

Seattle City Light Customer Care and Billing Audit

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Seattle Office of City Auditor



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Report Highlights

Background

Seattle City Light (City Light), the City of Seattle's public electric utility, serves about 461,500 customers in Seattle and surrounding communities. In September 2016, City Light implemented a new billing system, the Customer Care and Billing System (CCB) and in October 2016 began installing advanced meters. These two factors resulted in many City Light customers receiving unexpected high bills due to delayed and estimated bills. In response to numerous concerns from City Light customers about alleged over-billing, Seattle City Councilmember Teresa Mosqueda asked our office to review City Light's billing and customer service practices.

What We Found

We found that City Light's implementation of a new billing system and advanced meters resulted in customers receiving an increased number of unexpected high bills due to estimated and delayed bills. City Light has taken steps to reduce unexpected high bills but could further reduce them by changing two key system parameters. City Light's dispute resolution process can involve multiple hand-offs to resolve customer complaints and lacks controls to ensure customers are informed that their issue has been resolved. City Light also limits who can authorize payment arrangements.

Recommendations

Our report contains 16 recommendations that address ways City Light could decrease the number of unexpected high bills received by customers, improve handling of customer complaints, make greater use of technology to help customers manage their payments and energy use, apply lessons learned from City Light's temporarily expanded escalation team, and make it easier for customers to set up payment arrangements.

Department Response

In their formal, written response to our report City Light stated that they generally concurred with the report findings. Appendix A contains City Light's and Seattle Public Utilities' written responses to our findings and recommendations.



WHY WE DID THIS AUDIT

We conducted this audit in response to Seattle City Councilmember Mosqueda's request to review Seattle City Light's billing and customer services practices. We were asked to examine how City Light:

- Prevents erroneous and/or unexpected high bills
- Communicates with customers about unexpected high bills
- Resolves customer complaints and appeals
- Provides payment options, and
- Reimburses customers who have been overcharged.

HOW WE DID THIS AUDIT

To accomplish the audit's objectives, we:

- Analyzed City Light data
- Interviewed City Light managers and staff
- Researched promising practices
- Surveyed other utilities
- Conducted case studies

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TABLE OF CONTENTS

INTRODUCTION.....	1
A NEW BILLING SYSTEM AND ADVANCED METERS CREATED BILLING ISSUES.....	2
CITY LIGHT COULD REDUCE THE NUMBER OF UNEXPECTED HIGH BILLS.....	11
ADVANCED METERS PROVIDE TOOLS TO ENHANCE CUSTOMER COMMUNICATION.....	16
CITY LIGHT’S ESCALATION TEAM COULD BE A MODEL FOR HANDLING COMPLAINTS.....	19
CITY LIGHT COULD DO MORE TO HELP CUSTOMERS MANAGE PAYMENTS AND ENERGY USE	23
OBJECTIVES, SCOPE, AND METHODOLOGY.....	27
APPENDIX A.....	29
Departments’ Responses	29
APPENDIX B.....	38
List of Recommendations.....	38
APPENDIX C.....	39
City Council Request Letter.....	39
APPENDIX D	42
Template of Letter Sent to Customers.....	42
APPENDIX E	43
City Light’s Dispute Resolution Process	43
APPENDIX F	44
Description of Payment Assistance Options	44
APPENDIX G.....	46
Most Refunds are Handled as Credits	46
APPENDIX H	47
Who Was Affected by Consecutively Estimated Bills?.....	47
APPENDIX I.....	49
Seattle Office of City Auditor Mission, Background, and Quality Assurance.....	49

INTRODUCTION

Audit Overview

In response to numerous concerns from Seattle City Light (City Light) customers about alleged over-billing, City Councilmember Teresa Mosqueda asked our office to perform an audit that addressed, among other things, how City Light:

- Prevents erroneous and/or unexpected high bills,
- Communicates with customers about unexpected high bills,
- Resolves customer complaints and appeals,
- Provides payment options, and
- Reimburses customers who have been overcharged.

See Appendix C for a copy of the request letter.

In addition to answering Councilmember Mosqueda's questions, we also analyzed data to assess if there was evidence of geographic or income inequity in who receives consecutively estimated, and therefore unexpected high catch-up, bills. Our analysis of this issue is in Appendix H.

Acknowledgements

The Office of City Auditor would like to thank the utilities who participated in our survey of payment arrangements. These include Austin Energy, Avista Energy, BC Hydro, Burbank Water and Power, Clark Public Utilities, Glendale Water and Power, Idaho Power, Los Angeles Department of Water and Power, Portland General Electric, Puget Sound Energy, Salt River Project Power and Water, and Tacoma Power. We also thank the American Public Power Association for sharing its training materials with us. Finally, we extend our appreciation to the many Seattle City Light and Seattle Public Utilities managers and staff who explained their processes and procedures, provided us with information and data, and demonstrated how they do their work.

A NEW BILLING SYSTEM AND ADVANCED METERS CREATED BILLING ISSUES

Section Summary

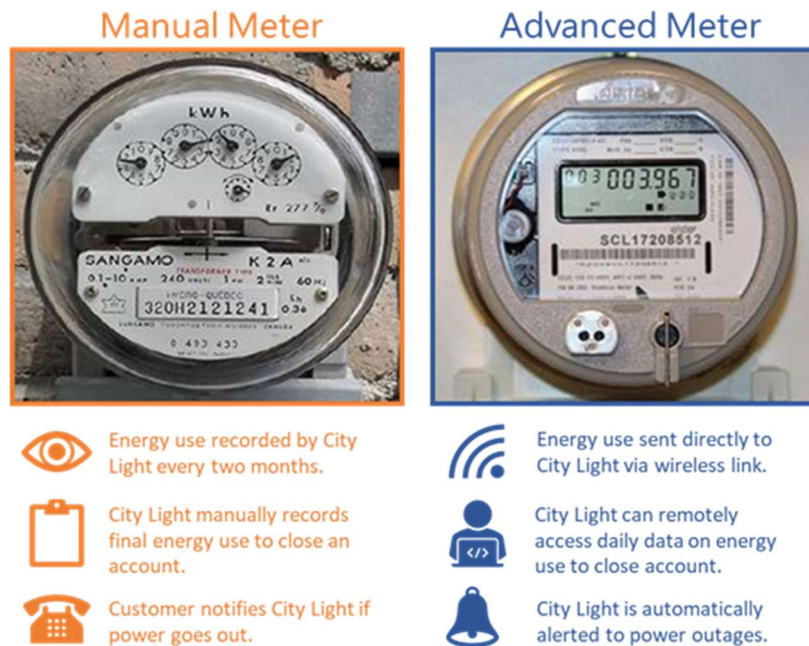
In September 2016, Seattle City Light (City Light), Seattle Public Utilities (SPU), and the Seattle Information Technology Department (Seattle IT) replaced the utilities' customer billing system.¹ In October 2016 City Light began installing advanced meters on new residential and small commercial construction projects. In July 2017 City Light began exchanging manual meters for advanced meters for existing accounts. The overlapping effect of these two occurrences—a new customer billing system and the installation of advanced meters—resulted in City Light customers receiving more unexpected high bills. Customer frustration with unexpected high bills increased the volume of calls to the utility's customer service center, resulting in long wait times for customers. Additionally, City Light's lack of confidence in the accuracy of their bills affected their ability to proceed with normal collection processes, creating large accounts receivable balances.

How are manual meters different from advanced meters?

City Light began implementing advanced meters in October 2016. City Light did this because advanced meters offer many benefits compared to manual meters. Exhibit 1 outlines some of the main differences between manual and advanced meters.

¹ The Consolidated Customer Service System (CCSS) was replaced with the Customer Care and Billing system (CCB).

Exhibit 1: With Advanced Meters, City Light Can Remotely Read and Monitor Electricity Use



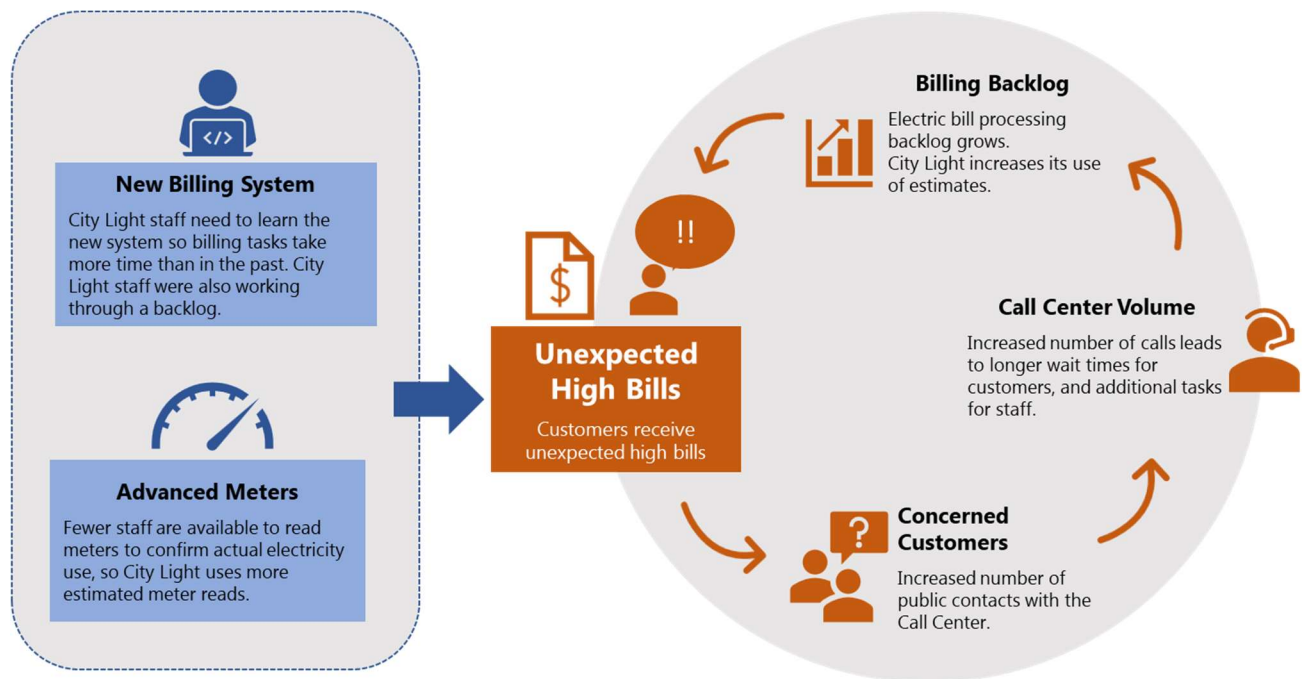
Source: Seattle Office of City Auditor analysis of Seattle City Light information.

A new billing system and advanced meters created billing issues

We found that City Light's implementation of a new Customer Care and Billing system (CCB) and advanced meters put pressure on their customer care operations and created billing issues that are depicted in Exhibit 2. First, some staff were still working through a backlog from the old billing system when the new system went live. Second, some tasks in the new system took more steps to complete than in the old system. Third, some tasks took longer in the new system because staff were still learning how to use it. Finally, fewer staff were available to read meters to confirm actual electricity use. These factors resulted in more estimated and delayed bills, which resulted in more calls from customers with inquiries about their bills, which resulted in more tasks assigned to staff, which resulted in continued and increasing backlogs of bills to review, which resulted in more calls from customers.²

² City Light officials told us that there were two additional factors that may have also contributed to the increased number of estimated bills during CCB and advanced meter implementation: 1) differences in address syntax (Northwest versus NW) in the customer billing system that prevent the system from matching a meter to a customer account, and 2) time lags between when an advanced meter was installed and when the paperwork on the associated account was processed.

