

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

**January 24, 2022
Meeting Transcript**

Stephen:

It is 5:30. We do have a quorum. And I would like to call the January Consumer Affairs meeting to order. Our first item on the agenda, well, first I'd like to just wish everybody a Happy New Year, and I hope it started pretty well for everybody.

Jeff:

Thank you.

Rochelle:

Thank you.

Stephen:

Our first agenda item is the safety moment, and I was teasing Jennifer, but there are some good hints there and important once you start closing up the house to make sure the interior air is good. So take a look at that.

Stephen:

Item two is approval of the minutes. Do I have a motion?

Naomi:

I so move.

Stephen:

Thanks Naomi. A second?

Frank:

Yeah. Second.

Stephen:

Thank you. Thanks, Frank. I'll give everybody a second. And if there are any corrections, omissions, additions, please tell me.

Stephen:

Well, hearing none, all those in favor of approving the December minutes?

Group:

Aye.

Stephen:

Any opposed? Any abstentions? Minutes carry. Thank you. And our third item is our featured speaker today, Rochelle Kowalski, is good enough to join us and give us the same presentation that I believe you gave to finance committee?

Rochelle:

Yes, I did. And Jennifer, if you could actually start, this might be in a little different order. If you can start with the by-fiscal year. Yeah. Okay.

Rochelle:

So as background, you probably all recall that at a relatively recent RPB meeting, there was a question that was asked about whether we have production by class. And although we don't have production by customer class, we do have bill consumption, and we look at bill consumption both in total, and in a minute I'm going to go into more of the details. But what I want to mention at the total level is very similar to what we see when we show you the year-over-year production and our declining trend.

Rochelle:

Not every year follows that patterns. Some years are high, some years are low, but it is an overall declining trend. What I do want to highlight is although it looks like a relatively small change, it is pretty significant. And that's between fiscal '20 and fiscal '21. So overall, and we do believe this is due to the pandemic, especially when we drill down one level below and get into the classes, we actually had a 3.1% year-over-year increase in our bill consumption. And that was largely driven by the residential class, which you're going to see in a moment.

Rochelle:

The other thing I want to point out at this total level, you can't just take fiscal '22, was year-to-date through November. This is the same presentation I shared with the finance committee. And you can't just say, "Well, that's half a year," because as you know, the winter months are very different than the summer months. When you look at year-to-date fiscal '22 versus year to date fiscal '21, we are actually under where we were in fiscal '21, which we expected, because we knew '21 was impacted by COVID.

Rochelle:

If you go to the next slide, Jennifer, if you can show now bill consumption by class by fiscal year.

Stephen:

Rochelle, if I could interrupt you for a second, the colors go across, but it's really, they are in line by year. Correct? So [crosstalk 00:04:09]

Rochelle:

They are. Yeah, they are in line by year. At Mario's suggestion, it's oldest to newest in this presentation.

Stephen:

And also on the first slide I had a question or comment.

Rochelle:

Oh, sure.

Stephen:

That I was just going to ask you when I looked at that what you were expecting or anticipating, because that year was a little higher than the previous trend.

Rochelle:

Right. Right. So every, I mean, if we're basically on trend, it really should follow the theme that we see with production, bill consumption. So you'd expect it, basically a 1% decline. You could see we knew that. I mean, we didn't know it when we were planning for fiscal '21, but when we were in the year, we knew that we were definitely being impacted by COVID.

Rochelle:

What you could also see, what I mentioned is it doesn't always follow exactly the trend. So just to share with you, '18 to '19 is actually down by almost 2%, and then it's sort of flat, because weather comes into play also. And then up, and like I mentioned, just purely year-to-date, to year-to-date through November, we are under right now just year-over-year. And again, we did expect that.

Rochelle:

At this high level, I also mentioned, some of you might remember not this rate application, but the one before, actually the one before that, was low. And we had talked about how some anomalies that we were seeing with billings and conversions to cash was actually causing our revenues to be inflated. And if you actually look at '17 versus '18, there's a very significant decline. And we knew back in fiscal '17, there were reasons that were causing that.

