consumption went to normal. So I think there are certain facts that we are looking at. So I do appreciate that involvement here and to resolve this case. And I think, at your suggestions, that's what we'll be doing from our side to really have that rule in place, in terms of a formal closure on this process so we can all be on the same page. Thank you.

Jeff:

Right. I mean, I think it's very important. You could look at this and say, "It was a \$2700 credit, why didn't the Authority just give him what he wanted instead of spending money?" And obviously, I'm not somebody that really worries about precedent, because I think every case rises and falls on its own merits.

Jeff:

But I do think when you're talking about the Authority, and not a private corporation, somebody's paying for this water. And it makes absolutely no sense, ever, to give a credit that's larger than what's justified. So I think Rochelle and Laura, they really stuck to the correct methodology of determining what the right credit should be, instead of just saying, "Okay, let's just find a dollar amount that's going to work." We stuck to the methodology and that's important to me, because I want every consumer to be treated fairly and I don't want an arbitrary process. Even if it would have resolved the matter, I don't like the idea of just throwing a number at it. And I was happy that the Authority approached it in a manner that's consistent with how we've always treated other consumers who've escalated their complaints to my office.

Rich:

Jeff, this is Rich. I have a couple of questions for you. One is, if we have faith in FlexNet, and he presented data that would bring some question to FlexNet, doesn't that raise the larger issue that we could have any consumer, for that matter, make a similar claim and blame FlexNet? Don't we have supporting data that proves that that technology would not have resulted in this outcome?

Jeff:

We had, during the first call that we had, first Zoom that we had with Mr. Tom Mercaldo, representing Clark Commons, we had an AMI specialist from the Authority on the call. Haitham?

Prem:

Haitham. Yeah, that's Haitham. Yeah, that's right.

Jeff:

And so we wanted him on the call for technical support so we could address whether or not there is [inaudible 00:11:52]. And I was very satisfied with his ability, from the technical perspective, to respond. And really, there's no support for the proposition that the... This is a one-time waste adjustment in recognition of the fact that something unusual, perhaps, was going on with the customer. It's not in any way, shape, or form, based on a concern or an admission that there's any issue with the FlexNet reader.

Rich:

What data did he present that would have been compelling or informed on this topic?

Jeff:

Did who present? The customer or Haitham?

Rich:

The customer. The customer. I'm sorry.

Jeff:

The customer provided us with, basically, 10 years' worth of quarterly meter reads, including primarily consumption data, as well as a recap of, on a quarterly basis, the four years prior to the issue, and then the two years during which the issue existed. And it's the same number of units as a building... There's two buildings that Clark Commons has. And same number of units. We really didn't focus that much on the other building, but there was a 71% difference between the registered consumption for 155, 171 Clark, during the same time period as the other building.

Jeff:

So there was something going on. And when you look at the consumption data, you see that there was somewhat of, like I said, an uptick. For example, even though the issue allegedly began in August of 2017, if you look at the October 20 [inaudible 00:14:08] meter reading, it had... Consumption was significantly higher than prior four years. Yet the complaint, it reverted to the norm for the following four quarters until August of '17, when... Sorry, it's a larger spike than historically, had ever occurred. And then it stayed at that level for six quarters. And then after the new device was installed in November of '19, consumption dropped back to prior levels. So, something was going on. We don't know what it was. It's hard to prove a negative, and that's purpose of the one-time weight adjustment.

Rich:

So just, because I'm a data guy. I write code or have grown up in technology. Sounds me to like, evidence and any data we have would support our position. So if you say to me, this was just an adjustment, a one-time adjustment, to end this issue, I get that. But it sure seems to me that we could prove our case, whether at a hearing or even at ever in court. I don't know who the members of the class would be in his threat, but if this is just, let's just come to an agreement, let's put this behind us, I get that. But it seems to me that all the evidence would support us in this matter. Correct?

Jeff:

I would say that the preponderance of the evidence would support the Authority's position. I can't say all the evidence because, again, for six quarters, there was a significant spike in consumption and we don't have evidence that [inaudible 00:16:02] a leak. It's not any different than when a homeowner of a single family residence comes to us with a similar situation. They tell us that they didn't have any repairs, but if a unit owner, let's say, one possible explanation is that the person that we dealt with, as is the case with any multiple unit development, it is not the only person living in the development. He's a representative of the owners.

Jeff:

He has no way of telling us with 100% certainty whether any tenants, occupants of the other units, once they knew that he was going around looking for leaks, whether they called the plumber and had a leak fixed.

Rich:

Right.

Jeff:

So that's... You don't know until you actually get into litigation and actually do discovery and take depositions and subpoena documents and do all that stuff, which you would never do in a case like this. You don't know 100% who's telling the truth, but certainly the fact that something was going on and like you said, the bigger part of it is to just put an end to it and have the customer be satisfied with the outcome and move on.

Rich:

In the letter, it states clearly that this is a one-time adjustment, not to be repeated if their consumption suddenly goes up again, in a similar way.