Exhibit 2: Implementation of a New Billing System and Advanced Meters Created Billing Issues



Source: Seattle Office of City Auditor

How do customers know if their bill is based on an estimate or not?

City Light customers can see if their bill is based on an estimate by looking at the "detailed billing information" section of their statement. As shown in Exhibit 3, an asterisk indicates that the electricity usage is an estimate, and that the bill is not based on actual use.

Exhibit 3: City Light Bills Indicate Whether or Not the Bill is Based on an Estimate

CITY OF SEATTLE

Seattle City Light Bill
 Pay your bill online at www.seattle.gov/paylightbill
 Questions? Visit us on the web at www.seattle.gov/light
 Or call 206-684-3000 or 1-800-862-1181 (out of area calls only)

Account Number
 0000000000
 NAME
 ADDRESS
 CITY STATE XXXX-XXXX

Service Address
 XX X STREET

Rates include a X.X present RSA Surcharge in effect as of DATE.
 You are currently enrolled in the Utility Discount Program.
 *Rate discounts available for income eligible seniors and other customer. Call 206-684-3000

To pay by phone or to establish a pay plan, call (206) 684-3000 (Budget Billing accounts are not eligible for pay plans).

Summary of charges as of MONTH DAY, YEAR
 Payments received after MONTH DAY YEAR are not reflected.

Previous balance:	XXX.XX
Payment THANK YOU:	XXX.XX CR
Balance:	XXX.XX
Current billing:	XXX.XX

TOTAL AMOUNT DUE ON MONTH DATE YEAR: \$XXX.XX

DETAILED BILLING INFORMATION
Electric Service

Service From	Service Through	Previous Reading	Current Reading	kWh Multiplier	kWh Usage
DATE	DATE	12345.00	54321.00*	1	41976.00

***Estimated Usage**
 Meter Number: 000000 Service Category: KWH

Base Service Charge	XXX.XX
Season Residential Energy	XXX.XX KWH x \$0.00XX per KWH
Season Residential Energy	XXX.XX KWH x \$0.00XX per KWH
Utility Discount Program Savings	XXX.XX CR
Base Service Charge	XXX.XX
Season Residential Energy	XXX.XX KWH x \$0.00XX per KWH
Season Residential Energy	XXX.XX KWH x \$0.00XX per KWH
Utility Discount Program Savings	XXX.XX

Current Electric Service: XXX.XX
CURRENT BILLING: XXX.XX

Compare Your Electricity Usage

Light - Previous Year Dark - Current Year

No. of days this period:	XX	Same period last year:	XX
kWh Consumption this period:	XXXX	Same period last year:	XXXX kWh
Avg kWh per day:	XXXX kWh	Same period last year:	XXXX kWh
Avg kWh cost this period:	\$XXXX/day		

An asterisk and bold type shows that the current reading is an estimate.

Source: Seattle Office of City Auditor

Why do estimated bills result in unexpected high bills?

We found that customers received unexpected high bills partially because of City Light's new Meter Data Management (MDM) system, which manages meter data. When City Light implemented MDM, City Light set limits within MDM on the number of bills that could be based on estimated meter reads. This limit meant that the following bill had to be based on an actual meter read. If the multiple estimated meter reads upon which the previous bills had been based were consistently lower than actual use, the eventual catch-up bill (based on an actual meter read), would result in a higher bill.

City Light officials told us that MDM estimates bills using consumption data from the same meter for the same month from the

previous year. There are many reasons why this historic consumption may be lower than current consumption, including, among others:

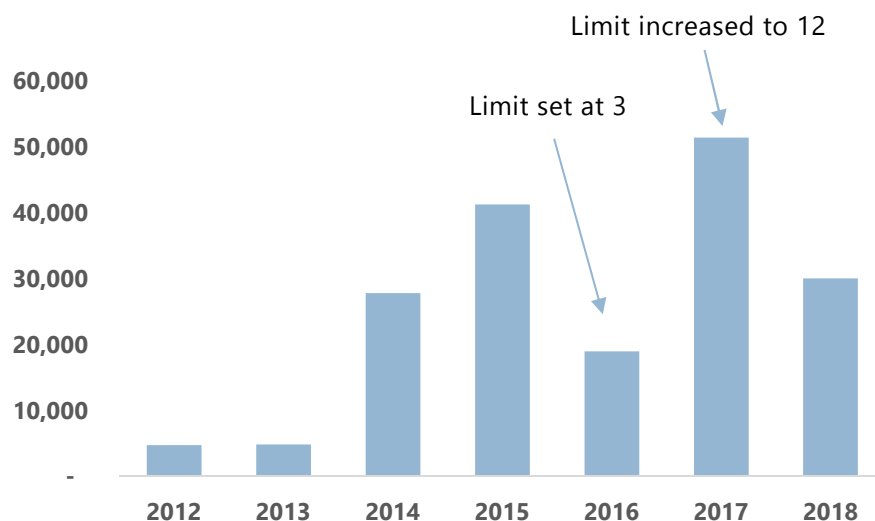
1. The customer may be using more energy than they did in the same period last year, due to more severe weather or other factors,
2. The previous year's data may be based on a resident or tenant who no longer resides at that address, or
3. There may be no usage data for the same month the previous year, in which case the estimation is based on the last bill period on the account, which may have been a lower use time of year.

City Light officials told us that their old customer billing system did not have a check on the number of estimated bills that could be produced. As a result, one could have an infinite number of estimates, which could lead to high dollar catch-up bills. Under the new systems, Customer Care and Billing (CCB) and Meter Data Management (MDM), the initial limit was set at three consecutive estimated bills. Any bills over this number were screened by the system and sent to City Light employees to review. These employees then had to request actual meter reads so they could recalculate the bill based on an actual read. A City Light manager told us that until the new CCB system was implemented, City Light did not realize how many customers' bills were based on estimated meter reads.

In August 2017, to reduce backlogs, City Light raised the allowable number of consecutive estimated bills to 12. This meant that a customer could go two years without having a bill based on an actual meter read. As shown in Exhibit 4, the number of consecutively estimated bills increased by 170 percent in 2017.

Additionally, City Light officials told us that in anticipation of advanced meter implementation, the City Light staff who checked meter reads on site were transitioning to new jobs. This may also have contributed to the increase in estimated meter reads, as there were fewer staff available to read meters.

Exhibit 4: City Light Residential Customers with Two or More Consecutive Estimated Bills



Source: Seattle Office of City Auditor analysis of Seattle City Light data.

Processing backlogs also contributed to unexpected high bills

We found that backlogs in processing new accounts and meter sets³ and validating meter reads created billing delays. For some customers, this resulted in higher than normal bills because the bills covered more than one billing period. For other customers, this increased the number of estimated bills they received, which as mentioned earlier, could result in large catch up bills.

A City Light manager told us that when the new CCB system went live in September 2016, City Light had 4,368 service orders for new accounts that needed to be processed. Consequently, staff had to complete this backlog of 4,368 service orders before they could start on incoming service orders. Even after finishing this work, the backlog continued to accumulate because it was taking staff longer to complete tasks in CCB. First, staff were still learning the system, and second, the new system requires more steps to complete a task. Additionally, CCB implementation occurred during late summer and early fall, the highest demand seasons of the year for processing moves.

Also, when the new billing system was implemented in 2016, it reduced the amount of time staff had to validate meter reads. Before 2016, staff had seven days to validate the meter reads. After the new CCB system went into effect, staff had three days to validate meter

³ New accounts and meter sets is the City Light workgroup responsible for processing residential electric service applications (applications for new service), move adjustments, landlord owner agreements, and online account closures and transfers. Throughout this report, we refer to this work as new accounts and moves.

reads. Although this was an ambitious goal, in practice it meant that initially many meter reads were not validated within the three-day window. When the three-day window was missed, the software program defaulted to sending the customer an estimated bill. If the account was over the limit for the number of consecutively estimated bills (three) the bill would be delayed (i.e., not sent to the customer) until staff could review it.

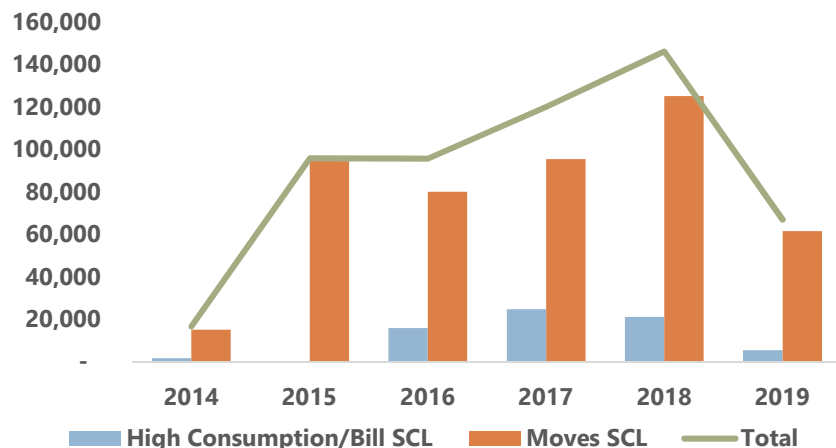
City Light officials told us that backlogs of bill processing increased dramatically in 2017 due to their inability to obtain adequate staffing resources. According to these officials, delays in the hiring process and limits on the use of temporary staff meant that the volume of work far exceeded the workforce capacity.

City Light officials told us that, in the first quarter of 2018, they made a concerted effort to reduce the backlogs and that by March 2018, they had significantly reduced the number of pending moves outside their fourteen-day processing target.

Customer calls about high bills and new accounts spiked in 2018

As shown in Exhibit 5, customer calls about City Light billing issues increased by 33 percent from 2016 to 2018. During this same period, the number of customer calls about new accounts and moves increased by 57 percent. As a result, customers had to wait longer for their calls to be answered and staff fell behind on reviewing accounts and resolving issues.

Exhibit 5: Customer Contact Center⁴ Calls Related to High Bills and Moves



Source: Seattle Office of City Auditor analysis of Seattle Public Utilities data.

⁴ Customer calls about City Light accounts are handled by Seattle Public Utilities' (SPU's) Customer Service Center. This center is often referred to as "the Contact Center." SPU manages and staffs the Contact Center, which also handles calls related to their services (water, drainage and sewer, garbage, recycling, and food and yard waste).

To avoid shutting off power to the wrong customer, City Light suspended collections processes

City Light took steps to protect customers from unwarranted power shut offs, but this had reputational and financial consequences for the City. City Light's official collections policy directs staff to initiate the electricity shut off process for accounts that are 31 or more days past due and have balances equal to or greater than \$300. However, in September 2016, due to concerns about shutting off power to the wrong customer, City Light halted its shutoff process for past due accounts. These concerns arose from the fact that City Light had backlogs in transferring accounts to new tenants, which meant they could have turned off the current tenant's power when it was the prior tenant who had not paid their bill.

In addition to halting shut offs, at CCB implementation, all past due City Light customers were given a fresh start. That is, their accounts were reset and not considered delinquent. Stopping shut offs and resetting accounts meant that customers were not being penalized for late payments, which likely contributed to an increase in unpaid accounts.

In January 2017, to avoid accumulating a large balance of unpaid accounts, City Light resumed seeking payments during its collections process but stopped short of turning off power for customers who did not make such payments. As part of this process, City Light sent urgent and shutoff notices to customers who were behind on their payments. However, City Light officials told us that they did not follow through and shut off power on past due accounts because they were still not confident that the bills were accurate. To avoid confusing customers by telling them that power would be shut off but not following through, in January 2018 City Light stopped sending urgent and shut off notices.