Rochelle:

So again, there should be an underlying downward trend that we're expecting, at least the next several years, but it does, weather comes into play, and other anomalies like COVID come into play as well.

Stephen:

We also don't know if people are going to stay working remotely as a workforce to some extent.

Rochelle:

Right, right.

Stephen:

Do you know how the first half of '21 compares with that the current half year?

Rochelle:

Yeah. So actually, through November, fiscal '21 versus fiscal '22, it's actually down in total about 5.6%. Bear in mind, we were through this period, though we were way ahead in fiscal '21. There was also a

very strong summer, if you recall. And sort of if you drill down one more level, you can see what's happening at the class level. If you're ready, Steve, to go on, because [crosstalk 00:07:17]

Stephen:

Sure, yeah, yeah. I'm sorry, go ahead.

Rochelle:

Sort of eye-opening. So you know that we're largely residential, and that really helped us with how we were impacted by COVID. And you can actually see, so in fiscal '21, this tall reddish line, that was actually up. This is '20 versus '21. Residential was up 8.8%.

Rochelle:

What you can also see, it's not as pronounced because the residential class is by far the biggest class that we have, but as you would expect, and as we all heard on what was happening in the economy because of COVID, commercial was down and industrial was down, but we were lucky because residential, we're so weighted to residential. And residential was up. And we do believe, Steve, as you mentioned, that does have to do with more people being at home and working from home. And it was for us, it more than offset the reduction that we were seeing in commercial and industrial.

Stephen:

What is the public authority? That seems to be on a downward trend.

Rochelle:

Public authority includes things like the corrections, the Cheshire Correctional Center and some other governmental. It's pretty small for us. And it is, I wouldn't be over overly concerned. You can see that '22, even though it's part of the year, is relatively low, but it's a really small portion. And again, since this is billing, there can be some timing and other situations with that. You can see that's going down a little bit each year, which is actually the trend that you might expect.

Stephen:

Are hospitals in that category?

Rochelle:

Not necessarily, no.

Stephen:

Okay.

Rochelle:

That's another, this actually came up on the call with finance, it's maybe not quite as clean as you might think, as far as what gets in each category. Residential does include single residential as well as multi-family, which can be residential. It could be quite large. Seasonal, we don't have much seasonal at all.

And then wholesale's also small. So this does actually help depict. We're really weighted by what residential does. I mean, they're by far our biggest class.

Stephen:

And those, do we expect any, they've been pretty even. Do we expect any changes in those contracts?

Rochelle:

They're not really contract-based, but for residential, we did not forecast for fiscal '22. We pretty much assumed a back to normal.

Stephen:

Yeah, no, I'm talking about the, I'm sorry. I meant the wholesale.

Rochelle:

For wholesale, it is pretty... We're not expecting any significant changes. [Aquarian 00:10:43] is actually our biggest single wholesale customer. And there is a true-up if they go higher than their minimum requirement.

Stephen:

Okay.

Rochelle:

They're fairly constant.

Stephen:

And are we anticipating Wheeling water, so to speak, to any other areas beyond our region?

Rochelle:

Not yet Wheeling water, because [inaudible 00:11:13] involved in that, but as far as we do now have a interconnection with Southington, and we have an interconnection with Wallingford, so we could provide wholesale water to them, but we're not currently.

Stephen:

Okay.

Rochelle:

If there is no additional question on this page, and again, this is where you're going to see the split and the distinction by customer class. The next slide, this is another thing that we look at is what's really happening month-over-month. And again, you can see fiscal '21, generally speaking, was a unusually high year. It definitely didn't follow the trend, even in total. As I mentioned for fiscal '22, this only has fiscal '22 through November.

