

SIGNATURE CONCURRENCE FORM FOR GENERAL MANAGER'S OFFICE

Person Making Request: Sam Rock

LOB/Branch: FARS

Phone #: 612-275-6432

For GM/CEO Signature:

Date Needed: 5/22/2020 If no date is given, we will assume a two-week turnaround is acceptable.

If urgent request (less than 3 business days), please provide reason:

Please provide a brief description of the request:

Approval of Director's Rule. See enclosed memo.

Document Type:

- Contract/MOA/RDNA/RCEC (please provide separate cover memo with contract request)
- Legislation
- Letter
- Property issue
- Travel request (CEO signature required for overnight travel - to be submitted 30 days prior to travel)
- Other (enter explanation below):

Director's Rule

Paula Laschober

05/15/2020

Deputy Director

Date

Please submit this form and all applicable information to the GM/ CEO front desk. Your document will be logged for signature. You will receive an email when your document is ready for pick up.

Date Received by GM/CEO: 05/15/2020



Date: May 12, 2020

To: Mami Hara, General Manager/CEO

From: Aurora Mendoza, Strategic Advisor, Corporate Performance

Re: Director's Rule CS-325, Leak Adjustment for Retail Customers

Purpose

We are requesting approval to revise and renumber Director's Rule CS-310.6, Leak Adjustments. The new number and title are CS-325, Leak Adjustment for Retail Customers. Enclosed is the final draft for your review and signature.

Background and Rationale

One of the most difficult financial issues for our customers is high water and sewer bills due to water leaks. SPU provides for adjustments on a customer's water and sewer bills for outdoor underground leaks, sewer bill-only adjustments for aboveground leaks for residential customers, and fire waterline services. Water bills are adjusted by 50 percent of above-normal consumption while sewer bills are adjusted by 100 percent of above-normal consumption, both for a maximum of two billing periods. Indoor leaks are generally not eligible for adjustment. SPU's leak adjustment policy had evolved from being a more "forgiving" policy to one that has become stricter. This significantly limited the types of leaks for which SPU would provide bill adjustments. The current policy could potentially leave out customers vulnerable to significant adverse financial impacts that they could not have foreseen.

As the leaks are accidental in nature, a customer can face utility bills in thousands of dollars for water they have not even consumed. In addition, the leaks add very little cost burden to SPU, as most of the SPU costs of providing both water supply and sewer service are fixed, rather than variable. The Director's Rule revision is aimed to remedy the financial burden to the customer, specially in COVID-19 times as customers face mounting financial adversity due to loss of jobs and businesses. In addition, the policy change will address affordability concerns stemming from its current restrictive nature. It will align the renewed intent with the affordability principles and community-centered approach pursued by the utility. The Director's Rule will also bring SPU in line with industry practice in customer account billing for utilities. Our research shows that most utilities cover indoor leaks provided there are limits, such as on how many billing periods are adjusted, or by placing a cap on adjustment dollar amounts.

This policy change is not anticipated to have rate impacts because leak-based revenue is not currently assumed in our rates. We do not include this revenue in our rates because it is less than one percent of the total revenue, varies significantly every year, and is difficult to estimate. To put the financial impact in perspective, the annual rate base of DWW and Water budgets is \$500 million. The increase in returned leak revenue is projected to be about \$2 million, which is about two-fifths of one percent of the budget. Any impact would be managed in several ways, including making small adjustments in Water and DWW annual-based budgets, slightly adjusting planned cash buffers, or slightly modifying assumptions regarding cash financing of CIP.

In summary, the changes to the rule would

- Expand eligibility to cover all leak types (indoor and outdoor, aboveground and underground, explained and unexplained) for residential and commercial customers.
- Provide 100 percent adjustments for all leak-based charges, with the exception of 50 percent adjustments for leak charges on indoor-commercial sewer bills.
- Limit customer-side leak adjustments to a maximum of two billing periods (four months) with one adjustment per year per account.
- Set notification, documentation, and inspection requirements for customers and SPU staff.

Drafting and Vetting

I led a Core Team who designed policy parameters based on desired outcomes and developed options for the utility. This Core Team included management and key staff from Utility Accounts Division, Risk and Quality Assurance, Water LOB, Finance, and EJSE. Meetings were held as well as two workshops to move forward options to the Policy Board.