Then, in November 2018, again to avoid accumulating a large balance of unpaid accounts, City Light resumed sending urgent and shutoff notices for past due accounts. However, as of January 2020, City Light had not resumed shut offs for past due accounts.

While these policy changes protected customers, they have also had negative consequences to:

1. City Light's reputation. By sending customers urgent and shut off notices and not following through on them, City Light risks both alarming customers unnecessarily and damaging their credibility.
2. City Light's financial condition. City Light's year-end accounts receivable balance rose from around \$45 million in 2015 to

around \$82 million in 2018, an increase of 82 percent.⁵ Some of this increase is likely due to changes City Light made in its collections and shut off policies from 2016 through 2019.

City Light has reduced estimated bills and backlogs in processing new accounts and moves but could do more to prevent unexpected high bills

As shown in Exhibit 4, page 7, we found that customers receiving two or more consecutive estimated bills decreased in 2018 compared to 2017. City Light officials also told us that they reduced backlogs in processing new accounts and moves in the first quarter of 2018. Both these changes should result in fewer estimated and delayed bills, and fewer customers receiving unexpected high bills. As of January 6, 2020, City Light provided us with data showing that backlogs in requests to process new customer move had been resolved. As of January 2020, City Light staff were working to resolve 264 pending requests in four other areas related to customer moves.

To build on lessons learned from City Light's experience with large number of unexpected high customer bills, in the next four sections of this report we discuss steps City Light could take to further reduce the number of unexpected high bills customers receive, avoid backlogs in functions that result in delayed bills, provide customers with additional information that could help them manage their electric bills, and make it easier for customers to resolve billing problems and set up payment arrangements that meet their needs.

⁵ To address this increase, City Light increased its bad debt allowance from \$2.8 million in 2015 to \$20.8 million in 2018.

CITY LIGHT COULD REDUCE THE NUMBER OF UNEXPECTED HIGH BILLS

Section Summary

We found that City Light relies primarily on automated software screens in their Customer Care and Billing (CCB) and Meter Data Management (MDM) systems to prevent erroneous or unexpected high bills. Two of these key screens, 1) the limits on the number of consecutive estimated bills and 2) the high bill variance, could be reset to help prevent customers from receiving unexpected high bills. Additionally, to prevent delayed, and therefore unexpected high bills, City Light should continue to monitor the backlogs in new accounts and moves and eliminate the backlog in processing returned mail.

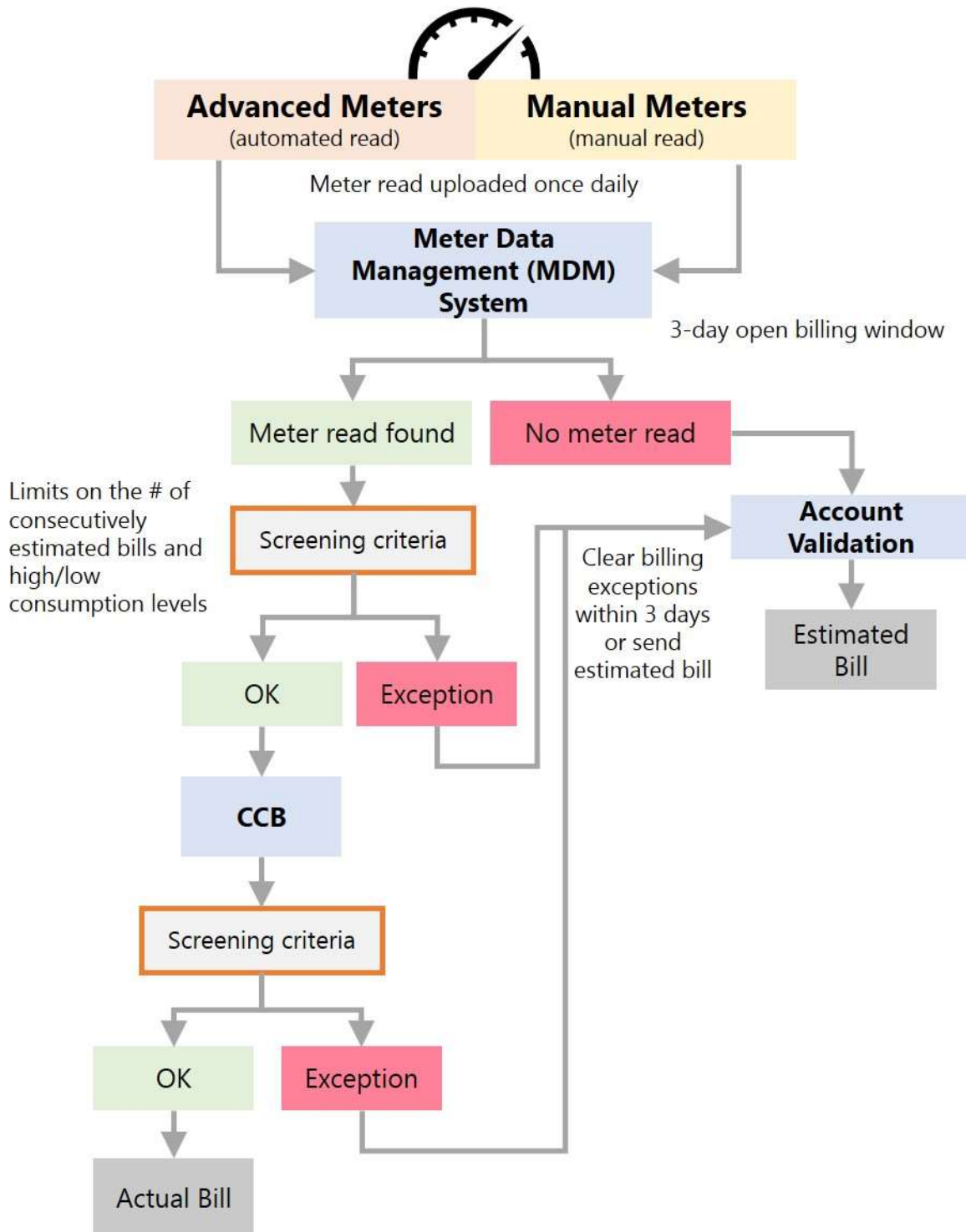
City Light may still need to estimate some bills

Although the deployment of advanced meters will help reduce unexpected high bills, City Light will still need to use estimates for some customers. For example, 1,498 customers chose not to receive advanced meters. Additionally, at any given time, some advanced meters may be broken or unable to connect to the wireless network needed to transmit meter data to City Light. A City Light official told us that as of December 2019, there were still up to 24,000 meters that will need to be read manually and could result in estimated bills. This means that even with the widespread deployment of advanced meters, City Light will still need to carefully consider the processing of, and controls over, estimated bills.

City Light relies on system screens to help prevent unexpected high bills

One of the benefits of MDM and CCB is that City Light has programmed them to use automated screens and validation checks to prevent erroneous or unexpected high bills. MDM, the program that manages meter data, has limits on the number of consecutively estimated bills, and flags high and low consumption levels. It also notifies City Light if an account shows a negative energy consumption or if there is no active account tied to the meter. CCB, the program that manages billing, has a dollar threshold, and flags bills for which the customer requested no estimates, or there is no valid usage start date. Exhibit 6 illustrates the processes these systems use to screen bills.

Exhibit 6: Automated Software Checks Help Prevent Erroneous City Light Bills



Source: Seattle Office of City Auditor

City Light's system allows two years of bills to be based on estimated meter reads

As described earlier in this report, when CCB was first implemented in September 2016, City Light set a limit such that a customer could only receive three consecutive estimated bills. In August 2017, City Light raised the allowable number of consecutive estimated bills to 12. City Light told us that they increased the allowable number of consecutive estimated bills for two reasons. First, to reduce backlogs in processing customer bills. Second, to prevent more delayed bills.

Since residential customers are billed every other month, allowing up to 12 consecutive estimated bills means that a customer could receive up to two years of bills based on estimated meter reads. Because a customer's use of electricity can change over time, and estimated bills are based on historic usage, this could mean that the customer receives a very high bill when the account is finally adjusted to reflect actual usage.

Now that advanced meter implementation is almost complete, and there has been time for staff to learn the CCB system, City Light should be able to allow fewer consecutive estimated bills without causing a backlog. Reducing the number of consecutive estimated bills also reduces the number of catch up bills and may reduce customer complaints about high unexpected bills.

Recommendation 1

City Light should lower the current number of 12 consecutive estimated bills allowed in their Meter Data Management system.

City Light's system only catches bills with large changes in the customer's energy use

MDM has the capability of flagging bills with abnormally high consumption that would trigger a review by City Light staff. However, the current parameters in MDM for abnormally high consumption rate are set so high that they may miss significant increases in energy use. This is important because a spike in energy use could result in an unexpected high bill, or also mean that the customer has an electrical issue – such as inadequately insulated walls or old, inefficient appliances – that results in wasted energy.

City Light staff only review excessive energy use that exceeds 600 percent of the previous meter read. This means that someone whose average usage was 4,500-kilowatt hours per billing period could receive a bill based on 26,955 kilowatt hours without the system catching it. At November 2019 rates, this means their current bill could be up to \$2,000 more than their previous bill. A City Light official told us that the high consumption limit was set during the new CCB development process and was reviewed and approved by the City's information technology consultant on the project and a second consulting firm.

Recommendation 2**City Light should lower the current high consumption variance allowed in their Meter Data Management system.****City Light has reduced backlogs in processing new accounts and moves, but needs to plan for times of high demand**

We found that City Light has taken steps to address backlogs in new accounts and moves. For example, as of January 2, 2018, City Light had 74,157 tasks related to refunds, move, or billing corrections and adjustments in their backlog. Each one of these 74,157 tasks is an account that needs to be reviewed by City Light staff. To reduce this backlog, in the first quarter of 2018, City Light used employees from other units to process new accounts and moves. City Light officials told us that many of these employees voluntarily worked overtime during this period—some as much as 12 to 14 hours per day—seven days a week, including weekends and holidays.

To reduce backlogs, City Light managers also made other changes, including:

1. Cross-training employees so employees could be shifted between groups based on workload demands,
2. Placing whiteboards near each work group to help them track their workload and backlogs, and
3. Holding weekly meetings with each workgroup to review progress and reassign staff among workgroups as needed.

Additionally, City Light recently modified CCB and MDM to make processing new accounts and moves more efficient. For example, when closing an account, staff no longer manually search for the ending meter read in MDM and enter it into the customer's account in CCB. Instead, this is done automatically by the systems. Another change is that CCB will now automatically apply set up charges for new accounts rather than having staff do this. Other system changes added internal checks to ensure that work on the account is properly documented and that all active meters are tied to an account.

Finally, City Light managers told us they created a task force to explore opportunities to streamline the flow of tasks involved in billing customers. This could result in further efficiencies that benefit customers by expediting the bill process and helping to ensure accurate bills.

Despite these improvements, City Light employees told us that there are regular cycles in workload demand for processing new accounts that result in backlogs. Specifically, they told us that April, June through September and December through January are high demand times. When fluctuations in demand can be anticipated, an

organization could use a staffing plan to meet that demand. In the absence of a plan, City Light appears unprepared for these increases in workload, which results in adding to backlogs and increasing the number of customer billing issues. As described earlier in this report, the adverse impacts of large backlogs have included unexpected high bills and dissatisfied customers.

Recommendation 3

City Light should track seasonal variations in the workload related to processing new accounts and moves.

