

WHERE'S MY WATER BILL?

SUMMARY

The City of San Diego has 286,000 water meters, 90% of which must be read manually. Public Utilities Department (PUD) problems with water billing date back to at least 2018 when the City Auditor issued several reports about water billing and related customer service issues.^{1,2} In response to a citizen's complaint about difficulty resolving a water bill that had been withheld for one year, the Grand Jury investigated the degree to which the PUD has instituted changes in its water billing operations as recommended by the City Auditor five years ago. The Grand Jury also conducted investigations of other water billing problems resulting in recommendations intended to improve the department's function and, most importantly, its customer service.

During its investigation, the Grand Jury found the PUD has taken several positive steps to improve the water meter reading processes, such as instituting a higher rate of water meter replacement and ensuring water meter readers complete a higher percentage of their routes. The PUD also instituted new customer service software to improve efficiency in answering customers' calls. However, a lack of communication and transparency with customers persists, resulting in continued customer dissatisfaction.

The Grand Jury identified several measures that could be taken to improve customer satisfaction. These include establishing a public dashboard to track PUD call center key performance indicators (KPIs), generating an automatic response with the expected response time to customer complaint emails, and posting a clear appeal process for customers disputing their water bill. Due to the non-response to requests for interviews by some PUD personnel, some potential areas of Grand Jury concern are discussed, but no related report findings and recommendations are included in this report since these areas could not be fully explored.

BACKGROUND

Issues related to water billing in the City of San Diego date back at least 20 years and were the subject of a Grand Jury report in 1999-2000. In 2018, the San Diego City Auditor issued several reports concerning certain aspects of water billing operations including the accuracy of water meter readings, customer dissatisfaction with the lack of communication regarding withheld water bills, and the receipt of increased water bill amounts.³

Approximately 257,400 San Diego City water meters must be read manually. The PUD has a plan in place to implement "smart meters" throughout the City which report daily water use data electronically. However, these meters will not be completely installed and operational for five to six years. This timeline will not satisfy water customers encountering problems now.

The Grand Jury received a citizen's complaint related to a water bill that was withheld and was not resolved for one year, despite numerous attempts by the account holder to resolve the issue with customer service representatives. The issues related to withheld water bills have also been highlighted recently in the local media.^{4,5,6,7,8} The purpose of this Grand Jury investigation was to determine the degree to which the PUD has instituted changes in its water billing operations, and to provide recommendations for improving both departmental operations and, most importantly, customer service.

METHODOLOGY

The Grand Jury reviewed over 30 standard operating procedures and manuals from the PUD related to water meter reading, field investigations, water billing, and customer support service.

The Grand Jury reviewed:

- City of San Diego City Auditor Performance Audits of the Public Utilities Department's:
 - "Water Billing Operations." July 2018.
 - "Customer Support Division Customer Service Office (Call Center)." June 2019.
 - "Advanced Metering Infrastructure Implementation." July 2019.
- City of San Diego Auditor Office. "Audit Recommendation Follow-up Performance: status update as of June 30, 2023." September 2023.
- City of San Diego Independent Rates Oversight Committee's "Annual Reports" for 2020, 2021, and 2022.
- City of San Diego Independent Rates Oversight Committee meeting minutes and agenda items from November 2018 through January 2023 (no meeting minutes since January 2023 have been posted).
- Relevant agenda items from the Environment Committee of the City from 2022 to February 2024.
- American Water Works Association. *Utilities Benchmarking Performance Indicators*. 2023.
- U.S. Environmental Protection Agency, Office of Wastewater Management. *Effective Utility Management: A primer of water and wastewater utilities*. January 2017.

The Grand Jury interviewed individuals from the PUD and water customers. Requests for interviews of mid-level PUD supervisors and non-supervisory employees went unanswered.

DISCUSSION

The City of San Diego bills water customers every one (commercial) or two (residential) months for their water and sewage use, which translates to between 1.3 to 1.4 million water bills being generated annually. Producing a water bill requires several steps, and changes in water usage can reflect a true change in use, leaks in the system, or inaccurate measurement by the meter reader. The PUD's goal is to read every meter every cycle; if a water meter is not read on a particular cycle, the customer is billed on estimated water use.

Withheld Water Bills

Withheld water bills produce the greatest number of customer inquiries and concerns. When the PUD does not generate a bill due to a meter reading outside expected parameters and this issue isn't resolved in a timely manner, then customers will eventually receive a bill commensurate with the water usage PUD calculates. This often leads to large water bills for affected San Diego water customers. As illustrated in Figure 1, there are several reasons for a withheld bill, such as a broken water meter, an inability to read the meter, or an incorrect reading and recording of the meter numbers. The current backlog is 24,000 withheld bills dating back as far as 25 months. The proportion of new water bills held each month is 1.5% (about 2,400 per month), the industry standard.