Jeff:

Well, that's right. The accord and satisfaction letter, the reason that I make a recommendation of accord and satisfaction is there's something in the uniform commercial code that says that if there is a dispute, and a payment is made, and it's the express intention of the recipient of the payment that that payment represent a release and discharge of any claims. So I can work with the Authority on the proper wording for the letter. Like I said, I typically don't do that, but this guy seems to really have spent enormous amount of time on this and I'm just concerned. We asked them to confirm today, because he had mentioned that he had other, and again, you don't know if people are telling the truth or not, but he had other irons in the fire. I don't know who he was talking to about this, but we want to make sure that everybody's on the same page and this puts it to bed completely and forever.

Rich:

So the mention of claims is future claims, as well?

Jeff:

Yes.

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Rich:

Okay.

Jeff:

Yeah, obviously if there's a new device put in... Kind of restarts the process. But with respect to-

Rich:

Right, right.

Jeff:

[crosstalk 00:19:01] from now on we want to make sure that this is the end.

Rich:

Thank you.

Stephen:

And Jeff, this is Steve. I have similar questions. So there is a new FlexNet device now?

Jeff:

As of November of 2019.

Stephen:

Okay.

Rich:

[inaudible 00:19:17].

Stephen:

And so they're satisfied that that's working right at this point?

Jeff:

Everybody is on both sides.

Stephen:

Okay. All right. Just, yeah, I don't know, it just... There was never a quarter where they had this much consumption in the past? I'm assuming that?

Jeff:

Closest, we have 10 years' worth of data. And the quarter meter reading, January, 2013, is the only quarter where they ever had anything close to what they had during the six quarters we're talking about now.

Stephen:

But it went on for six quarters. That's a long time.

Jeff:

Yep. And they complained.

Stephen:

It's not an individual residence. You wouldn't expect necessarily a seasonal kind of thing for this kind of a structure. What do people do in the summer there? Can they wash their cars individually, or have a pool or something that would make it go up?

Jeff:

People wash their cars.

Stephen:

I don't know why they'd use more... I guess they could... It's all on one, the unit and the building, so if they were watering their lawn, this is all on one bill?

Rich:

That would be normal usage, though, that we'd see over a period of time. This is an outlier. These orders.

Jeff:

Very much so.

Stephen:

Yeah.

Prem:

I think the consumption patterns, Steve, right, could vary based on how they're using it. To your point, if it's seasonal, it probably is not just a seasonal thing. But I think what we can do is that, we have higher confidence level on the technology channel like FlexNet, et cetera. We do have a process in place today we call the [inaudible 00:21:20] that looks at all the different triggers that happens based on the consumption. So this customer is part of that and we're actually monitoring that going forward. So we can do those things and as part of looking at making sure that everything is happening as it is. So we will be monitoring this customer, especially after this case. It's the best idea. We have all that in place now.

Stephen:

Okay. Thank you. Can they also go on the water watch for themselves so that they can-

Prem:

Yeah.

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Jeff:

Yeah.

Prem:

Absolutely.

Jeff:

Yeah, that was explained to them in one of the prior meetings that we had that they now have the ability to do that.

Prem:

Yep.

Jeff:

But that's relatively new, obviously.

Rich:

The way I see this is that while we're in the right, it's cheaper to come to this agreement than it is to pursue it tie us up in expensive legal fees or anything else.

Prem:

Yep.

Rich:

Understood.

Frank:

Hey, Jeff. It's Frank. Jeff, I think you did a great job handling that situation with Clark Commons. I know the guy refused a few times your offers, but you put to bed. I know he would drag it out and drag it out. But you did a great job.

Jeff:

Thank you.

Stephen:

Rich, to your point, it's also a question of sticking to the position that the water company does have, to address this and future issues. So it's just a difficult situation that, I agree, Jeff did a good job of finally bringing it to a resolution at this point. We've had some issues that just drag on and so much money is wasted in the process.

Rich:

I worked for AT&T and I supported legal during the discovery and it's very standard that we'll settle cases that we know we're not in the wrong on, but it would cost more to stay engaged. So I get that. But at the same time, what worries me is, precedent that we're setting that there's no data, a claim can come in and chop \$1,000 off a bill, really unsubstantiated. And we still write it off. So that's the thing that troubles me, but I get the practical aspects of it.

Frank:

Right.

Stephen:

We'll not do it all the time. There's a one-time adjustment.

Rich:

Yeah. Right. I'm waiting for my biggest water bill ever and then I'll be calling it. For my one time.

Stephen:

I don't think I'll note that in the minutes.

Rich:

No, please.

Stephen:

Thank you, Jeff. Is there anything else?

Jeff:

No, that's it. We have no active consumer complaints.

Stephen:

Oh great. Other than that. Appreciate your work and your report. Prem, now that you're here, we can switch back to a marketing update on PipeSafe.

Prem:

Thank you, Steve. Okay, so I guess for some of you who have been part of the discussions on a couple of other RPB meetings and some of the board discussions, you'd probably have a reputation that you had heard about safe marketing campaign that we had, to be honest with you, just launched today.