Recommendation 4

City Light should develop an annual staffing plan to accommodate fluctuations in demand for processing new accounts and moves.

Backlogs in returned mail contribute to billing delays

Backlogs in processing returned mail also contribute to billing delays and unexpected high bills. A City Light official told us that there is a large backlog in bills that were returned in the mail. Currently, City Light Credit and Collections staff are responsible for following up on these accounts, which are handled as a separate body of work and are not integrated into the CCB system. The work is very time-consuming because it can require researching the account and making multiple attempts to contact each customer to determine the correct account holder and mailing address.

As of April 2019, City Light officials estimated that there were approximately 8,700 pieces of returned mail waiting to be reviewed. Because City Light cannot bill for these accounts until the correct account holder's address is identified, this backlog contributes to billing delays, potentially high catch-up bills, and past due accounts that increase City Light's accounts receivables.

Recommendation 5

City Light should develop a system for managing returned mail and explore how this body of work could be handled in the Customer Care and Billing system.

ADVANCED METERS PROVIDE TOOLS TO ENHANCE CUSTOMER COMMUNICATION

Section Summary

We found that City Light's current communication strategies related to informing customers about unexpected high bills are primarily reactive and were not designed to address the volume of complaints experienced during the implementation of a new customer care and billing system and the installation of advanced meters. Additionally, although in August 2018 City Light made an extra effort to inform customers about unexpected high bills, because City Light does not conduct regular customer satisfaction surveys, they had no way to know how successful these efforts were in reducing customer frustration. Based on our research of promising practices in other utilities, City Light could make better use of technology to help customers manage their energy use and avoid surprises by alerting them to potentially high bills.

City Light uses multiple channels to provide customers with information

City Light uses multiple channels to provide customers with information. For example, City Light produces a bimonthly customer newsletter, has a website, and uses social media such as Facebook, Twitter, and Instagram to communicate with customers. City Light will be implementing an upgrade to their outage management system to give customers real time information on outages via text, email and robocalls.

City Light managers told us that they are planning additional communication improvements in 2020. These are summarized in Exhibit 7.

Exhibit 7: Planned Customer Communication Improvements

Improvement	Estimated Completion Date
New public facing website	December 2020
New customer web portal	December 2020
Automated email marketing platform to focus communications by customer characteristics	March 2020
Bill redesign	2022 after other upgrades completed

Source: Seattle City Light's Director of Communications

City Light does not know if their efforts to alert customers to high bills was effective

City Light's Directors of Customer Care and Customer Operations may authorize individualized customer communication on an as-needed basis. For example, starting in August 2018, City Light's Director of Customer Care required all billing adjustments involving two or more billing periods to be accompanied by one of two letters. Each of these letters stated: "we regret to inform you that your bill may be larger than expected." The letters varied based on the reason for the unexpected high bill. Both letters apologize for the inconvenience and offer the customer options to extend the payment deadline or make payment arrangements. See Appendix D for a copy of one of these letters. Although these letters may have reduced frustration for some customers, because City Light does not conduct regular customer satisfaction surveys, its management can't tell if these efforts are making a difference on customer attitudes about City Light.

Recommendation 6

To understand the impact changes in its policies and procedures are having on customer satisfaction, City Light should conduct regular customer satisfaction surveys.

City Light could use new technologies to give customers timely data about bills

With advanced meters, City Light could communicate even more proactively with customers. Other utilities use promising proactive customer communication practices. Based on our research of practices in other utilities, we found two main areas where City Light could enhance customer communication through greater use of technology. This communication could help customers better understand and manage their energy use, reduce their surprise when they receive a high bill, and increase customer satisfaction.

First, City Light could provide customers with tools that alert them about potentially high bills and help them manage their energy use. Second, City Light could expand its use of social media, text, email, and smart phone applications to prepare customers for what's coming during periods of exceptionally hot or cold weather.

For example, some utilities send alerts via email, text or phone to let customers know how they are doing against their monthly energy spending goal, including alerting them when their usage is higher than normal. Others have a secure online web portal where customers can access historical billing, payment, and electric usage data, including bill-to-date, projected next bill, budget assistance (including the ability to create a custom savings plan), and energy use by category (e.g., heating, lighting). The portal is translated into multiple languages, so it is accessible to as many populations as possible.

Still other utilities provide a High Energy Alert service to residential and business customers with 13 or more months of customer history. Alerts are sent if a customer is trending toward increased energy use 30 percent or more over that of same period during the previous year. Additionally, these alerts can be customized. For example, they can be sent by email instead of text.

Recommendation 7

City Light should enhance its use of new technologies to proactively provide customers with data about their accounts.

CITY LIGHT'S ESCALATION TEAM COULD BE A MODEL FOR HANDLING COMPLAINTS

Section Summary

"When things are going well, a customer may have little direct interaction with the utility, but when things go wrong, it is critical the utility respond effectively."

American Public Power Association training materials

We found that City Light uses both formal and informal processes to respond to customer complaints. These processes may require multiple steps and do not ensure customers are informed about how their complaint was resolved. Our case studies revealed instances when City Light customers were not satisfied with the way their complaints were handled or resolved.

To improve customer service, in October 2019, City Light temporarily expanded their escalation team to include a supervisor and three additional customer service representatives. City Light plans to further increase staff so that there are eight customer service representatives on the team. We found that the description of the duties these team members perform incorporates leading practices and addresses weaknesses in City Light's past practice. We recommend that City Light evaluate the effectiveness of its temporarily expanded escalation team, and incorporate lessons learned from this team into its permanent policies and practices.

City Light customer complaint processes can require multiple hand-offs

We found that City Light's process for handling customer inquiries is cumbersome for customers and results in delayed resolution of billing problems. City Light's processes⁶ for responding to customer inquiries involve tasks performed by different City Light units and/or staff, and do not always provide customers with information that their issue has been resolved.

If a customer calls the Customer Contact Center with an inquiry about their bill, the customer service representative who answers their call will research the account and try to resolve the issue. However, if the customer service representative cannot resolve the problem, they create a task in the CCB system (a "To Do") that is sent to City Light's staff for review and resolution. For example, when customers call the Customer Contact Center to report that the move-in or move-out dates on their bill are incorrect, the customer service representative will create a task in CCB for City Light's new accounts and meter sets staff. Hand-offs like this mean that customers wait longer for their issues to be resolved. When there are backlogs in the

⁶ City Light has both formal and informal processes for resolving customer disputes. These are described in Appendix E.

work assigned to staff in specialized units, the wait can be even longer.

Customers not always informed how their complaint was resolved

City Light lacks controls that ensure customers are informed in a timely way that their issue has been resolved. As a result, when City Light staff resolve a customer's issue, the customer does not always get immediate feedback on the resolution. Rather, an adjustment shows up on the customer's next bill. City Light staff told us that when bill adjustments are made, new bills are produced and sent as soon as the issue is resolved. This means the customer should see the adjusted bill within a week. In the meantime, the customer may still wonder what is happening with the account or not understand the adjustments on the bill they receive.

City Light staff may follow up directly with customers via telephone, email or by using letter templates in the CCB system. However, this communication varies on a case-by-case basis and is based on the customer service representative's discretion. Because there is no formal policy requiring staff to do follow up with customers, City Light management cannot ensure that this practice is consistent.

Recommendation 8

City Light should revise its policies and procedures so that all customers whose inquiries require further research are contacted when the issue has been resolved.

Some customers were dissatisfied with how their complaints were handled

We conducted four in-depth case studies of customers who had escalated complaints about high, unexpected City Light bills. We found that these customers received high, unexpected bills for different reasons. In some cases, there were high catch-up bills following low estimated bills. In other cases, bills were delayed and covered more than one billing period.

However, regardless of cause, customers' experiences were negatively impacted by:

1. Their inability to obtain satisfactory explanations for what was going on with their account,
2. Perceived lack of empathy on the part of the City Light employees with whom they interacted,
3. Unclear or inconsistent policies and procedures related to payment arrangements, and
4. Lack of follow through by City Light employees.

In Exhibit 8 we describe the experiences of two City Light customers who were trying to resolve situations with unexpected high bills.

We concluded from our case studies that City Light could improve how it resolves customer complaints by providing customers with:

1. One easily accessible point of contact for the customer,
2. Thorough and clear explanations of account activity, in terms lay persons can understand,
3. Flexible options for payment arrangements,
4. Options for understanding variations in electricity use (including on site energy conservation assessments), and
5. Proactive, timely, follow through to assure customers that appropriate account adjustments have been made and/or plans are in place to resolve the issue.

Exhibit 8: Customer Case Studies

We interviewed four City Light customers who had escalated complaints about high, unexpected City Light bills. Below are examples of what two of these customers encountered:

High catch up bills are challenging for customers

Customer A is a senior citizen with a fixed income, sharing a 1,090 square foot house with a sibling. Over a period of two years, the customer had three estimated bills that resulted in large catch-up bills. The catch-up bills ranged from 15 to 76 percent higher than the average bill during this same period. The customer never heard from City Light after submitting an initial complaint and decided to just pay the bill. The customer noted that “financially, it was a hit,” and that to pay the unexpected high bills required use of funds from the customer’s 401k plan. When asked what City Light could have done differently, the customer said, “They could have provided a response and explanation of what was going on.”

City Light customer service experience varies, and significantly impacts customer satisfaction

Customer B is a homeowner who received unexpected high bills due to estimated and delayed bills. The first customer service representative with whom the customer spoke could not explain why the bills were estimated for such long periods or why no one had read the meter. Additionally, the customer service representative did not seem to understand the burden the unexpected high bills placed on the customer. The customer found this very frustrating. However, in a subsequent call, a second customer service representative demonstrated empathy for the customer’s situation, and this made a big difference to the customer.

Source: Seattle Office of City Auditor based on case study interviews.

City Light’s escalation team may be a model for handling customer complaints

To improve customer service and reduce the number of customer complaints that go into formal dispute resolution, in October 2019, City Light temporarily expanded its customer escalation team to include a supervisor and three customer service representatives. City Light plans to further increase staff so that there are eight customer service representatives on the team. City Light’s September 2019 memorandum, *Creating a Customer-Centric Culture*, explains the functions of this newly expanded team:

"These employees will be dedicated to proactively identifying potential billing concerns and working with customers start-to-finish to address those concerns. In addition to performing a quality assurance analysis of all residential bills that are larger than the threshold amount, the team will proactively reach out to these customers to explain why the bill is high and provide information about energy efficiency ideas, rate assistance programs, budget billing, and payment plans."

"The expanded customer escalation team will staff a customer hotline with chat feature and an email address that will be dedicated to helping customers resolve billing issues. This team will work with the customer from start until finish to address their concerns and ensure that the customer is aware of the resources available to them. The team will identify and track root causes of billing issues. This information will be utilized for further process improvement and performance management opportunities."

City Light managers told us that they are also working on a high bill resolution procedure and template for all customer service representatives to use. Ideally, this guidance will provide a tool to help customer service representatives explain account information to customers in a simple, clear and consistent way. This tool, along with the expanded escalation team, addresses some of the weaknesses we identified in City Light's dispute resolution processes by providing:

1. A single, consistent, point-of-contact for the customer,
2. A tool to facilitate clear explanations of account activity, and
3. Proactive, timely follow through.

Recommendation 9

City Light should evaluate the effectiveness of its temporarily expanded escalation team.

Recommendation 10

City Light should incorporate lessons learned from the evaluation of its temporarily expanded escalation team into its permanent policies and practices.