Water billing process and follow-up

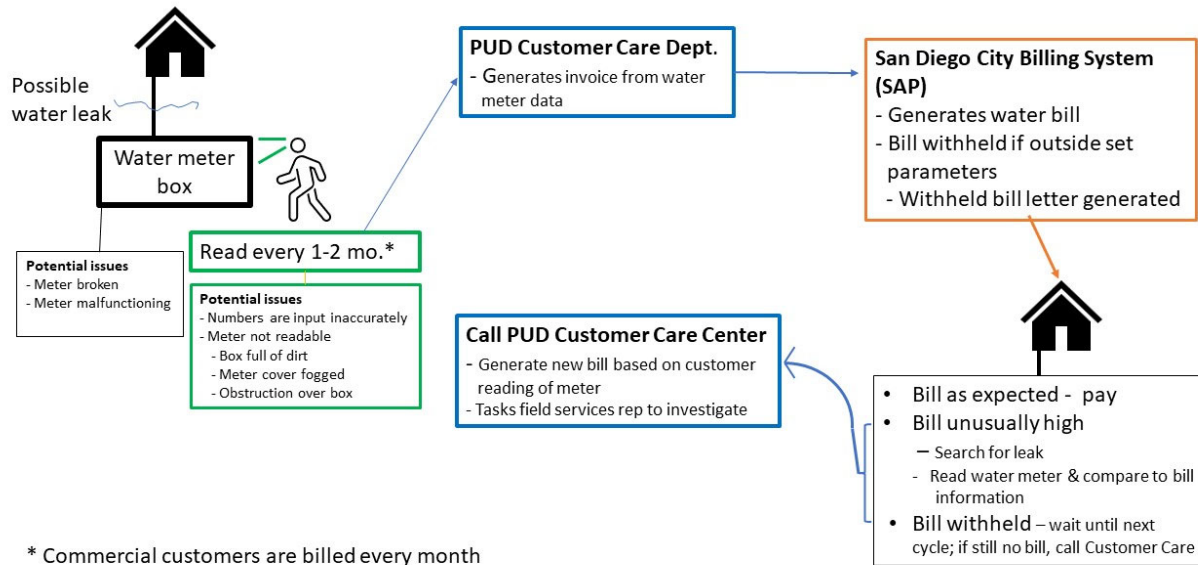


Figure 1. Water Billing Process

Non-functional Meters

The City has focused its efforts on replacing non-functional water meters with ‘smart-ready’ meters to minimize withheld water bills. At the beginning of 2023, the City was replacing about 350 meters per month. They are now replacing 1000 per month with a goal of replacing 1,150 monthly. The PUD reports the current backlog of non-functional meters is 16,200, which will take approximately 14–16 months to replace.

Water Meter Reading

Hiring and retaining adequate numbers of meter readers has been a challenge for the PUD because the job is physically demanding. The PUD has recently successfully increased the number of meter readers who are currently completing 100% of their meter reading routes. This means that the only reason a customer should receive an estimated bill is an inability of the meter reader to read a particular meter, such as when a vehicle or construction is covering a meter box.

Entering water meter readings into handheld devices is not an error-free process, as different models of water meters are read differently. Although a high rate of route completion should be a positive outcome, prioritizing route completion may have led to increased inaccuracy in meter readings. For example, shortly after receiving water bills out of the normal range of water use, several interviewed water customers reported their water meter boxes were covered with many inches of dirt and could not have been read, although the bill stated “actual read.” When the meter face was cleaned off by the customers, the resulting water meter reading was consistent with historic water use. The Grand Jury tried to ask about these reports with actual meter readers but were unable to do so due to a lack of response from the PUD for interviews. Therefore, the Grand Jury was unable to issue a finding or recommendation relating to meter reader accuracy. This remains an area of concern.

Investigating Withheld Bills

A withheld bill requires an investigation into why the generated bill is outside the preset parameters of water usage. The most common reason a bill is withheld is abnormally high-water use, due to either actual increased use (e.g., a household filled a new swimming pool), or a meter misread. In either case, a PUD employee will have to be sent to the address to investigate.