As the policy lead, I developed the initial draft of the rule which went through multiple iterations. The following table details the reviewal schedule that CS-325 underwent:

Date	Reviewer(s)	Work Group/Division
January 8, 2020	E-Team/Policy Board	SPU
January 9, 2020	Aurora Mendoza, John Gibson	Corporate Performance
February 20, 2020	Norman Dizon, Sam Rock	Risk and Quality Assurance
February 21, 2020	Kiira Ness, Kami Wong	Utility Accounts Division
February 27, 2020	Dan Ward	Risk and Quality Assurance
February 28, 2020	Eric Duncan	Risk and Quality Assurance
March 3, 2020	Amy Bonfrisco	Risk and Quality Assurance
March 4, 2020	Dan Ward	Risk and Quality Assurance
March 5, 2020	Wylie Harper	Water LOB
March 6, 2020	Beverly Flowers, Greg Smith	Customer Response Division
March 9, 2020	Bob Hubbert	Water LOB
March 16, 2020	Natasha Papsoueva Ned Worcester Bob Hubbert	Corporate Performance Risk and Quality Assurance Water LOB
March 20, 2020	Customer Review Panel	External Partners
March 23, 2020	Cathy Thielen	Utility Account Services
March 26, 2020	William Foster	City of Seattle, Law
March 27, 2020	Dan Ward Cathy Thielen	Risk and Quality Assurance Utility Account Services
April 2, 2020	Debra (Dee) Reed Cathy Thielen Dan Ward Natasha Papsoueva Kiira Ness	Utility Accounts Division Utility Account Services Risk and Quality Assurance Corporate Performance Customer Account and Billing Services

Director's Rule CS-325, Leak Adjustments for Retail Customers

Page 3

May 12, 2020

We published a draft in the Seattle Daily Journal of Commerce and SPU's web site and provided a 14-day comment period to the public. We received no comments externally and two internal comments .

Approval

Please sign where indicated. We are aiming for an effective date of **May 25, 2020**. If you have questions or concerns, please contact Aurora Mendoza (206-733-9687). Thank you.

cc: RQA Policy Document Control

Director's Rule

Title Leak Adjustment for Retail Customers	Number CS-325	Rev. no. 0
Responsibility Utility Accounts Division	Supersedes CS-310.6	Pages 3
General Manager/CEO Signature 	Approval Date May 22, 2020	Effective Date May 25, 2020

1. PURPOSE

This Director's Rule establishes the requirements and process for Seattle Public Utilities (SPU) customers to request adjustments to water and sewer charges when a leak occurs in the water system on either the customer's side or the City side of the water meter.

2. DEFINITIONS

Leak: an unintentional water loss caused by broken and/or malfunctioning City equipment or customer plumbing fixtures or pipes at a residence or building.

Aboveground leak: a leak on any outdoor customer water pipe or appurtenance including irrigation system accessories and outdoor faucet leaks.

Underground leak: a leak on any buried or submerged customer water pipe or appurtenance of any structure on the customer's property.

Customer: an owner of residential or commercial property within SPU's retail water, wastewater, drainage, and solid waste service area as defined in [Director's Rule FIN-160, Customer Account and Billing Management](#). For the purposes of this Rule, tenants and renters are excluded and not eligible for leak adjustments.

City-side leak: a leak from City-owned property that affects the customer's measured consumption and resulting charges.

Customer-side leak: a leak from any customer-owned pipes, fixtures, or other plumbing equipment that affects the customer's measured consumption and resulting charges.

High consumption: a property's higher-than-average metered water consumption as evidenced by a customer's utility service bill. For the purposes of this rule, higher than average water consumption is considered approximately 50 percent or more than the previous year's usage for the same period.

Normal consumption: the customer's consumption levels for the same billing period from the prior year. If prior water consumption data is not available, SPU may consider post-repair consumption or best available data.

Billing adjustments: Forms of adjustments applied to a customer's account in situations when the customer has been undercharged or overcharged for services rendered.

3. RULE

SPU recognizes that leaks in City equipment and private systems can cause a significant financial burden from unexpected water and wastewater usage.

- All leak-based charges for customer-side leaks are adjusted at 100 percent for above-normal consumption, except for commercial sewer bills associated with indoor leaks, which are adjusted for 50 percent above-normal consumption.
- All leak-based charges for City-side leaks are adjusted at 100 percent for above-normal consumption.
- Adjustments for customer-side leaks may be made once per calendar year for a maximum of two (2) billing periods.
- Adjustments for City-side leaks are for all billing periods determined to have been affected by the leak.
- Theft, vandalism, fraud, system tampering, customer's disregard of SPU advice, and customer negligence are not covered under this rule.
- Exceptions may be considered for extraordinary circumstance through the utility's appeal process.