Recommendation 11

City Light should report on the results of the evaluation and related policy changes to the Seattle City Council by December 2020.

CITY LIGHT COULD DO MORE TO HELP CUSTOMERS MANAGE PAYMENTS AND ENERGY USE

Section Summary

We found that City Light offers payment plans and payment arrangements to assist customers in keeping current on their bills. City Light increased the use of these payment arrangements in 2018 and 2019 in response to the increase in the number of customers receiving unexpected high bills. However, City Light could make it easier for customers to set up payment arrangements and could further support customers in making on time payments and managing their energy use by implementing promising practices from other jurisdictions.

City Light offers customers payment options and assistance

We found that City Light offers two types of payment options for customers who need more time to pay their bills:

1. Payment Plans

Payment plans are short-term agreements that prorate an account balance over several (e.g., one to two) billing periods to pay down a large balance. Customer Contact Center customer service representatives, City Light Credit and Collections staff, and Emergency Low Income Assistance (ELIA) staff can work with customers to set up payment plans (see Appendix F for a description of the ELIA program).

2. Payment Arrangements

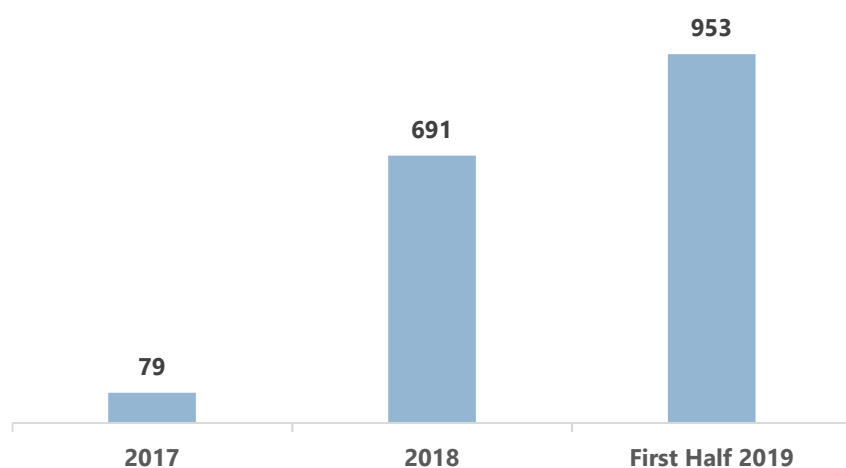
Payment arrangements are long-term agreements that prorate a high bill over longer billing periods, such as six to twelve months. These came into effect when unexpected high bills based on estimated meter reads became an issue for City Light customers. Only City Light's Credit and Collections manager is authorized to set up payment arrangements. He told us that the bill can only be amortized over the same period covered by the estimated reads.

In addition to payment plans and arrangements, staff may refer low-income customers to other programs for financial assistance. These programs include: The Emergency Low Income Assistance (ELIA) program, 211, Project Share, and the Utility Discount Program. Customers must income qualify for these programs. City Light may also refer low income customers to external agencies that may be able to provide other forms of assistance. See Appendix F for a description of these programs.

City Light increased payment arrangements in response to billing issues

City Light increased the use of payment arrangements in the last two years to accommodate customers who received unexpected high bills. Exhibit 9 shows the number of customers who entered into payment arrangements with City Light in 2017, 2018 and the first half of 2019. As you can see from the Exhibit, the number of customers with payment arrangements increased 775 percent from 2017 to 2018 and 38 percent from 2018 to 2019. These payment arrangements should make it easier for customers to manage unexpected high bills, as they spread the high payment over subsequent billing periods.

Exhibit 9: Number of Seattle City Light Customer Payment Arrangements



Source: Seattle Office of City Auditor analysis of Seattle City Light data.

City Light could make it easier for customers to set up payment arrangements

Contact Center and City Light staff can set up short-term payment plans but not long-term payment arrangements. For payment arrangements, staff create a task in CCB for Credit and Collections. At the time of our review, only the manager of the Credit and Collections unit was authorized to process these tasks, which involve setting up payment arrangements.

According to the American Public Power Association, front-line employees need to be empowered to provide excellent service to utility customers. Specifically, they need:

- The right skills and the ability to act upon those skills,
- The ability to take ownership of any problem that appears in front of them,
- The skills and experience to understand the issue being presented and how the utility's policies and options apply to it, and

- The ability to see the issue through to resolution.

Because Contact Center employees must forward requests for payment arrangements to City Light's Credit and Collections group, and the number of employees who can approve these arrangements is limited, it takes longer for customers to resolve their issues and get back on track paying their bills. City Light could make it easier and more efficient for customers who need to set up payment arrangements by expanding the number of employees authorized to do this line of work.

Recommendation 12

City Light should give customer service representatives the training and authority to set up payment arrangements.

Recommendation 13

To prevent fraud and ensure equity, City Light should institute appropriate internal controls at the same time as this authority is granted.⁷

City Light does not translate online payment arrangement options into multiple languages

City Light does not offer online language translation options on its website. As a result, the webpages that contain information about payment plans, payment arrangements, and payment assistance are not accessible to customers with limited English proficiency. Consequently, these customers may not know about, or be able to take advantage of, available payment options. This could cause the customers to fall further behind on their payments and risk having their electricity shut off. We offer two recommendations for how City Light could address this inequity.

Recommendation 14

City Light should provide language translation options for the online information it provides about payment plans, payment arrangements, and payment assistance.

Recommendation 15

City Light should conduct targeted outreach in the City's top tier languages⁸ to inform customers about the availability of payment plans, payment arrangements, and payment assistance.

⁷ Examples of internal controls City Light may want to consider include: 1) review of weekly or monthly payment arrangement reports to identify irregular patterns, and 2) periodic surprise audits of a random sample of payment report authorizations.

⁸ Seattle top tier languages are languages other than English spoken by the largest number of city residents. These languages are broken into two tiers. The first tier are ones spoken by at least 10,000 residents. The second tier are spoken by at least 5,000 residents. For more information see <https://www.seattle.gov/iandaffairs/LA>.

City Light should consider promising practices from other utilities

Our research on promising practices from other jurisdictions identified ways utilities can make it easy for customers to pay their bills and offer payment assistance and energy saving opportunities to low-and moderate-income customers. In Exhibit 10 we describe the promising practice, its benefit to customers, and whether City Light offers the same service.

Exhibit 10: Promising Practices to Help Customers Pay Bills and Manage Energy Use

Promising Practice	Benefit to Customers	Offered by City Light
Set up payment plan online Offer customers the chance to create a standard online bill payment agreement.	Expedites process for creating a payment plan and avoiding service disconnection.	Yes
Incentivize energy efficiency improvements in rental units. Provide multiple family property owner and building managers with a centralized source for energy-related funding to make improvements in rental units.	Lowers cost of energy for tenants.	Yes ⁹
Tailor payment arrangements to individual customer needs Offer customers an analytics-determined payment arrangement that establishes a monthly budget payment based on the customer's billing history.	Makes it easier for customers to stay current on their payments and avoid past due bills.	No
Allow customers to give assistance agencies direct access to their account Allow customers to give energy assistance agencies direct access to their account through a secure online portal.	Expedites financial assistance payments for low income customers and prevents accounts from going past due.	No
Forgive the final payment for low-income customers who make regular payments on their past due accounts Forgive the final payment for low income customers who make on-time, monthly payments on their past due balances for 12 consecutive months.	Provides incentives for customers to keep current with their payments and establish good consumer payment habits.	No
Help low- and moderate-income customers manage their energy use Provide smart thermostats to income-eligible low-and-moderate income customers using local and Women and Minority-owned Business Enterprise (WMBE) suppliers to install these thermostats.	Provides tools to low-and-moderate income customers to help them manage their energy use and its cost.	No

Source: Emerging Solutions for Residential Customers: Case Studies, June 2019, Edison Electric Institute

Recommendation 16

City Light should implement promising practices from other utilities.

⁹ See <https://energysolutions.seattle.gov/your-business/multi-family-buildings/>

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

We conducted this audit in response to Seattle City Councilmember Teresa Mosqueda's request to review Seattle City Light's (City Light) billing and customer services practices. Specifically, we were asked to examine how City Light:

- Prevents erroneous and/or unexpected high bills,
- Communicates with customers about unexpected high bills,
- Resolves customer complaints and appeals,
- Provides payment options, and
- Reimburses customers who have been overcharged.

Additionally, we wanted to understand why City Light customers received unexpected high bills and identify promising practices from other utilities.

Scope

The scope of this audit focused on City Light's customer care and billing practices from September 2016, when the new Customer Care and Billing system was implemented, through November 2019. The periods covered by our data analysis varied based on available data and the purpose of the analysis. See Methodology section below.

Methodology

To understand the timing and extent of City Light's billing problems, we analyzed data on:

1. The number of consecutive estimated bills City Light produced from 2012 through 2018,
2. The number of moves waiting to be processed that fell outside City Light's 14-day target for processing from October 2017 through June 2019,
3. The number of calls Seattle Public Utilities' (SPU) Contact Center received related to inquiries about City Light's high bills and new accounts and moves from 2014 through June 30, 2019, and
4. The number of customer payment arrangements in effect from 2017 through June 2019.

To understand City Light's billing processes and procedures and factors that may have contributed to customers receiving unexpected

high bills, we reviewed State of Washington and City of Seattle laws and City Light's formal and informal policies and procedures, interviewed City Light managers and staff, and observed SPU Contact Center staff and City Light customer service representatives at work.

To understand how City Light handles customer complaints, we reviewed City Light's policies and procedures related to dispute resolution, interviewed the City Light analyst in charge of handling escalated complaints and City Light's Hearing Officer, and reviewed their records and selected case files.

To understand the customer experience, we conducted four in-depth case studies of customers who had made complaints to either our office or the Seattle City Council about unexpected high bills. For each of these case studies, we documented the customer's correspondence with City officials, gathered and analyzed their account data, and interviewed each customer. We also analyzed data to assess if there was evidence of geographic or income inequity in who receives consecutively estimated, and therefore unexpected high catch-up, bills. See Appendix H for a description of our methodology.

We researched promising practices related to how electric utilities communicate to customers about billing issues, such as incorrect or unusually high bills. This included reviewing information from the American Public Power Association (APPA), Edison Electric Institute (EEI), and the United States Department of Energy.

To understand other utilities' policies and procedures related to payment arrangements, we surveyed twelve utilities. To identify comparable utilities, we selected a sample of 15 potential respondents based on those used by Cuthbert Consulting for their December 17, 2018 Review of Electric Utility Rate Design Options. Twelve utilities responded to our requests for information. To document these utilities' policies and procedures, we reviewed online information, interviewed utility managers and staff and reviewed documents they provided to us.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

APPENDIX A

Departments' Responses



Debra J. Smith, General Manager and CEO
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February 12, 2020

DAVID G. JONES, CITY AUDITOR
City of Seattle
700 Fifth Ave, Ste. 2410
Seattle, WA. 98104

Dear David,

Thank you for your very comprehensive review of City Light's billing processes and your 16 recommendations for how we can better serve our customers. I deeply appreciate your efforts to help us improve and my team and I plan on substantially implementing your recommendations. I have appended my specific responses and a summary table reflecting our responses, current status, and a timeline for achieving these results. I look forward to continuing to work with your office, our elected officials here in the City of Seattle, and our customers to provide them the customer service they expect and deserve. It will not be easy or immediate, but I and my team are committed to doing so.