Prem:

But I just wanted to come out and have a conversation, answer any questions, cover some of the details. Larry did share, I guess it was a couple weeks ago, an email that actually had some of the details on this campaign and add some of the links that he provided for the adds, but this gives an opportunity for everybody to take a look at some of the data.

Prem:

I'll also talk a little bit about this whole campaign and why not and et cetera, and this way... And again, I also have Phil on the call, so Phil is our creative director, executive of communication, so if there's any question that I can't answer, he could actually answer those questions, as well, to cover ourselves. So let's go into the slides a little bit.

Prem:

So basically, as you are aware, we have been doing PipeSafe pretty much for many decades and as you can imagine, one of the main areas of marketing was really using direct mail as part of the process and that's what we've been doing all along the way. And this year, what we thought about doing was, as you are aware, much of this direct mail that we send out pretty much goes into garbage. People don't tend to just read every mail that comes through. So we want to really rearticulate in terms of how we're going to pursue this whole campaign and what are the different stakeholders that we'll be touching from a customer standpoint?

Prem:

So what we really want to launch was the PipeSafe brand itself. We call it PipeSafe to the Rescue. Again, we wanted to keep the touch of more of being human. A lot of times you hear these ads out there and people talk about numbers and how they cover, et cetera, but there's not a human touch. So we used a fictitious... Again, this is not a real person, so we used a fictitious person to bring that human touch. And also we wanted to make sure that we focus on our conversion.

Prem:

So just to give you a little bit of that historical number. So we have close to, from a PipeSafe water perspective, we have close to 58,000 customers and as you know, we do lose customers often now because of various reasons, the most prominent one being the move out situations. A customer moves out, so we have PipeSafe water that has our own [inaudible 00:27:13] customers that we lose pretty much every year for the past few years. So we want to really look at the situation to bring it back to how we really fill in those gaps. This campaign would help that, bridging that gap, if you will.

Prem:

You also have PipeSafe sewer customers, close to 43,000 plus customers that we have. And it's incrementally going up a little bit. Pretty much every month. But looking at that standpoint, since we have a good participation on the PipeSafe water, there's a good opportunity for us to put the word out there. So that's our area of focus for PipeSafe sewer.

Prem:

The last one, but not least, is the PipeSafe plumbing. We call the PipeSafe Complete, if you remember those. We launched this program a year and a half ago and when you start thinking about the numbers, we had close to 4,400 customers. As part of our non-core strategy, we're looking at increasing these numbers, upgrading 1,000 customers over the period of the next three or four years. As you are aware, we are trying to offset that rate 1% decrease in terms of making sure we keep the rates low for our customers and this non-core being a strategy, this is going to help that, as well.

Prem:

So we want to combine all these strategy initiatives that we have-

Mark:

Excuse me.

Prem:

[crosstalk 00:28:32] in this new campaign. Sorry. Go ahead, Mark.

Mark:

I just wanted to ask you, does American Home Security, American Home whatever that's called, do they provide PipeSafe?

Prem:

No, they have a different version of the [inaudible 00:28:47] off of the program, but a lot of insurance companies, Mark, nowadays, they are coming up with these new ideas of providing this, so as you are aware, Hartford is the insurance hub, so we are hearing quite a bit. Even State Farm, for example, had been into using these as a home production program, an insurance program. So we are seeing, it's no more a blue ocean strategy. We used to call that blue ocean, where pretty much RWA was the only player, but now we have a lot more, and so that ocean strategy, we call it-

Mark:

I wondered if, they advertise it all the time, Home whatever that is.

Prem:

Yeah, yeah. It's an insurance program.

Mark:

Do they carry PipeSafe? So not only do they-

Prem:

Yeah, they do-

Mark:

So not only do they carry PipeSafe and SewerSafe, right?

Prem:

Yes, they do have a program similar to that and as a matter of fact, they also have other things as part of their product. For example, they protect a whole home, not just from a water perspective-

Mark:

Right. That's right. Yeah.

Prem:

You're right, yeah.

Mark:

I'm saying to you, how do you think you're going to go make inroads when you have a company out there that's doing the whole house in a package? When you are just doing the sewer and the water pipe? Seems to me, if somebody had a brain, they'd go to the other place.

Prem:

Yeah.

Mark:

Because-

Prem:

Let me explain.

Stephen:

Mark, let Prem go [crosstalk 00:30:08].

Mark:

All right. I just was wondering how you expect to do that. Then don't answer me.

Prem:

We are trying to tackle that a little different, Mark. All of these insurance companies offer this program. There's always these number of glitches in the program that they offer. You got to go through a whole claims process. Ours is more a protection program. We have a cap and we talk about being more of I know, even the price point, if you look at, is an example. Like HomeServe, an insurance company, they provide the same service for \$96 for a year. Versus we provide that for a \$58. It's more of advantages that we have from a price standpoint, that maybe offer the protection program or coverage. There's a lot different in there. So it's not just a general insurance program.