Rochelle:

I think the other interesting thing that I want to mention, so keep in mind that this is showing the bill consumption in the month that it was actually billed. So as you all know, we just converted to monthly billing. And so the pattern is going to change. And I think with that change, we'll be more able to see even the seasonal impacts because it'll happen more within the month. So we will be watching this closely as the conversion happens and to see what our new patterns are.

Stephen:

Is there anything to sort of pick out here or anything you would expect to change because of the monthly billing?

Rochelle:

Yeah. So I think what you're going to see and the thing to pick out here, you can see that the summer months are by far the highest, but with quarterly billing, those summer months and the impact pretty much go even into October, maybe even a little bit into November. That is going to change because now that we're billing within the month, you're going to see, basically... You're going to see the summer months being more real-time, and you're going to see the winter months being just like a December or January, but we will be watching what's happening with the conversion of monthly billing, not just the billing, but the conversion to cash, because those patterns could change with this conversion. We made some assumptions, you might recall in our business case, but we're going to be watching to see how we're doing relative to those assumptions that were made.

Stephen:

So customers are going to be going to see a much higher bill in the summer for that month.

Rochelle:

It won't be, so the monthly bill will still be less than the quarterly, but what they get in July is going to be more closely billed in July versus maybe they won't get their July usage bill until September, [inaudible 00:14:37] quarterly. So, I mean, it will be a smaller bill...

Stephen:

But they're going to see a variation more so-

Rochelle:

Yeah, they're going to see a variation right now with a conversion. Customers, because we did this big bang that you might have heard me talk about, so all customers were converted in January. So some customers might get a bill that's less than a month, and some customers are going to get basically close to a three-month bill with this conversion. So January is definitely going to be an anomaly, because it's the month that we're converted.

Prem:

So Steve, [inaudible 00:15:22] the way I see it, right? Just to add, you're going to see a shift in three months. What do you see here in August, September, October, right? That's going to shift all year, so the graphs are going to move towards your left, if you will, for three months. Right? Because it's happening in the month of billing, so I think that's going to be the shift. Again, this is a prediction, right? But more

likely, that's what's going to happen. Right? So your graphs are going to change, right? It's going to shift three months to the left. That's more likely what you're going to see.

Stephen:

Okay.

Naomi:

Rochelle or Prem, would you be able to give us the update after the first quarter? Just to show what's happening?

Rochelle:

The first, are you saying, Naomi, monthly billing?

Naomi:

Yeah.

Rochelle:

Sure. We'll definitely be watching that, so we definitely-

Naomi:

Okay.

Prem:

We should really give you that. Yeah, no problem.

Stephen:

Have you been getting any calls already regarding the monthly billing from customers?

Prem:

Oh, yeah. I can go through a whole thing. Maybe towards the end of this presentation, I can give an update.

Stephen:

Oh, okay. Okay. Yeah.

Rochelle:

If there, I don't have, I think this is the last of the three charts. So are there any other questions?

Mark:

Well, have you seen anything in the first, what? 22 days or 22 days, more money coming in? More people paying, not more money. More people paying?

Rochelle:

Well, we know, I would say it differently. I mean, we know that we build. Because of this big bang, we are billing, many more bills are going out in January, because basically every customer roughly is going to get a bill. So, that's two-thirds higher than our normal.

Mark:

How about payments coming in? Have you seen more payments coming in?

Rochelle:

I don't have that statistic yet. We're going to look at that though, very closely when we close the month.

Mark:

I would think somebody getting a small bill from the water company would say, "Hey, they made a mistake. I'm going to pay it right away."

Rochelle:

Well, but Mark, you might recall from the business case that we did, we are expecting that there will be a small [inaudible 00:17:37] positive in the conversion to [cap 00:17:40], because to your point, the bills will be smaller. They should be easier to pay for most of our customers.

Mark:

Good, good. That's what I'm saying. Good. All right.

Stephen:

The first one comes at a time when you're using a lot less water, so...

Rochelle:

That's true.

Mark:

That's right.

Stephen:

That's a benefit in terms of, I guess, perception of the program. I had another question with regard to the monthly billing here. I don't know. Do you expect more people to convert to electronic payments now that they have to pay every month instead of quarterly?