When I joined City Light a year and a half ago it was clear that improving customer service was critical to the utility's success. My team has been implementing a number of strategic initiatives to improve our customers' experience by updating our business processes and customer care systems. We recognize and are addressing the critical need to modernize how we engage with our customers and the billing process is a critical component of that work. Again, thank you for your office's diligence and I deeply appreciate the opportunity to partner with you and your office on these matters.

Take care,

A handwritten signature in black ink that reads "Debra J. Smith".

Debra J. Smith
General Manager and CEO
Seattle City Light



City Auditor's List of Recommendations and City Light Responses

1. City Light should lower the current number of 12 consecutive estimated bills allowed in their Meter Data Management system.

Concur. This setting was changed to three (3) in CCB on Feb. 8, 2020. With the majority of our AMI meters installed, and the pending SPU/City Light Customer Portal project set to launch on April 28, we are well positioned to make this change, and better support customers going forward.

2. City Light should lower the current high consumption variance allowed in their Meter Data Management system.

Concur. This setting was changed to 400% in CCB on Feb. 8, 2020.

3. City Light should track seasonal variations in the staff workload of their new accounts and meter sets and validation units.

Concur. Our Customer Accounts teams, including the New Accounts and Meter Sets (NAMS) and Validation working groups, have made enormous progress in 2019 in eliminating or reducing existing backlogs. The staffing decision we made in 2019 was to utilize voluntary overtime work from team members and to bring on 10 Out of Class (OOC from other divisions of City Light or other departments of the City) and temporary workers to support the existing staff and reduce the existing backlogs. This 2019 staffing plan successfully addressed seasonal workloads and largely eliminated the backlogs. This work is occurring today and will continue.

4. City Light should develop an annual staffing plan to accommodate fluctuations in demand for processing new accounts and meter sets and validation work.

Concur. We have developed a staffing plan for 2020 to maintain our progress and keep customer account backlogs from growing once again. We also anticipate that the joint SPU/City Light Customer Portal project will facilitate customers meeting their own needs through self-service tools that will be made available through the portal, starting on April 28. Given the intrinsic uncertainty in how much the portal will reduce existing and future manual workloads for our colleagues in these teams, we anticipate maintaining current staffing, supported by OOC and temporary workers, as required. Feedback from other utilities indicated that a portal will allow customers to "self-serve" many or most of their needs, but can result in more complex customer service needs and interactions (i.e. a likely decrease in the number of customer service calls, but an increase in the complexity of such calls and the time required to resolve them). It is probable that the Account Services team will be evolving over the next few years into a more customer-facing organization to better meet our customers' needs in coordination with our deployment of the Customer Portal and other customer-facing tools.



5. City Light should develop a system for managing returned mail and explore how this body of work could be handled in the Customer Care and Billing system.

Concur. City Light is developing a plan for managing returned mail, a key component of which is automation. We are exploring opportunities such as an automated call/email to a customer to notify them if their bill is returned as undeliverable by USPS. Additionally, we are identifying interim solutions to resolve and reduce the overall volume of returned mail. These decisions will be made and implemented by Oct. 30, 2020.

6. To understand the impact changes in policies and procedures are having on customer satisfaction, City Light should conduct regular customer satisfaction surveys.

Concur. City Light will commence annual customer satisfaction surveys, transactional surveys, and other efforts to improve the quality of the service we provide to our customers. In addition to engaging customers at key points in their account management, our expectation is that engaging directly with customers who are having trouble paying their bill before they build a large balance will be critical to future success. We also want disconnections to be our last resort for only those customers who refuse to pay and who will not work with us to establish a payment arrangement they can afford. City Light will initiate biannual all-customer surveys and pilot manual transactional surveys by December 30, 2020.

7. City Light should enhance its use of new technologies to proactively provide customers with data about their accounts.

Concur. The joint SPU and City Light Customer Portal, which is scheduled to go live on April 28, will deliver a number of self-service tools and back-office improvements to support our customers. Our customers will be able to choose the channel of communication most convenient for them and select the products and services they wish to receive. This will be implemented by Dec. 30, 2020.

8. City Light should revise its policies and procedures so that all customers whose inquiries require further research are contacted when the issue has been resolved.

Concur. One of our core goals is to grow a customer-centric culture within City Light by implementing a number of initiatives focused on our customers and improving their experience of having City Light as their electricity provider. Each customer should know the status of their matter and when it has been resolved. Customers should receive a response from City Light within 48 hours of their contacting City Light or the SPU Contact Center to receive a status update on their issue and when a resolution is expected. We also plan to deploy conflict resolution, bias and empathy training in 2020 for our colleagues who engage directly with our customers. City Light does not currently possess system tools to support this activity and may require emailing and manual telephone calling by staff. This will be implemented by Dec. 30, 2020.

9. City Light should evaluate the effectiveness of its temporarily expanded escalation team.

Concur. We are currently standing up the escalation team. The team's effectiveness will be evaluated by December 30, 2020 to provide adequate time to fully implement the new intervention and to assess impacts.

10. City Light should incorporate lessons learned from the evaluation of its temporarily expanded escalation team into its permanent policies and practices.

Concur. This work will be on-going.

11. City Light should report on the results of the evaluation and related policy changes to the Seattle City Council by December 2020.

Concur. We will offer the City Council Transportation and Utilities Committee a briefing no later than Dec. 30, 2020.

12. City Light should give customer service representatives the training and authority to set up payment arrangements.

Concur. Given the coordination required across SPU and City Light customer service teams to achieve this result we estimate this will occur by Dec. 30, 2020.

13. To prevent fraud and ensure equity, City Light should institute appropriate internal controls at the same time as this authority is granted.

Concur. City Light will reevaluate our internal controls by Dec. 30, 2020 to ensure they are meeting our needs. They will be implemented in advance of the delegation of authority to front line staff to create payment arrangements for customers, as referenced above.

14. City Light should provide language translation options for the online information it provides about payment plans, payment arrangements and payment assistance.

Concur. City Light is developing our Language Access Plan (LAP) with the support of the Office of Immigrant and Refugee Affairs. We currently use the City's professional translation services (via phone) when needed to serve a customer whose primary language is not English. The SPU/City Light Customer Portal will offer translation in the City's top tier languages at launch on April 28 and add second tier languages in a later phase.

15. City Light should conduct targeted outreach in the City's top tier languages to inform customers about the availability of payment plans, payment arrangements and payment assistance.



Concur. City Light will develop a communications and outreach plan that will be implemented by Dec. 30, 2020.

16. City Light should consider implementing promising practices from other jurisdictions.

Concur. This will be an on-going initiative. There are a number of areas for potential enhancement that can and will be made. In order to do so, City Light needs to put the resources and tools in place to enable our customers to more effectively manage their accounts, view their information, and resolve issues when they arise (SPU/City Light Customer Portal project). Additionally, City Light is committed to making the "back office" improvement to procedures and practices in connection with metering and billing systems (MDM and CCB upgrades/improvements and associated business practices) to make these changes possible. There are a number of IT and Business Process Improvement (BPI) projects currently in-flight to address these and related gaps. While this is occurring, our teams are realigning to improve the customer service we offer to our customer-owners. City Light has engaged other utilities bilaterally and through the Western Energy Institute (WEI) which provides training and collaboration on these and other industry best practices.

Summary Table

Recommendations	City Light Responses	Due in 2020	Status
1. Decrease the number of consecutive estimated bills	City Light will change this setting in MDM from 12 to three consecutive estimated bills permitted.	Feb. 8	Complete
2. Lower high consumption variance	City Light will change this setting in MDM from 600% to 400%.	Feb. 8	Complete
3. Track seasonal workloads	City Light will use OOC and temporary employees seasonally to prevent backlogs from growing once more.	n/a	Ongoing
4. Develop a seasonal staffing plan	City Light will use OOC and temporary employees seasonally to prevent backlogs from growing once more.	n/a	Ongoing
5. Better manage returned mail	City Light will explore both staffing and vendor support for this body of work.	Oct. 30	In process
6. Conduct regular customer satisfaction surveys	City Light will initiate regular satisfaction and transactional surveys.	Dec. 30	In process
7. Proactively provide customers data about their account	The SPU/City Light Customer Portal will provide more data to customers about their account.	Dec. 30	In process
8. Contact customers who call when an issue is resolved	City Light and SPU will explore how best to address this recommendation by revising our approach to customer service.	Dec. 30	In process
9. Evaluate escalation team	We will evaluate the effectiveness of the escalation team process at year-end.	Dec. 30	In process

10. Incorporate lessons-learned from the escalation team utility-wide	City Light will socialize the lessons learned from the escalation team evaluation on an on-going basis.	n/a	Ongoing
11. Report back to City Council in 2020	City Light will report back to its City Council committee in 2020 at the Committee Chair's convenience.	Dec. 30	In process
12. Provide all customer-facing staff authority to establish payment arrangements	City Light & SPU are consulting on how to implement this recommendation.	Dec. 30	In process
13. Institute appropriate controls on this expanded staff payment arrangement authority	City Light and SPU will establish internal controls on the exercise of authority by front-line staff to establish payment arrangements.	Dec. 30	In process
14. Provide language translation options	The City Light/SPU customer portal will provide tier one language support in the April go-live.	April 28	In process
15. Conduct targeted outreach in the city's tier one languages on payment plans, payment arrangements and assistance programs	City Light will develop a targeted communication plan.	Dec. 30	In process
16. Implement best practices from our peers	City Light has been engaging peer utilities in this discussion.	n/a	Ongoing



Memorandum

Date: February 11, 2020

To: David Jones, City Auditor

From: Michael Turner, Senior Auditor & QA Advisor

Cc: Mami Hara, General Manager and Chief Executive Officer
Marcus Jackson, Customer Response Division Director
Ned Worcester, Interim Risk and Quality Assurance Division Director
Sean DeBlieck, Deputy City Auditor
Jane Dunkel, Assistant City Auditor

Re: Seattle City Light Customer Care and Billing Audit

This memo summarizes Seattle Public Utilities (SPU) response to the City Auditor's final draft report of the Seattle City Light (City Light) Customer Care and Billing Audit.

SPU is pleased to respond to the City's Audit report on Seattle City Light Customer Care and Billing system. We found the process and approach taken to be open, transparent, and cordial.

We have performed an extensive review of the draft report for this audit and discussed at length the issues that the City Auditor identified that could impact SPU. The numbers correspond to the section of the draft report or the respective audit recommendation.

1. Page 4 – Exhibit 2 – graphic that displays billing issues that occurred when Seattle City Light implemented a new billing system (CCB) and advanced meters.

Response: The City Auditor presented an illustration of how City Light's implementation of a new Customer Care and Billing system (CCB) and advanced meters put pressure on the customer care operations and created billing issues. This created a cycle of increased billing backlogs due to the use of estimated electricity usage, Contact Center volume, concerned customers and unexpected high bills. SPU believes that the billing issues heavily impact the SPU Customer Contact Center, especially if/when City Light accrues a backlog in work orders that its back-office must process. City Light billing inquiries represent approximately twenty percent of calls that SPU receives. However, once City Light starts shutting-off customer accounts, this will impact SPU as more customers will inquire about reinstating their service.

2. Page 20 – Section on City Light customer complaint processes can require multiple hand-offs.

Response: The City Auditor noted that City Light's process for handling customer inquiries is complicated for customers and results in delayed resolution of billing problems. SPU is only the first contact for receiving customer complaints and routes them to City Light management to process, address and correct. SPU believes that City Light management has the responsibility for ensuring their departments are adequately staffed and have systems in place to resolve customer billing and account related issues.