Prem:

So we personalize that and we have a history, 107 years of history of supporting our customer. So all of these I know, again, we're looking at every one of those pieces and this campaign is also doing [inaudible 00:31:04] brand awareness. So we make sure that we can put the word out there and we talk more about what we do today. It's not just a direct mail anymore. There are advantages, Mark, and you could always argue why should they sign up with us? And there are reasons for that. And we are trying to make it really clear for our customers. That's the idea.

Prem:

Let's go through slides and you can ask me more questions and we'll come back and answer in a while. So a couple things, Mark, we're trying to do to cover and for the rest of the team here, so we looked at some of the areas of coverage, to put the brand awareness out there. We talked about putting it on TV channels. So we have a local channels like TV8 and TV59. We're planning to use that.

Prem:

Again, we looked at various different areas. For examples, if you think about when do we put this coverage out there, we have different timings of this campaign. We are doing some of these, for example, radio as an example, we are putting it out in the mornings, we have a lot of commute that happens in the time. We also have it during afternoons and the evening, so we are trying to cover various aspects of this program, and we also looked at how do we advance this whole program? We figured out that we should do it in two waves.

Prem:

Again, remember, we are not putting anymore additional dollars. We are just using the existing dollars that we have in the budget because of the financial constraint. So you should really think about this being going from one army channel or a monitoring channel to all these different channels that you see here. Again, some of these radio frequencies, F, if you remember, got all the local channels like 99.1, I think 101.3, 104, they have multiple different FM channels we are trying to cover. That's pretty much localized for our greater New Haven community.

Prem:

So those are the areas that we're trying to cover first as we go in. For outdoor posters, again, Phil and the team had come up with a great idea. We actually have 12 different towns covered in [inaudible 00:33:10] our outdoor poster panels. If you remember we actually had one for the recreation on I-95, back in the time, which actually had a better aspect of us getting more customers. We're really trying to do similar fashion way of doing this and putting the word out there for all the different towns. Again, for all the same cost that we had as part of our budget. We didn't really increase anything.

Prem:

We are actually, since we are not doing direct mail for everybody, we are looking at doing bill inserts. So that's another area. For example, today we sent out a bill and since we already know that a customer has not signed up for PipeSafe, we are actually putting an insert, only for those customers, so they actually can see what we offer. So that's totally, again, new, the way we are doing it.

Prem:

Again, we are also doing a couple things like a fleet wrap. We do have the vehicles. We are looking at doing a fleet wrap. So it's kind of a billboard on wheels concept, putting the PipeSafe word out there. Lawn signs another one. We have our people going out there fixing stuff, so we put a lawn sign that really talks about what we do and trying to attract neighbors, et cetera, in terms of being able to get more, I would say, conversion on the PipeSafe stuff.

Prem:

So these are different things. We're also using technology. So Phil did a little bit of a creative exercise where we have used Google ads. So if you're a customer within our territory, you will also see Google ads really focusing on who the customers are, and as they try to, let's say, they're interested, and a lot of the customers are really Generation X customers, Baby Boomers, we call it. So those customers, if they're interested, they may click on a link based on the Google ads, it will lead them towards our same link that we have for sign up. So we are actually trying to get creative there. So all of this we are trying to launch on the same money that we have.

Prem:

Again, let's not forget, these are different ways of the outreach and this is more of a campaign to really create brand awareness and really bringing the brand PipeSafe to the Rescue. So to answer, I think those are the things we are doing to put the word out there and the two ways that I talked about earlier, we're trying to do one, which is from September to November. Again, we are looking at having a short break because of the holiday times, between December timeline. So the second wave of that goes from February into May, so this way we have full coverage, making sure that the word gets out there when the most people are actually working or driving, based on the scenarios that we have for TV and radio.

Prem:

So these are the different outreach programs that we have as part of our marketing campaign, but there are fundamental things that we are doing, understanding our competition, we are trying to steal enough... As a matter of fact, we are looking at understanding how we really expand this to our neighboring towns, for example. So as you remember, we have a non-core strategy to see if these things can also be promoted in neighboring towns, so this awareness is going to create that word out there so when we are ready, we can actually launch it.

Prem:

So these are the ways we are using. Again, to be honest, this is all I have for today to cover unless you guys have more questions, we'll use more time to answer any questions that you have.

Frank:

Prem, Frank Pepe.

Prem:

Yes, Frank.

Frank:

What you're marketing, are you going to be advertising the sewer protection, too? And a while back, we also talked about septic tank and well. From the house to the what do you call it. Are you going to try to promote the sewer and septic, too, and the well, for this program?

Prem:

Yes. Actually, yeah. Let me separate the question in two pieces. So sewer and septic, yes, Frank. As a matter of fact, the PipeSafe to the Rescue includes all of your water, sewer, septic, and also we include the plumbing. That's the whole complete, PipeSafe complete products. So we are running through that.