The Grand Jury submitted requests to interview field investigation specialists and a supervisor, but these requests went unanswered. Therefore, the Grand Jury was unable to learn about current staffing levels, the average length of time it takes to complete an investigation, monthly target rates for completing investigations, or field investigation procedures. There is the backlog of about 24,000 withheld bills and new bills are withheld at a rate of 2,400 per month. The PUD has restructured investigations to have teams working on both old withheld bills and newly withheld bills. Prior systems did not catalog non-functional meters by the date they were first detected so oldest work tickets could be prioritized. It is probable the same system does not permit identifying the oldest withheld bills. The Grand Jury received some limited information from customers that field investigators are not strictly following PUD policy of leaving a door hanger containing information they had been there and what they found on the addresses they are investigating. Therefore, the Grand Jury is unable to make a finding or a recommendation about this practice, but this seems like a missed opportunity to communicate with customers.

Customer Support

Dissatisfaction with the PUD's Water Billing Customer Support processes relating to water bills dates back to at least 2018. At that time, the City Auditor report recommended the Call Center identify key performance indicators (KPIs) and suggested ones which are typical for all types of call centers. They also recommended that these KPIs be posted on a dashboard on the PUD website so customers could track the PUD's progress. The PUD informed the Independent Rate Oversight Committee (IROC) that the target date for such a dashboard to go live was January 2022; they then reported a target date of January 2023, which was later revised to July 2023. The Grand Jury found that as of the beginning of 2024, the PUD has not yet finalized a set of KPIs for the Call Center. Additionally, the PUD has not identified comparable cities to benchmark their performance against, a practice recommended by the water industry.

The Grand Jury found dissatisfaction with Customer Support related to long wait times when attempting to contact the Call Center, a lack of response to emails, and a lack of communication regarding withheld water bills. Some customers had not received a water bill for as long as two years, despite numerous attempts to contact Customer Support to resolve the issue. When the customers did reach the Call Center, they reported confusing responses when speaking to a representative, although others stated representatives were accommodating.

Customer Support Center Calls and Wait Times December 2022 through November 2023

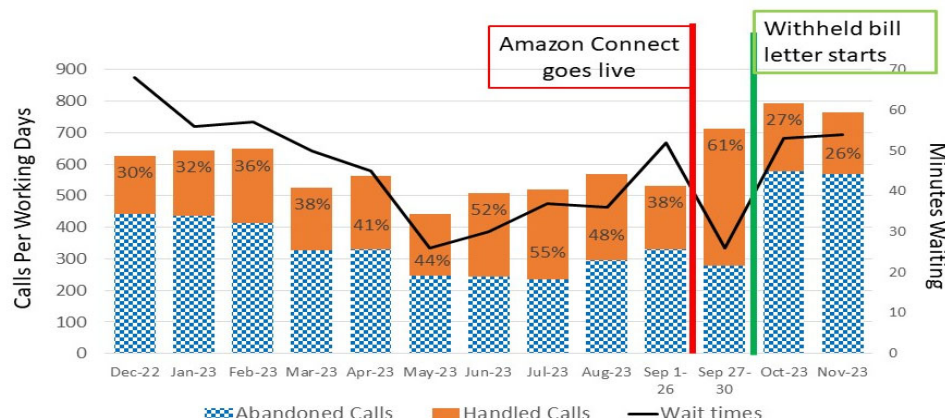


Figure 2. Customer Call Center Statistics

The PUD has made a concerted effort to improve customer service and has been making progress toward reducing call wait times since the beginning of 2023 (See Figure 2). Implementing new customer service software, Amazon Connect, has also resulted in an increase in the percent of handled calls. These gains were negated when the PUD, in an effort toward better communications, began sending customers letters stating that their water bill was being withheld until it was investigated. Receipt of these letters increased call volume. Through PUD interviews, the Grand Jury learned that current waiting times, as of February 2024, have decreased to about 30 minutes. However, Grand Jury requests for updated call center data went unanswered. The abandoned call ratio (abandoned calls divided by total call volume) remains over 40%, well above the 10% which is considered high by industry standards. Additionally, no data is available on the percent of calls which were resolved on first attempt.

The PUD would prefer customers to use their web portal instead of a phone call for more common requests, such as billing questions and starting or stopping water service. However, customers continue to resort to phoning the Call Center because their emails are seldom answered, there is no confirmation of email receipt, and no timeframe is provided for an expected response.

During the period of withheld bills, customers continue to receive the standard letter about their bill being withheld but receive no further specifics about the investigation status for their particular issue.

Resuming Billing

Customers may receive a large bill, which may be several thousand dollars, after a period of withheld bills. The PUD is required by law to bill for any water that is used and cannot forgive a bill, even if the back-billing is two or more years. They are willing to work out a no-interest payment plan.