3. Page 21 – Section on Customers not always informed how their complaint was resolved.

Response: The City Auditor noted that City Light lacks controls that ensure customers are informed in a timely way that their issue has been resolved. Customers may not receive immediate feedback when their complaint is resolved. They may receive an adjustment on their subsequent bill without a thorough explanation. SPU believes that City Light management bears the responsibility to ensure customer complaints are adequately resolved and communicated to them in a timely manner.

4. Page 25 – Section of City Light could make it easier for customers to set up payment arrangements.

Response: The City Auditor stated that since SPU's Contact Center employees must forward requests for payment arrangements to City Light's Credit and Collections group, and the number of employees who can approve the arrangements is limited; it takes longer for customer issues to get resolved. City Light's Credit and Collections Manager set up long-term payment arrangements. For long-term payment arrangements, SPU's Contact Center staff work with City Light customers to determine the length of the payment arrangement and send work orders to City Light to set up the agreed upon arrangement in the billing system. Refer to response for Recommendation 12.

5. Recommendation 12 – City Light should give customer service representatives the training and authority to set up payment arrangements.

Response: The City Auditor noted that City Light could make it easier and more efficient for customers who need to set up payment arrangements by expanding the number of employees who have the authority to perform the function. SPU have been in discussions with City Light management about possibly giving authority to the Utility Account Representatives and Supervisors in the SPU Contact Center to establish and set up long-term payment arrangements. In anticipation of City Light resuming electricity service shut off for non-payment of delinquent accounts, City Light would like for SPU to offer long-term payment arrangements for customers. There are various issues and concerns that would need to be addressed prior to instituting the change.

6. Recommendation 13 – To prevent fraud and ensure equity, City Light should institute appropriate internal controls at the same time as this authority is granted.

Response: The City Auditor identified two examples of internal controls City Light may want to consider over payment arrangements. SPU believes City Light management is responsible for

implementing appropriate internal controls over payment arrangements, even if authority is granted to SPU to set them up for customers. City Light should be responsible for managing, reviewing, monitoring and collecting payment for approved payment arrangements. If SPU is granted authority to set-up payment arrangements for City Light customers, SPU should only be responsible for collecting information from customers to set up payment arrangements applying guidance from City Light policy and procedures. City Light should be responsible for instituting internal controls to prevent fraud and ensure equity with respect to payment arrangements. SPU would only test key internal controls on a periodic basis to ensure compliance with City Light policy and procedures.

APPENDIX B

List of Recommendations

1. City Light should lower the current number of 12 consecutive estimated bills allowed in their Meter Data Management system.
2. City Light should lower the current high consumption variance allowed in their Meter Data Management system.
3. City Light should track seasonal variations in the workload of related to processing new accounts and moves.
4. City Light should develop an annual staffing plan to accommodate fluctuations in demand for processing new accounts and moves.
5. City Light should develop a system for managing returned mail and explore how this body of work could be handled in the Customer Care and Billing system.
6. To understand the impact changes in its policies and procedures are having on customer satisfaction, City Light should conduct regular customer satisfaction surveys.
7. City Light should enhance its use of new technologies to proactively provide customers with data about their accounts.
8. City Light should revise its policies and procedures so that all customers whose inquiries require further research are contacted when the issue has been resolved.
9. City Light should evaluate the effectiveness of its temporarily expanded escalation team.
10. City Light should incorporate lessons learned from the evaluation of its temporarily expanded escalation team into its permanent policies and practices.
11. City Light should report on the results of the evaluation and related policy changes to the Seattle City Council by December 2020.
12. City Light should give customer service representatives the training and authority to set up payment arrangements.
13. To prevent fraud and ensure equity, City Light should institute appropriate internal controls at the same time as this authority is granted.
14. City Light should provide language translation options for the online information it provides about payment plans, payment arrangements, and payment assistance.
15. City Light should conduct targeted outreach in the City's top tier languages¹⁰ to inform customers about the availability of payment plans, payment arrangements, and payment assistance.
16. City Light should implement promising practices from other utilities.

¹⁰ Seattle top tier languages are languages other than English spoken by the largest number of city residents, based upon data from the U.S. Census Bureau, American Community Survey, Seattle Public Schools, Seattle Municipal Court, and departmental data. These languages are broken into two tiers. The first tier are ones spoken by at least 10,000 residents. The second tier are spoken by at least 5,000 residents.

APPENDIX C

City Council Request Letter



SEATTLE CITY COUNCIL | POSITION 8

COUNCILMEMBER TERESA MOSQUEDA

FINAL: August 22, 2018

Via Electronic Mail

David G. Jones
City Auditor
City of Seattle
700 Fifth Ave, Ste. 2410
Seattle, WA 98104
davidg.jones@seattle.gov

Re: Audit Request of Seattle City Light

Dear Mr. Jones,

Please consider this correspondence a formal request for an audit into Seattle City Light's billing and customer service practices. We appreciate your office's interest in working with us to identify specific inquiries to meet the objectives and correct the issues described below.

I. INTRODUCTION

To date, my office has fielded numerous concerns regarding alleged over-billing from City Light customers. As I understand from City Light's response, this is a result of "catching up" with actual use by customers following estimated billing. Some errors have occurred as well due to the new system and the extremely high bills have not been caught, in one case City Light said it was due to a staff error because the staffer was new – which is not an acceptable response. Other residents have said that because these estimate bills have occurred for more than a year, and residents are getting hit with a massive bill that goes back months or over a year.

This raises various questions about the efficacy of existing processes, and what the potential and actual impacts are on ratepayers. Where the department is spending tens of millions of dollars on programs and infrastructure, consistent issues such as these adversely impact not only customers, but also perception of the department and the city as a whole. Where we must be working to ensure adequate transparency, and build and rebuild trust with residents, these issues create new barriers that may have adverse impacts on other departments and support for services the city provides.

Taking on the responsibility of being point for oversight of City Light on the City Council is not a job I take lightly. As we have been learning this year, there has not been sufficient attention paid to the department, their staff, or the all-volunteer Review Panel in many years. I share the Mayor's desire to change that narrative, and ensure that, during my tenure as a member of this body, we are successful in implementation of processes that will ensure transparency and success

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David G. Jones
City Auditor
City of Seattle
August 22, 2018
Page 2 of 3

for the department and customers in the immediate future, while also setting up future committee chairs to have a more robust history and set of potential processes to embrace further on.

While audits may be disruptive at times to a department, my hope is that this engagement with City Light will cause minimal disruption, and that the staff feel comfortable and protected in sharing concerns, and in being transparent with your office. It is not my intention to seek out individuals for placement of blame, rather my hope is to better understand the issues at hand, what steps management can take to improve these issues, and what long-term support from Seattle City Council and the Mayor's budget are needed for the department and workers to better provide the service to City Light customers. Through the course of any audit, if there needs to be modifications to ensure we are not disrupting workflow, please communicate with my office so we can collaborate on any necessary audit modifications.

II. AUDIT REQUEST

Pursuant to SMC 3.40.020, I request that the Office of City Auditor perform an audit that addresses the following areas of interest:

1. City Light processes to prevent erroneous or unanticipated catch up bills to customers, including whether they are automated and how they work in practice;
2. Processes to identify and help ensure the accuracy of catch up bills that result from estimated billing;
3. Communications with customers about estimated billing and catch up bills;
4. Processes for resolving customer complaints and appeals;
5. Existing policies to make reasonable accommodations for customers who receive bills that deviate from what they anticipated, including what payment options are available; and
6. The process for reimbursement when customers have been overcharged.

III. REQUEST FOR RECOMMENDATIONS

In addition to the above, to the extent feasible, I would appreciate your team include specific recommendations for ways that City Light can not only address these issues, but be forward thinking in how it addresses similar bill issues that may come up in the future with effective full-implementation of the Advanced Metering Infrastructure program. This should include, but not be limited to, recommendations for the following:

1. Identification of significantly high or low variances from normal billing and determination of whether adjustments should be made before sending statements;
2. Proactive notification and customer engagement when a large catch up bill is identified;
3. Improved customer service engagement, including whether there is a need for additional staffing to support the customer service team;
4. Steps to help ensure improved response times for customers, including new tenants in rental units;

David G. Jones
City Auditor
City of Seattle
August 22, 2018
Page 3 of 3

5. Any additional steps that should be taken by City Light and/or the City Council to address concerns identified by the auditing team; and
6. Payment accommodations for customers billed high amounts resulting from estimated or erroneous billing.

IV. CONCLUSION

I believe that the people who work for Seattle City Light are doing the best that they can with the tools provided. The dedication of these public servants is often overlooked when these types of errors occur. I am personally concerned with the impacts on morale when so often the “reasons” given by management boil down to “that was the failure of an employee,” when it appears that there is a failure of the process.

This issue came up during the Strategic Plan discussions, wherein we learned that many processes are knowledge-based, and there is a reliance on individuals with experience, rather than clear guidelines on paper. With an aging workforce, this is a disservice to customers, and a disservice to the workers expected to take on roles when people retire. I remain concerned that there has been an abdication of responsibility by management to ensure that there are clearly defined and written practices and procedures. This extends beyond the issue at bar, and is something we have seen with respect to workplace culture and harassment, as well.

Over the coming weeks, I look forward to working collaboratively on the workplan and timeline for this request. Throughout the audit itself, I welcome continued conversations about scope, and any assistance you need from my office to effectively look into these issues and provide the requested recommendations. Please feel free to contact me or my staff assigned to this issue, Michael Maddux, with any questions, concerns, or requests as your team performs the requested audit. Thank you in advance for your work and commitment to our city.

Sincerely,



Teresa Mosqueda
Seattle City Council, Pos. 8
Chair – Housing, Health, Energy, and Workers’ Rights Committee

APPENDIX D

Template of Letter Sent to Customers



700 5th Ave. | P.O. Box 34023 | Seattle WA 98124-4023
TEL (206) 684-3000 TTY/TDD (206) 684-3225 FAX (206) 625-3709

seattle.gov/light

twitter.com/SEACityLight facebook.com/SeattleCityLight

Dear Customer,

We regret to inform you that your Seattle City Light bill may be larger than expected. This bill reflects an account adjustment that was made after a billing error in your account was identified and corrected. We are extremely sorry for the inconvenience caused by this error and we are doing everything we can to prevent similar errors.

Due to the billing correction, extended deadlines to complete payment are available. To make payment arrangements or set up a payment plan, please call us at (206) 684-3336 or email us at SCL_Credit_General@Seattle.gov.

Your billing statement showing current charges as well as the billing correction is enclosed. If you have any questions or concerns regarding this bill, please email us at SCL_respond@seattle.gov.

Thank you,

A handwritten signature in grey ink that reads 'Kelly A. Enright'.

Kelly Enright
Customer Care Director



APPENDIX E

City Light's Dispute Resolution Process

Before July 2019, City Light's policy for customer dispute resolution consisted of two steps:

Step 1: Informal Dispute Conference

Disputed bills are reviewed by City Light staff for accuracy and equitable application of municipal laws and department policies.

Step 2: Formal Appeal for City Light Hearing Officer Review

If the disputed issue was not resolved during the informal dispute conference, then the customer could initiate a formal appeal by submitting a written request for a City Light Hearing Officer review.

In July 2019, City Light adopted a new Department Policy and Procedure on the customer dispute resolution and utility Hearing Officer process. This policy outlines a progressive resolution process with four steps. At each step of the process, the City Light reviewer analyzes the dispute and communicates with the customer, with the goal of resolving the customer's dispute without the need for further review.

Step 1: Informal Dispute Resolution:

Initial Conference Review. Bill dispute is reviewed by a City Light representative for accuracy, correction of inaccuracies or billing problems, and equitable application of laws, policies and procedures.