Prem:

In terms of the wells, I think it's going to cover, I would say, all the infrastructure that we have that leads into the wells, I'm going to say from a sewer perspective.

Frank:

Yeah.

Prem:

But we just try to be careful. As we you know, we also have uptick of cost. Sewer, for example, with more people staying home and being more and more, et cetera, there is actually an uptick in terms of the cost that we have in terms of people calling in, we go out for repairs, so we're trying to contain that. So when we market this out, Frank, we're doing it as a complete package. We're not just trying to break it down. That's not the idea. It's the PipeSafe to the Rescue complete package. But the sewer and septic is part of that. Hopefully that helps-

Frank:

So sewer was always there. A while ago, Larry was talking about septic. And they were going to look into well, too, to cover that with the PipeSafe non-core revenue.

Prem:

Yeah. I think septic, we have close to 890 less customers, but if you're thinking of all the well service as a septic program, Frank, if your questions about purely just wells program, we are looking at creating a business case. We are not there yet. But we're working on a business case to be able to actually put that program aside as a PipeSafe, as an additional product of the PipeSafe. So that also is part of our strategy. But you're right. We are working on that.

Prem:

As part of the 522 plan, we'll be into using that, along with other services that we have. We're looking at leak detection, has been one for example. So the other sources of that will be coming as part of the PipeSafe. But you're right.

Frank:

Okay. Thank you.

Mark:

Prem.

Prem:

Yeah?

Mark:

Who does the repairs? Do we do the repairs?

Prem:

That's a good question. We do repairs for PipeSafe water, Mark, because PipeSafe water is pretty much handled by our own team, but we do have Mr. Rooter that actually does the septic and sewer and also the plumbing side, so the good news is that it's not a new contract for us. So we have actually had this contract for, I think it's up for renewal next year-

Mark:

So what does it cover for Rooter? In other words, if a guy's pipe is clogged, does Mr. Rooter come out and clean it and that's covered?

Prem:

Yes. That's right. Yeah.

Mark:

But the broken sewer line, is that covered?

Prem:

Yes, that's covered, too. And we're going to have a cap, a prediction program runs up to \$5,000, so anything up to \$5,000, we cover. But we want to make sure that we look at, that's why our guys are out there. For example, the PipeSafe team, pretty much is John Cusack. He's out there talking to Mr. Rooter for everyone of these, let's say, clean up job or a breaking job. So they just want to make sure that they can contain the cost so we don't end up spending.

Mark:

Approximately how many PipeSafe calls have we gotten to fix and how many sewer calls have we gotten out of all-

Prem:

It's about... I'll tell you this historically, if you think about it more recent, I would say close to 32 customers, around 32, 34 customers, we pretty much get a week that we talk through in terms of sewer, septic. And then for PipeSafe water, it's probably 25 or so customers that we have almost every week. Like I said, I think the process is the same. So we go there, we talk to the customer, we look at the leak or the cleaning that we need to do and we take care of that. So that's on average. So if you look at 43,000 customers, you're talking 32 or so customers every week out of 43,000 customers, so that's a lot. So the cost [inaudible 00:40:51] is pretty low.

Mark:

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Yeah, but-

Prem:

Go ahead.

Mark:

Do you fix those 32? Are those all repairs or are they just inquiries about if they have a problem or-

Prem:

No, those are repairs.

Mark:

Repairs. And out of the 32 customers, do you do 32 repairs?

Prem:

Oh yeah. I think some of them might end up being they're just a cleanup job. Some of them we need to really dig, so it really depends on what the problem is. We'll start off from going what the customer has to say, we go take a look at it, and then based on that, we actually start putting the work together. So Mr. Rooter does... They're doing a good job and they're working with us to look at some of these repairs.

Mark:

Okay.

Prem:

I don't have a real number in terms of a breakdown of... You say how many of them, it really varies. Every week it might be a different scenario.

Mark:

If we say 32 a week times, what's that, 1500? 32, 1500 calls a year on the sewer?

Prem:

Yeah.

Mark:

Have we considered insuring the whole house? Not the house, but the appliances, the furnace, the air conditioning?

Prem:

That's a good question. No, I think we just got to be careful because a lot of these houses also, it depends. Newer communities are a little different than the older. So you got to look at in terms of the complete package. We do have as part of PipeSafe complete, plumbing for example, we cover all their pipes, but we don't cover their appliances.

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Mark:

All right. I understand.

Prem:

We can look at that, so-

Mark:

You'd have to say like home warranty. The home warranty, if your furnace is... It's got to be X amount of years for you to get into the program. You're not going to take a furnace that's 100 years old. You're not going to take an air conditioner that's 15 years old. But it seems to me that we have a better advantage. I'm sure that we can get, like you got Mr. Rooter to do the sewer service, so we can get heating and air conditioning people doing heating. People to fix dishwashers, refrigerators. You get your list. And none of these places do it all. They have special people that they hire to do them, and like you said, it's how many a week. It's all probabilities.

Larry:

Mark, we're limited on what we can do inside the house, based on our enabling legislation. We can do water related and environmental related, or alternative energy, but we're not going to be able to go in and do appliances and heating systems.

