

Municipal Services Commission
Special Meeting
February 27, 2017, 4:00 p.m.
216 Chestnut Street
New Castle, Delaware

The meeting was called to order at 4:00 p.m. with Dr. Roy Sippel, Commissioner, presiding.

Present: Dr. Roy J. Sippel, Commissioner, President
Hickman Rowland, Commissioner
Pamela A. Patone, Secretary

Absent: Daniel F. Knox, Commissioner (conflict in schedule)

Billing and Meter Audits – Three electric accounts had data entries in the billing software that resulted in one account being under billed (New Castle Little League [NCLL]) and two accounts (Portofino's and Standard Distributing) were overbilled. The reason for the errors is different for each account, but all are billing data entry errors. Research revealed one over billing went back as far back as 2005.

Secretary Patone reported they have contacted all the affected customers about the errors and explained the changes they will see on their bills going forward. The customers seem to understand the corrections. Our current tariff states that when errors take place, the correction goes back to the date of the error, if the date is known. If the date is unknown then the correction goes back three years. The Billing Department calculated back to the date of the errors because we had the electronic data to do so. The customers were informed of the amounts.

Secretary Patone said that management is recommending adding a paragraph to the tariff that speaks to incorrect billings related to clerical errors, meter installations, the incorrect application of rates to an account, and limiting back billing and back refunds to three years. This is appropriate for our Commission and is in agreement with the utility industry. The Public Service Commission would have reviewed Delmarva Power's Tariff which has this language. The recommendation is to add the paragraph (provided to commissioners in red) that will be for electric and water because the issue should be addressed for all meters.

A summary of items to be included in the paragraph was presented by Secretary Patone.

- All corrections in billings should be limited to three years, even if the billing information is known.
- Overbillings will be refunded to the account unless the customer requests the refund in the form of a check.
- There will be no interest charge to customers for a past balance or interest paid if there was a refund. There would be no charges or penalties for an installment plan. If a customer owes back billings they would be given the same amount of time to repay for the amount of the under billing.

Secretary Patone is requesting the tariff be changed and applied to accounts identified over the last two months so it would limit the billing we would do back three years.

There is a customer with a refund due that extended beyond three years. Secretary Patone is suggesting they be refunded the full amount since we do know the amount and the date of the error. She thinks that since we are changing the tariff now it is appropriate to refund the full amount. She will work on the MSC's records retention policy to reflect how long we retain information.

President Sippel said there is no adjustment for incorrect billing in our current tariff and we should correct this and improve the tariff to conform to the industry standard. The current tariff has been in place since 2006.

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Mr. Rowland believes there will be problems with overbilling more than three years, but refunding only three years.

Secretary Patone knows that Delmarva Power and the Public Service Commission have approved a policy that uses a three-year timeframe and she is comfortable with the same timeframe.

According to Secretary Patone, the current Tariff addresses meter over registering and under registering rather than data entry errors. We had three electric error issues. Water meter audits are currently being done. She said the Billing Department discovers errors periodically throughout the year and addresses them in an appropriate timeframe. These three errors were unusual circumstances based on the meter data that was loaded into the software.

Secretary Patone drafted a press release for Commissioners to review before distribution to the community. She noted the integrity of the MSC is paramount. It is important that we are honest and transparent when errors take place. We follow that with prompt communication, identification and correction of the problem.

She reported that they have reviewed all the multipliers with the meters and all the manufacturing ID's and found these are the two areas that revealed the issues. Further, Secretary Patone informed that the electric supervisors did a thorough review and did not find any other problems.

Secretary Patone clarified that the tariff would still indicate we would go back to the date of the error if the meter was reading over or under due to the meter issue, not a billing or clerical entry. That is the verbiage in Delmarva Power's tariff. If the meter had been over or under registering due to mechanical error we still apply the policy. If we know when the error occurred we go back to that date. If we don't know the date when the error began we go back three years. This would only be applied if there was human error, data entry error, or they installed the meter incorrectly.

One of the three errors was within the last six months, according to Secretary Patone. She reported meeting with Standard Distributing to explain the overbilling and have already refunded their account. The overbilling of Portolino's spanned many years. Secretary Patone said a letter was sent to the current customer and a credit issued to their account. The previous customer met with Secretary Patone today to discuss the overbilling. We explained the process and how it was discovered. The customer asked when he could receive a check. Secretary Patone told him she is working to identify answers to questions regarding reporting requirements the MSC has in place. She is consulting with the MSC's CPA to determine if a Form 1099 (2017) will be issued. There is no claim for anything more from the current owner at this time.

President Sippel added that our counsel, Dan McCollom, recommended the former owner be compensated. He said amounts of overbillings and the under billing will not be made public by the MSC.

Recommended additions/changes to the tariff:

- President Sippel suggested adding the definition for a tariff. A tariff is the rules by which the MSC operates.
- Change in tariff, if approved, that corrected bills would be limited to three years that would significantly reduce the amount owed by the NCLL (\$17,146.99 down to \$4,469.65). They will have three years to pay back the under billing. This timeframe corresponds with the amount of time identified for the subject under billing.

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Secretary Patone said the meter in the concession stand is functioning fine. The meter that was incorrectly recorded is for lighting (private area lights) on the field and the lights that the Trustees installed for their alleyway to their location. The switch to turn the meter on/off is within the building that the NCLL controls.

President Sippel said a lot of erroneous information is being put out on social media. He wondered if the MSC should help the NCLL with their Facebook/website posts. Secretary Patone thinks it is best to let the NCLL leadership decide what they want to post.

Mr. Rowland asked if tonight's meeting meets appropriate notification guidelines. Secretary Patone said regular meetings are required to have seven days' notice. There are exceptions for special meetings. The earliest we could post for this meeting was this morning.

Secretary Patone informed that Mr. Knox received materials for tonight's meeting and she has received no objections from him.

A motion was made to adopt the tariff changes as presented. The motion was seconded and approved.

Secretary Patone will provide a press release to the *New Castle Weekly*, City Council President Linda Ratchford, and City Administrator Bill Barthel after this meeting.

President Sippel will assist Secretary Patone in implementing the approved changes to the press release.

ADJOURNMENT

A motion was made and seconded to adjourn the meeting. The motion received unanimous approval. The meeting adjourned at 4:38 p.m.



Deborah P. Turner, Stenographer

Approved: 

(Minutes transcribed from recording.)