4. NOTIFICATION OF A LEAK

- A customer may request to adjust an SPU bill when there is a leak, whether on the City's or on the customer's property, whether detected or unexplained, that has led to higher than normal consumption.
- SPU may notify customers of any potential leaks through a billing statement, a notice left at the property, a phone call, and/or a postcard delivered to the customer.
- SPU encourages customers to review the utility's leak detection awareness information at the following web address: <https://www.seattle.gov/utilities/services/water/water-meters/detect-leaks>.
- Once a customer becomes aware of a potential leak, either on the City's side or on the customer's property, the customer shall either respond to the City's notice of a leak or initiate contact with SPU when a leak is on the customer's side.
- The customer may notify SPU of a leak through any of the following:
 - Phone call to Customer Service at 206-684-3000.
 - Phone call to Account Services at 206-684-5800.
 - Letter addressed to Seattle Public Utilities, PO Box 35177, Seattle, WA 98124-5177.
 - Walk up to any of the [Customer Service Centers](#).
- SPU staff will:
 - Provide and educate customers with information to help identify and repair a leak.
 - Direct customers to notify SPU once repairs and inspections are complete.
 - Document the required customer information listed under section 5 and indicate what was discussed during the intake process.

5. REQUEST A LEAK ADJUSTMENT

- For either City-side or customer-side leaks, customers may request adjustments **after** leaks have been repaired and inspected.
- For customer-side leaks, the following are the guidelines:
 - Reasonable efforts to locate the leak and initiate repair shall be taken within **30** days of the initial notification, by either the City or the customer, of increased usage.
 - Repairs shall be completed within **60** days after the initial notification of increased usage. If additional time is needed, a customer may request an extension.
 - For indoor leak and outdoor aboveground leak adjustment requests, customers shall provide SPU with proof of repairs (e.g., receipt, invoice).

- For outdoor underground leak adjustment requests, customers shall coordinate with SPU to schedule an inspection of the repair(s) prior to covering or backfilling of repair(s).
- Once repair(s) and inspection(s) are complete, whichever is applicable, the customer contacts SPU to notify completion of work.
- SPU will review proof of repairs and inspection notes, whichever is applicable, to determine whether leak adjustments can be approved.
- Customers experiencing unexplained high consumption that returns to normal by the next billing cycle, are eligible for a leak adjustment, with no documentation required. If the water consumption does not return to normal by the next bill cycle, the customer will be notified to investigate for a possible leak.
- Customer provides the following required information:
 - Date of request
 - Customer name
 - Account number
 - Service address (including city, state, zip code)
 - Contact information (i.e. home, work, or mobile phone numbers)
 - Date of initial notification of the leak
 - Description of leak (faucet, toilet, underground, etc.)
 - Explanation of how leak was repaired
 - Other documents as requested by SPU

6. CALCULATE AND PROCESS A LEAK ADJUSTMENT

After confirming a customer is eligible for a billing adjustment, SPU will adjust utility service bills as follows for a maximum of two billing periods.

Customer Class	Water	Sewer
Residential	100 percent	100 percent
Commercial	100 percent	100 percent (outdoor) 50 percent (indoor)

Adjustments for City-side leaks are for all billing periods determined to have been affected by the leak.

The final billing adjustment amount will be communicated to the customer by letter.

7. REPORTING

SPU shall review leak adjustment transactions to identify and resolve issues. A leak adjustment report shall be submitted to the General Manager / Chief Executive Officer on annual basis. The Chief Financial Officer shall perform an audit of leak transactions on annual basis.

8. AUTHORITY/REFERENCES

- FIN-160, Customer Account and Billing Management Director’s Rule
- Leak Adjustment Director’s Rule Job Aid, Utility Accounts Division (final date 5/10/2020)
- CS-104, Customer Dispute Policy and Procedure
- CS-320, Billing Adjustments for Retail and Wholesale Customer
- Seattle Municipal Code 21.04.250 – Charges – Delinquencies and Lien
- Seattle Municipal Code 21.04.260 – Accounts to be in name of Owner or Leaseholder
- Seattle Municipal Code 21.04.310 – Owner’s Responsibility for Maintenance
- Seattle Municipal Code 21.04.320 – Wasting Water and other unlawful uses
- Seattle Municipal Code 21.04.330 – Fire protection services – Use of water
- Seattle Plumbing Code