Mark:

But we're not going to be doing it.

Larry:

No, no, no. If it's under our brand, we're not going to be able to do that underneath our enabling legislation.

Mark:

Well, we've opened it up before.

Larry:

Yeah. No, I'm just saying under the current legislation, we're not able to do that.

Mark:

Okay.

Larry:

We can do plumbing because that's water related, obviously, but we can't do heating systems.

Mark:

Okay. I think that's a disadvantage to selling the program. When other companies do the whole package. But that's only my opinion. So what do I know? Thank you.

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Prem:

Thank you.

Brian:

One other question, Prem.

Prem:

Yes, Brian.

Brian:

In terms of the marketing campaign for this, and the cost of the marketing campaign that we're doing, how many customers do we have to pick up to pay for the cost of the marketing campaign?

Prem:

That's a good question. And I looked at the numbers, Brian, so we actually are spending, I would say, 60% of our cost is going into the campaign. Earlier it was all direct mail, so based on the target numbers that we have. So if we are in a position to, for example, for PipeSafe plumbing, are we at a rate of 225 customers in order to get to our target of 18,000 customers at the end of 2025? A fraction of that. I would say probably close to 25, 30 customers would cover the cost. But again, let's not forget that this is not a one-time thing. So we have to do this every year in a different format, maybe. So I would say in order to get that uptick of 25 customers, we are well covered.

Prem:

My perception of this whole marketing campaign is more about brand awareness. We are now just getting ourselves in a position where we're spending on the marketing, but we might mean a loss. It's not like that. So [inaudible 00:45:03] bring awareness and just using the dollars we have for direct mail. Most of that, to be honest with you, I get a lot of these mails. I'm pretty sure all of you get it. We just dump it in the garbage. We don't even look at it. So we just want to use this opportunity to spend our dollars wisely, and the same time bring in this awareness. That's the idea.

Brian:

Okay.

Prem:

So I hope that answers your question.

Rich:

Prem, this is Rich. I had a couple questions. I agree with you, there's an old saying in direct mail that you have to get a message across between the time it takes to go from the mailbox to the garbage can. And I feel that with inserts, I don't look at them, either. What I have found in my practical experience is that oversized mail pieces tend to stand out. They stand out beyond my Bed, Bath & Beyond coupons, and they cost more to produce and to mail, but they're more noticeable.

Rich:

And so, I look at that and think, what is the message that we want to get across to people? And there's two things. There's one, the fear factor that I'm afraid not to have this. What's the damage of the cost if I don't have it that I would incur? And so I'm picturing an oversized mail piece with pictures of water damaged homes, something like that, to make people look. Because otherwise, most of this stuff gets missed.

Rich:

The other is cost advantage. What does the average home owner incur in terms of cost of water damage, versus what does this cost? So I'm motivated by fear and by cost concerns. But I've got to be able to deliver that message in a non-standard way and I just don't think inserts do it.

Rich:

My other question to you is with all the data that's out there about consumers now in the world of big data, you mentioned that you're doing direct mail to neighbors of subscribers. Why neighbors of subscribers?

Prem:

So I think there are couple things here. Those are great questions, Rich. I love the fact that you're going with fear and that's my fear of subject. So one thing I would say is, that's one way, if we looked at the list of things that we have, we have nine different things on it. So one of them was focused on the neighbors because a lot of times, like you said, it's not the mail that goes in, it's about what's happening, even the word of mouth of what are you doing? Was there an issue in your neighborhood? Let's say you have a... My house has a breakage and I'm working on it. My neighbors look at that. But they're look at that and having a word is one thing, and then being able to target them because we have the data that they're not PipeSafe customers and other thing.

Prem:

And you had a good point talking about a sense of urgency. So billing a lot of times does not do its deal. But that's why if they see, even in our ads that we have, the TV ad and the radio ad, we create a sense of urgency on saying, "Hey, if you have an issue..." I think we used to the word, it's a ticking time bomb, and Phil knows better than me, that actually creates a sense of urgency, saying that if you have an issue you could end up paying more. And this is going to be less than a penny a day.

Prem:

So that's a message we essentially are putting out there. And we are pulling and using data that could support us. So we have GIS data today, we look at that and say, of all 116,000 customers we have, how many of them haven't signed up? One of the ways the bill insert or the direct mail for them, but there are other ways we're doing it as well, where we are talking about reaching out the customer. We are onboard dialing, for example. So I have a team of four people that work on our PipeSafe team. We actually have dedicated an hour of their time to really call the customers if we have their contacts to be able to say, "What are you doing today?" And get an idea of if they'll be interested to sign up.