Step 2: Informal Dispute Resolution:

Supervisor Review. A customer may request a second review by a supervisor if dissatisfied with the outcome of the Step 1 review.

Step 3: Informal Dispute Resolution:

Manager Review. A customer may request an additional review by a City Light Manager (designated by the Officer/Director) if dissatisfied with the outcome of the Step 2 review.

Step 4: Formal Dispute Conference:

City Light Hearing Officer Review. A customer may request a final administrative review if dissatisfied with the outcome of the Step 3 review by filing an appeal with the City Light Hearing Officer.

APPENDIX F

Description of Payment Assistance Options

A description of the energy assistance programs City Light offers can be found at <http://www.seattle.gov/light/paymybill/arrangements.asp>. These include:

The Utility Discount Program (UDP)

The Utility Discount Program helps income qualified Seattle City Light customers lower their electric bills by 60 percent. Seattle Public Utilities customers will also receive 50 percent off their water, sewer, and garbage bills if enrolled in this program. Seattle City Light customers are eligible if their total household income for the past month does not exceed seventy percent of the State of Washington's median income. Customers are directed to call (206) 684-0268 for more information or can click on a website link to begin the application process. See <http://www.seattle.gov/light/assistance/>

Emergency Low Income Assistance (ELIA)

The Emergency Low Income Assistance (ELIA) program is for customers who have received an "Urgent" or "Shut-Off" notice on balances of \$250 or more. If the notice was received during the portion of the year that the federally-funded Low Income Home Energy Program (LIHEAP) is operating, the customer is encouraged to apply for assistance from LIHEAP as well.

To participate, the customer must first make the payment that is due to avoid disconnection, as well as make payment arrangements on the remaining balance. Participants may receive up to \$200. Assistance is limited to once every twelve months. Customers are directed to call (206) 684-3688 or email SCL_InfoELIA@seattle.gov for more information or can download an application to the program at <http://www.seattle.gov/light/assistance/>

Project SHARE

Project Share is funded by City Light customers' donations and is available to customers who have participated in LIHEAP and ELIA. Initially, it will pay up to \$250 towards the customer's City Light bill. If the customer makes a payment within two weeks of referral or interview, Project Share will contribute a matching pledge of \$1 for every \$1 the customer pays, with \$500 being the maximum amount available. Customers are directed to call (206) 684-3000 for more information or can download an application to the program from the Assistance Programs page of Seattle City Light's website. See <http://www.seattle.gov/light/assistance/assistance.asp>

HomeWise

Income qualified customers may also be eligible for HomeWise, the City of Seattle's weatherization program. Improvements like insulation and heating system replacement or repair, can help customers save energy, lower heating and cooling costs, and save money on their bills. Customers are directed to call (206) 684-0244 or visit www.seattle.gov/housing/homewise.

City Light's website (see <http://www.seattle.gov/light/assistance/assistance.asp>) also provides links to information about external assistance programs, such as:

Federal Energy Assistance Program (LIHEAP)

This is for customers whose main source of heat is electricity, gas, or heating oil, and need help paying their utility bill during the winter season. These customers are directed to the following contacts, depending on where they reside:

- Residents of Seattle - call 206-486-6828 or schedule online at Byrd Barr Place's website
- Residents of South King County - call 253-517-2263 or schedule online at <https://mschelps.org/>
- Residents of North & East King County - call 425-658-2592 or schedule online at <https://www.hopelink.org/need-help/energy>

In addition to energy assistance, this federally funded program offers energy education, budget counselling, and weatherization services

2-1-1

Seattle City Light customers in need of utility assistance and/or health and human services, can call 2-1-1. The 2-1-1 Community Resources line is a shortcut to locating information, agencies, and support services within a zip code. 2-1-1 specialists can provide referrals to utility, food, shelter, housing, employment, rental assistance, financial assistance and governmental assistance. To learn more about 2-1-1, either call 2-1-1 or [visit online](#).

APPENDIX G

Most Refunds are Handled as Credits

Generally, all overcharges on Seattle City Light customer accounts are handled by giving account credits on the customer's next bill. However, any customer with a credit balance on their bill can request a refund check if they would like one. Additionally, in the following cases, City Light issues refund checks, rather than credits:

1. Closed accounts – these customers are sent refund checks unless they paid by credit card, in which case overpayments will be refunded to the card that was used to make the payments.
2. Utility credit refunds for the Utility Discount Program (UDP) – these customers are sent checks annually when the monthly credits applied to the account are reconciled with the monthly charges for electricity.¹¹
3. Escrow accounts¹² – these customers are sent refund checks.

¹¹ This reconciliation can result in a credit balance due the customer because the UDP was intended to cover both the costs of electricity and water, wastewater and solid waste. In cases when a customer's landlord pays for water, wastewater and solid waste, the UDP assumes this cost was included in the rent. Accordingly, the annual credit due the customer from City Light is intended to help cover these costs.

¹² Escrow accounts are financial instruments whereby an asset or escrow money is held by a third party on behalf of two other parties that are in the process of completing a transaction. When a property is being sold, an escrow company will request a final closing bill from City Light so the amount can be deducted from the proceeds of the sale.

APPENDIX H

Who Was Affected by Consecutively Estimated Bills?

We asked City Light to map the number of residential customers who received estimated bills by zip code as of November 28, 2018. See Exhibit 11 on the next page. To determine if specific subpopulations were adversely impacted by estimated bills, for each of the zip codes for which we had estimated bill data, we used U.S. Census data to calculate:

1. The percent of the population in each zip code that was non-white, and
2. The percent of the population in each zip code that was 200 percent or more below the federal poverty level.

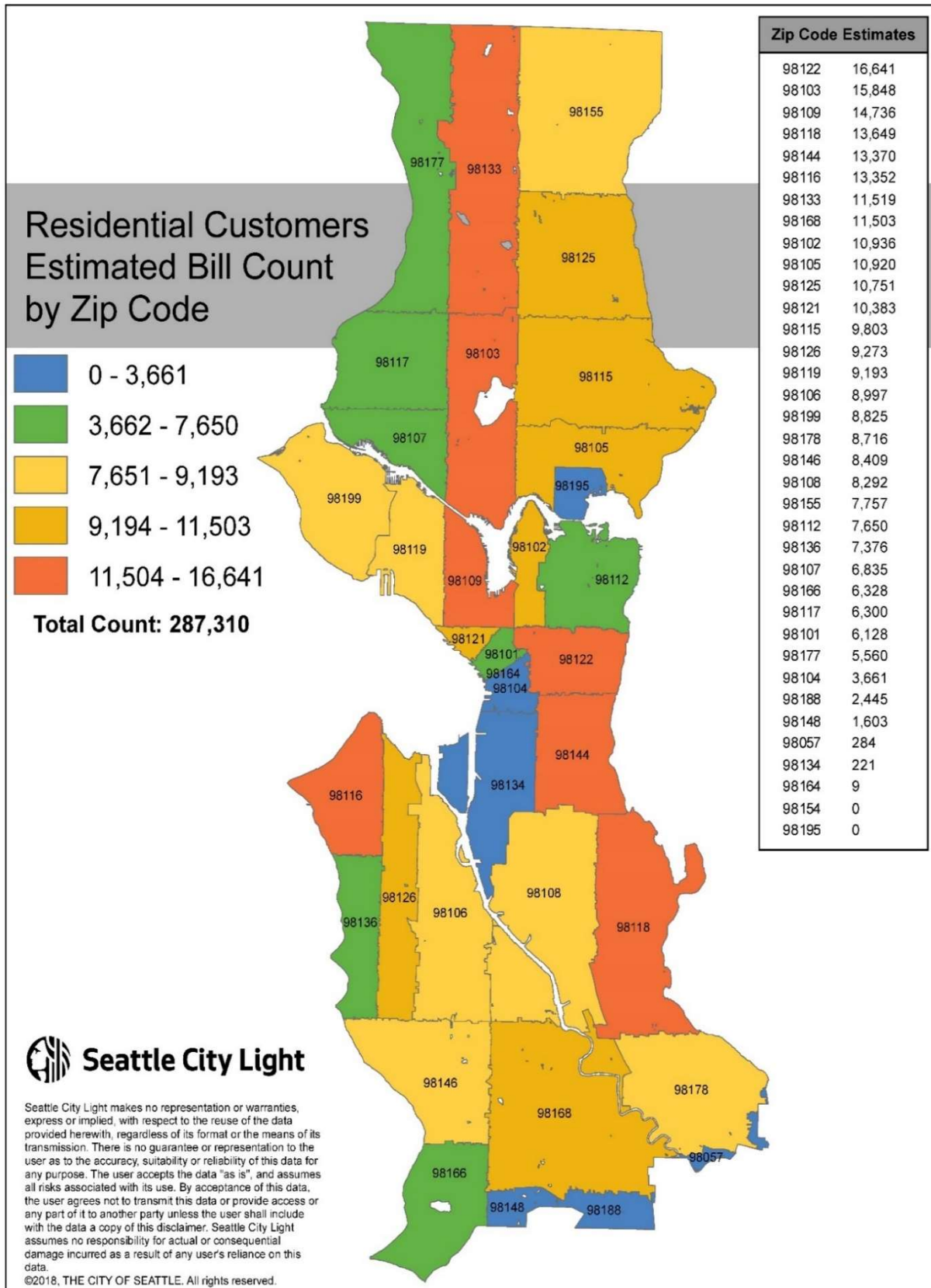
We found that almost 81,000 estimated bills, or about 28 percent of the estimated bills sent by City Light in our sample period, were sent to zip codes where 50 percent or more of the population was non-white. Additionally, we found that over 23,000 estimated bills, or about 8 percent of the estimated bills sent by City Light in our sample period, were sent to zip codes where 40 percent or more of the populations was 200 percent or more below the federal level.

We then ran a regression analysis to determine if there was a relationship between the number of estimated bills sent to City Light customers in each zip code and the percent of the population in the zip code that was non-white.

We also plotted scatter grams to further assess if there were any relationships between these two variables or between the number of estimated bills sent to City Light customers and the percent of the population that is 200 percent or more below the poverty level.

We did not find evidence of a relationship between the number of estimated bills sent to City Light and either of these variables. However, because this analysis was based on aggregate data by zip code, and populations vary within zip codes, we cannot determine conclusively that there was no correlation between consecutively estimated bills and non-white or low-income persons.

Exhibit 11: Estimated Residential Bills by Zip Code, September 2016 through November 2018



Source: Seattle City Light

APPENDIX I

Seattle Office of City Auditor Mission, Background, and Quality Assurance

Our Mission:

To help the City of Seattle achieve honest, efficient management and full accountability throughout City government. We serve the public interest by providing the City Council, Mayor and City department heads with accurate information, unbiased analysis, and objective recommendations on how best to use public resources in support of the well-being of Seattle residents.

Background:

Seattle voters established our office by a 1991 amendment to the City Charter. The office is an independent department within the legislative branch of City government. The City Auditor reports to the City Council and has a four-year term to ensure the City Auditor's independence in deciding what work the office should perform and reporting the results of this work. The Office of City Auditor conducts performance audits and non-audit projects covering City of Seattle programs, departments, grants, and contracts. The City Auditor's goal is to ensure that the City of Seattle is run as effectively, efficiently, and equitably as possible in compliance with applicable laws and regulations.

How We Ensure Quality:

The office's work is performed in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. These standards provide guidelines for audit planning, fieldwork, quality control systems, staff training, and reporting of results. In addition, the standards require that external auditors periodically review our office's policies, procedures, and activities to ensure that we adhere to these professional standards.

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