Rochelle:

We're hoping that the, well, we're more than hoping. That's actually was also in the business case. And we talk about this also because we want to increase that both e-payment and e-billing, because postage comes into play, so we are looking to increase the participation in the billing, and limit the increase in postage expense.

Prem:

As a matter of fact, that's one of the strategy, right? That's one of the business case, Steve? So, we did 30.6% on e-bill customers in the whole grand scheme of things, right? And if you remember, our goal is to get to 42% by end of fiscal '25. So we have an aggressive strategy to move us forward, and it's definitely helping us.

Prem:

On the EPA side, it's really interesting, right? I know there's the question about collections, but also, we are trying to convert more of our customers to an ACH model where you don't have to pay, more of a payment processing fees, right? So it's definitely going to help us overall in the strategy. So we're working through it.

Prem:

And again, maybe a little bit of statistics for the question that you had. As of last Friday, we built around a 102,000 customers, right? Of which 31,000 customers were e-bill customers. So everything is going smoothly, right? From that perspective. We've got a couple more cycles to complete for this month.

Prem:

In terms of calls, I think we are pre-pandemic level calls. If I compare the timing from last year to this year, the same month of January, right? So just high levels statistics, right? We had an average of 172 calls per day, same time last year. And now we have close to 400-plus calls a day.

Stephen:

Wow.

Prem:

So the call levels have gone up, right? So, but the good news is this was expected, right? So we did expect this, and we planned ahead of time. So we had hired some of the back-fills that we had on that role and customer care. So we are able to manage the calls as we're going through, and we have to make some slight modification in terms of our back-office operations. We are taking more calls. We're kind of balancing it out. So this way the customer doesn't see the impact, right?

Prem:

So, it's good news. It's expected, but it's just that we want to make sure the first three months, especially the first three months, we did expect the hike in calls. Right? So we prepared for that. So, that's the good news there.

Stephen:

How is this going to affect, I mean, does your late sort of billing structure stay in place? If someone misses a, they have a month now to pay it, right? So, all the same kind of timeframes and penalties apply? Or has that all changed?

Rochelle:

It's been adjusted for monthly billing.

Prem:

Adjusted.

Stephen:

Okay.

Prem:

Yep. I think we'll see the first three months of, and Naomi asked this question, right? We want to watch the trend on the billing and also on the payment, etc. So we're going to come back to you guys and talk about a little bit, once we have collected the data. But so far it looks as expected. Right?

Stephen:

What was the fee you mentioned in payment?

Rochelle:

I think [inaudible 00:21:23] was talking about the credit card fees or ACHs-

Naomi:

ACH and that kind of thing.

Rochelle:

It's the lowest cost option of electronic payment.

Prem:

You were breaking up, so yeah, that's what it is. So that's our first option. ACH is better than one-time [inaudible 00:21:39] processing, because there's a processing fee. So we are promoting more of ACH.

Stephen:

Okay.

Rochelle:

Right. For some of the things that we put into the business case, so we'll definitely watching what our experience is.

Stephen:

Yep.

Naomi:

Rochelle, you mentioned postage. Are you talking about postage that when you're sending out the bills? Or are you talking about people paying their bills?

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Rochelle:

Actually in that case, I was talking about the postage for sending out the bills.

Naomi:

Okay.

Rochelle:

Okay.

Naomi:

Thank you.

Stephen:

Down the road, when we have sort of more information, we wanted to see whether... If we got enough people converted over, that it would sort of even out the cost of billing as opposed to sending out 12 bills instead of four.

Rochelle:

Right.

Prem:

That's right, yeah. That's what [inaudible 00:22:29] you. I think we'll talk more detail. I think the good news is that we took into account all of those pieces in the business case, and we are tracking it to make sure that we are hearing. As a matter of fact, I would say a lot of calls we're getting is really clarification. There's literally, I would say zero to no calls that are coming in terms of concerns. [inaudible 00:22:48] more clarification, because let's say a customer got a bill in December, and he's getting another bill in January. They want to know what's going on. So it's actually good, because they're being very well-educated. They're reaching out to us. We're really kind of clarifying some of these questions they have.