Prem:

So there are other ways that we are reaching out. And I agree with you. We are trying to make sure we can put that outreach as much as we can. And these are some of the ways we're using it. And there are much more we can do, like Google ads was a good example, where I don't know if you guys are aware, but sometimes you click on a link or something and automatically it keeps tracking on who, a consumer you are, and it just chases you, pretty much. So I don't want it to be a pestering thing to the customer, but at least the idea is that, and people are actually seeing some of these things in Google ads, and it's very much customized to a point where, based on a segmentation, we actually put this word out there and people who are interested click on it. They fill out what they think and then our people reach out back to them, so based on their interest.

Prem:

So there are other ways that we are reaching out. So hopefully, all of these different ways that we have never tried in the past. So I'm hoping this is going to be a big impact on people. At a minimum, we should create that awareness when we are ready to expand to the neighboring towns, for example. So we are working on some of those things and if we are ready with that, the word will already be out there. And then with our strong history we have, hopefully we can get more conversions to happen. Again, I can't promise if this is a perfect way. We have never done this in the past, and we are trying it as another way of trying to put an outreach to the customer.

Prem:

And imagine going from one channel to nine different channels. When I say channel, I'm talking about different ways of outreach. So that's pretty big. And then we didn't add a dime on the cost. We use the same budget we had, so we can't explain anything more, especially with this financial situation we are in now. So hopefully that's convincing a little bit, but we'll do more. And now you know. I'd love to take the ideas from you guys. If you have other ideas, I would love to take that and see what perspective you can put forward.

Rich:

So just two real quick questions. One is, TV is great, but TV is not surgical. Social media allows us to identify and target markets in a way, whether it's through YouTube, whether it's through Facebook, there's a whole world of social media available to us now in the way we promote ads, the way we distribute ads, we can surgically deliver them to streets, even to houses. There's an opportunity there that I just think TV misses. TV is broad, it's scattered, and it misses our target.

Rich:

More data we have about our consumers, the age of their home, et cetera, allows us to really refine our target and deliver those messages to likely customers, as opposed to just this broad, sweeping distribution through TV.

Rich:

So my last question for you is, we have 43, 44,000 customers. How do we measure success from this? What does success look like when this program is implemented?

Prem:

I think the way I see success in here is, and obviously, like I said, we have a history for 20 plus years, we've had PipeSafe water customers. I'll just go back on the data, just on facts.

Prem:

So we had close to 60,000, a little tops over 60,000 customers on PipeSafe water and that was pretty much the market we had and it's close to 60% of the participation rate that we had on the overall. And then it stayed there for quite some time and more recently, we are seeing a [inaudible 00:52:25] customer going down a bit right there.

Prem:

But for me, the success looks like, if you are able to capture that 60-65% of the customer pool that you have, for the existing, I would say, 116,000 customers pool that we have, then that's a good starting point to say that we are ran a successful campaign. But, we can't just stop there. Our non-core strategy goals are pretty huge and I know Suzanne is here, we talked about in a prior meeting, and our goals are to reach up to \$9.2 million worth of revenue, net revenue. That puts us in the tops of... I keep joking with my PipeSafe team, we are to go up to half a million customers. And I mean, to some degree, it's a joke, but the reality is that we have to expand to base to our neighboring towns as being one strategy.

Prem:

We have to look at our pricing strategy, for example, we have \$58 that we offer today for PipeSafe plumbing, and I know for a fact, I did my research, HomeServe is a good example where they charge \$96 for plumbing. So we got to really look at our pricing strategy. What does it mean? So we can retain our customer and increase our customer base. So we are going to be putting those strategies in play, and then I think Mark asked this question earlier on, and then we talked about wells being another service. So we are putting those things in play and trying to increase our base of net revenue and our non-core strategy, so those are the things that are going into the mix for the future. And the success would look like that you have PipeSafe offering that actually our customers can take advantage of and then with the best price that we offer, because there are the usual price offerings for the customers, from various insurance companies, but they don't cover the whole PipeSafe complete, PipeSafe to the Rescue.

Prem:

So a good starting point, really, Rich, is that you look at that 60% coverage and then you start thinking of neighboring towns, start thinking about how to expand. My goal is to go out to the [inaudible 00:54:21] make it right, as big as we can. And we got to start that slow, in a fashion where we look at our neighboring towns. We got six neighboring towns that we are put in the mix. Waterbury, Wallingford, Meriden. So we are looking at those towns and really creating a strategy to expand there. So that's how success is going to look like. More customers on board and then hit the targets. That explains it?

Rich:

Thanks. Yeah.

Stephen:

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Prem, this is Steve. If no one else has any other questions, I'd just like to ask Prem a couple of things.

Prem:

Yes.

Frank:

I have one. Just one more for Prem. Frank Pepe.

Prem:

Yeah.

Frank:

With the PipeSafe, how many people sign up for the water and do most of people sign up for the sewer protection, too?

Prem:

That's a good question. I think it's really depending on the scenario, Frank, based on the age of the house. I think Mark brought up the point about the aging. So we have a 58,000 customer call in. So when we actually have a customer call in, it's usually prescribed, while our team also tells them, hey you've got a great PipeSafe complete program, it covers for a fraction of a cost. But then if you look at the numbers, it speaks to itself. 58,000 customers on water, 44,000 customers on the sewer.