If a water meter has been broken for some time, the PUD has no method to determine a customer's actual water use. The PUD estimates water use based on the customer's prior year water use for the same months. A customer's water use may have been unusually high during that prior year, yet their actual use may be lower during the unbilled period. This estimation practice also could affect a customer's sewage bill for the forthcoming year since sewer rates are based on the prior year's water use during the winter months.

The PUD offers customers no information on how to dispute an estimated bill. Unlike other cities that have easy-to-find policies about a water appeal process (e.g., Seattle Public Utilities⁹) or have websites with forms to fill out for customer's disputing their estimated water use (e.g., Desert Water in Palm Springs¹⁰), the PUD has no such process on its website. Water customers who called Customer Support were simply told by the customer representative their policy is to estimate water use on the prior year's use for the same months. PUD's stated policy expressly allows adjustments in water bills for leaking or malfunctioning meters.¹¹ This policy is ineffective because it is hidden from the public and customer service representatives do not have a procedure for exercising this policy.

FINDINGS

- F1.** The Public Utilities Department does not meet the City of San Diego's goal of providing high quality public service with a customer-focused culture.
- F2.** Customer dissatisfaction arises from long call wait times and a lack of response when concerns are sent by email.
- F3.** Customers are not incentivized to use the web portal due to the lack of response to their web portal requests.
- F4.** There is a lack of transparency regarding progress toward meeting Call Center key performance indicators and regarding the water bill appeal process.
- F5.** The lack of communication about withheld water bills increases customer dissatisfaction.

RECOMMENDATIONS

The 2023/2024 San Diego County Grand Jury recommends the Mayor of San Diego:

- R1.** Direct the Public Utilities Department to establish and maintain a public dashboard on the PUD website tracking call center key performance indicators.
- R2.** Direct the Public Utilities Department to generate an automatic acknowledgement of the receipt of an email and the expected response time.
- R3.** Direct the Public Utilities Department to create an appeal process for customers who want to dispute their water bill and identify this process on the PUD website.
- R4.** Direct the Public Utilities Department to create a more detailed customer communication system to use when a water bill verification requires more than 4-6 months.

¹ Office of the City Auditor. City of San Diego. *Performance Audit of the Public Utilities Department's Water Billing Operations*. (July 2018).

² Office of the City Auditor. City of San Diego. *Performance Audit of the Public Utilities Department's Customer Support Division Customer Service Office (Call Center)*. (June 2019).

³ See Notes 1 & 2.

⁴ Sergio, Flores. "Has Your Water Bill Been Delayed, San Diego? Here's Why and What to Do About It" *NCB 7 News*, (April 15, 2023)

⁵ Mecija, Melissa. "San Diegans Receiving Multiple Late Water Bills, Sometimes Totaling 1,000+." *ABC10 – KGTV*, (April 12, 2023)

⁶ Handy, Shannon and Hargrove, Darian. "San Diego Water Woes | City Auditor Urged Water Department to Notify Customers About Withheld Bills Back in 2018." *CBS 8* (August 22, 2023).

⁷ Handy, Shannon and Hargrove, Darian. "Backlogged Water Bills: Tens of Thousands of San Diego Customers Still Waiting for Water Bills. *CBS 8* (February 12, 2024). <https://www.cbs8.com/article/news/local/working-for-you/san-diego-customers-waiting-water-bills/509-d6bc6244-0c87-493e-8c31-ad22124bc37f>

⁸ Gotfredson, David. "More Water Bill Woes for San Diego Customers". *CBS 8*. (March 20, 2024)

⁹ Seattle Public Utilities. "Disputing a Bill." <https://www.seattle.gov/utilities/your-services/accounts-and-payments/bills-and-payments/my-bill-seems-too-high/disputing-a-bill>

¹⁰ Desert Water. "Dispute My Bill." <https://dwa.org/customer-service/rates-billing/dispute-my-bill/>

¹¹ City of San Diego Public Utilities Department. *Utility Billing, Account Management and Collection Policy Manual*, page 23. (December 10, 2014)

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made no later than 90 days after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made within 60 days to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the way such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
 - (1) The respondent agrees with the finding
 - (2) The respondent disagrees wholly or partially with the finding; in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 - (1) The recommendation has been implemented, with a summary regarding the implemented action.
 - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.

- (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.
- (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision-making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code 933.05 are required from the:

Responding Agency	Findings	Recommendations
San Diego Mayor	F1, F2, F3, F4, F5	R1, R2, R3, R4