Stephen:

And you could resolve those immediately.

Prem:

Right. Exactly.

Stephen:

Okay. Any other questions from the committee members? No? Jeff, you've heard this before. Any thoughts on this?

Prem:

Jeff, you're on mute.

Rochelle:

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You're on mute.

Jeff:

Sorry. Yes. I did hear it before. It sounds very familiar. No, I think it's being implemented correctly. I haven't heard from any consumers yet.

Stephen:

Good. Very good. Okay.

Naomi:

Well, I just want to say this. I was on a meeting with my New Haven reps, and they thought that we were just notifying the residents of one month in advance. So I don't know where that came from, but they were very concerned that we did not notify the people. And we had to let them know. I was on with April that that's not correct. People have been duly notified for months.

Rochelle:

That's concerning.

Naomi:

Yeah. Well, they just thought we were just telling people. I mean, I don't know why they would think that, that we would do business like that, but they were, and April and I both assured them that was not the fact.

Prem:

Thank you, Naomi. Yeah, we really need their support.

Naomi:

Yeah. New Haven's tough.

Stephen:

To let committee members know, I was on a call to Hamden mayor, to inform the town about our plans in case they got any questions from customers as well. Okay? There are no other questions and comments? Thank you, Rochelle. We appreciate you being here today. Interesting to look at.

Rochelle:

Thanks for inviting [crosstalk 00:25:01].

Naomi:

Thank you.

Mark:

Thank you, Rochelle.

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Stephen:

Appreciate it. Item four is a report of the OCA, Jeff. So you can continue on.

Jeff:

Thank you. No pending complaints, no active consumer matters with OCA. Really, the only thing that I'm working on currently is I finished my review and started writing my memo to RPB for next month's hearing on the Lake Gaillard Treatment Plant project. Got a hearing coming up next month on that application.

Stephen:

It's been [inaudible 00:25:36] a little while now, so that's good. We haven't had anything in a while.

Jeff:

Yeah. Other than that, pretty quiet.

Stephen:

So the Lake Gaillard is the only item you're putting time into currently?

Jeff:

Yeah. Yeah, there's multiple projects within that application, consistent with the authorities' somewhat new way of handling multiple projects at the same facility.

Stephen:

Okay. Great. Item five is the approval of the invoice for Jeff for December, which is \$1,017.40. Do I have a motion?

Frank:

So move.

Tony:

[inaudible 00:26:25] approve the bill.

Stephen:

Thanks, Tony. Frank seconds it. Any questions for Jeff on the bill? All those in favor?

Group:

Aye.

Stephen:

Any opposed? Any abstentions? Thank you. That passes.

Stephen:

And we also have item six is approval of the OCA's budget for 2023. Jeff, any comments?

Jeff:

No, we're running significantly below budget this fiscal year. I'm anticipating that if the authority proceeds, which I expect it will, with its application for the CIS project, that there'll be a significant amount of time potentially including a consultant. So I opted to keep the budget proposal the same, even though we're running significantly below this fiscal year.

Stephen:

Okay. That's what we've done in the past. Sounds reasonable.

Jeff:

Yeah. It's been the same for 14 years.

Stephen:

Pretty amazing. Any questions from committee members? Okay. I'll call for a vote. All those in favor?

Group:

Aye.

Stephen:

Any opposed? Any abstentions? That motion carries. Thank you. Our next regular meeting is Monday, February 28th. I don't believe there's any new business, and I will entertain a motion to adjourn.

Speaker 12:

Make a motion to adjourn.

Stephen:

Right?

Naomi:

I second.

Stephen:

Naomi second it? All those in favor?

Group:

Aye.

Stephen:

Thank you. We're adjourned. Have a great day.