Prem:

So it's almost there, but if you look at the trend, our sewer, septic signups are going up. Which tells me that we will be getting to a point, like the same 60% mark we talked about, it's going to be at a point where that's going to be saturated. And then we need to start, and again, not to forget about retaining the customer, so it's not just getting new customers, but retaining the customer, that's going to be a challenge. That's why I talked about the neighboring towns.

Prem:

To be honest with you, I think that's how I see it. It's like, I would say, 100% that say PipeSafe water is, 100%, another 58,000, the product was a 70% there, of people signing up for sewer, as well. But then we want to get to the 100% on the same thing. We like to like, apples to apples. That's the idea.

Frank:

Okay. Thank you.

Prem:

Yep.

Stephen:

Hi, this is Steve.

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Prem:

Yeah, Steve.

Stephen:

Just wanted to confirm some of those numbers, make sure I got it right. So, you had a high of about 60,000 on the water side, currently at around 58.

Prem:

Yeah. That's [crosstalk 00:56:51].

Stephen:

Unfortunately, as people move, you have to keep selling this over and over again. Waste water you just mentioned, was 44,000.

Prem:

That's right.

Stephen:

And septic, 890 customers. When you were talking about 4,000 to 18,000, that was for the plumbing program?

Prem:

That's right. That's right, yeah. We had 4,468 as of last week and we're looking to get to 18,000 number. So that's a lot of selling.

Stephen:

Yeah. Well, it's an area that has the growth potential, at least.

Prem:

Yeah.

Stephen:

I also saw other people advertising this program and full house protection. So the point I want to make is, what is different about RWA? What is it that makes your product hopefully unique, less expensive, and more appealing, to the customer, to try to continue to sell it or even maybe increase? Whatever is unique. I don't know, you might have mentioned a couple of things, but if there isn't, there may be something there.

Stephen:

And so, at that number, what you're doing is really just trying to develop other ways of marketing this to maintain that 58,000 or 60,000 customers that are coming in. Okay.

Prem:

Yeah, and I think, let's not forget, I think for everybody and all of you know, a lot of times, people want simplicity, people want convenience. It's not just about dollar here and there. Cost is definitely a factor, but us programing and we're clearly making sure that you just make a call to us, we'll take care of you. That's as simple as possible. So it's not like people are calling in claims and this and that. It's crazy. So I mean, even myself, start thinking about it. So really we wanted to keep it simple for our customer and not confusing. So, yeah, of course it's given that we are to keep our costs low and that's why I wanted to mention about the 96 versus 58.

Prem:

And then we have a history of proven record. And we know what we do. So that's the critical piece right there, Steve.

Stephen:

Yeah. And I think RWA doing the repairs, too. It's like the control, the RWA has a pretty good reputation. So customers can be assured when they have a repair from that source that they don't have to worry about who's doing the work.

Prem:

Exactly. You're absolutely right. Yeah.

Stephen:

That's another thing. Okay. I'm trying to think of there's anything else in this. I guess that's it. Thank you.

Prem:

Thank you, Steve. Any other questions?

Mark:

Hey, Prem. Nice presentation. Thank you very much.

Prem:

Thank you, Mark. Yeah. Thank you, everybody. If you have any more questions, please feel free to reach out and also, if you have ideas, don't hesitate. Just send it my way. We'll take it. Thank you.

Mark:

Bye, everyone.

Prem:

Thank you.

Stephen:

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Thank you. We're onto item five, which is approval of the OCA invoice for August, for \$2,037.50. Do I have a motion?

Rich:

Motion to approve.

Stephen:

Okay, Rich.

Frank:

I'll second it.

Stephen:

And Frank.

Frank:

Seconded, Frank.

Stephen:

Okay.

Brian:

I'm going to drop off now since Prem's done.

Stephen:

Okay, Brian. Take care.

Brian:

Take care, everyone.

Stephen:

Thank you. Any questions for Jeff on the bill? Maybe not. All those in favor?

Group:

Aye.

Stephen:

Any opposed? Motion carries unanimously. Okay. Item six is our next meeting notice, which will be October 19th at 5:30, and does anyone have anything they'd like to add, bring up? Good meeting, Prem. Thank you for the information. Think about it a little bit. You really have a lot on your plate there with all those different things going on at the same time. I can appreciate that.

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Prem:

Thank you, Steve. Yeah.

Stephen:

Yeah. And who's the associate that you had on? I'm trying to think. Oh God, I'm doing a mind blank here.

Prem:

Phil?

Stephen:

Phil.

Prem:

Phil Vece. Yeah, Phil.

Mark:

Phil.

Stephen:

Yeah, Phil. Thank him for being available tonight, as well. Appreciate it.

Prem:

Yeah. Will do. Thank you.

Stephen:

Okay, item seven is our adjournment-

Mark:

[inaudible 01:01:37] so moved.

Frank:

[inaudible 01:01:40] Seconded.

Stephen:

Thanks, everybody. Have a good evening.