

COUNCIL ACTION FORM

**SUBJECT: BACK BILLING FOR PREVIOUSLY UNMETERED ELECTRIC USAGE
AT GREEN HILLS**

BACKGROUND:

During work related to their expansion project in late 2011, it was discovered that there was an unmetered electrical connection to the Green Hills Retirement Community medical facility. This situation resulted in Green Hills receiving unmetered and unbilled electricity for a portion of their facility for an undetermined amount of time.

After a check of history and a conversation with Green Hills Director of Facilities, Matt Gibbs, it was determined this situation had existed for at least fifteen years, and possibly more. Electric Services personnel met with Rod Copple, Executive Director, and Mr. Gibbs to discuss the issue. It was determined that a temporary meter would be installed on the feeder in an attempt to determine how much electricity was unaccounted for on a monthly basis. After four months of data, staff was able to develop an estimate of how much electricity was used. Using this analysis, staff calculated an appropriate billing adjustment for five years service. This time period is in accordance with City Code provisions dealing with underbillings.

Electric usage for the first two months was significantly lower than the usage for the last two months. Staff believes that the higher usage during the last two months was the result of the most recent expansion project. Because of these disparate use patterns during the temporary metering period, two billing adjustment options have been developed by staff based on the City Code. These options are as follows:

1. For kWh: Use the average use per day for the **first two months of the monitored usage** to calculate the amount to be added to the metered usage to determine total usage for the billing period. With this method we would add 396 kWh for each day in the billing period to the metered usage to determine the total usage for the billing period.

For kW: Use the average of the first two months of monitored demand. With this method we would add 28.5 kW to the metered demand to calculate the total kW demand for the billing period.

The resulting billing adjustment for this option is \$55,695.48.

2. For kWh: Use the average use per day for **all four months of monitored usage** to calculate the amount to be added to the metered usage to determine the total usage for a billing period. With this method we would add

681 kWh for each day in the billing period to the metered usage to determine the total usage for the billing period.

For kW: Use the average first four months of monitored demand. With this method we would add 50.4 kW to the metered demand to calculate the total kW demand for the billing period.

The resulting billing adjustment for this option is \$96,651.52.

ALTERNATIVES:

1. Adjust the Green Hills Retirement Community bill by \$55,695.48, and work with the customer on an acceptable payment plan not to exceed 12 months in duration.
2. Adjust the Green Hills Retirement Community bill by \$96,651.52, and work with the customer on an acceptable payment plan not to exceed 12 months in duration.
3. Select alternatives #1 or #2 but increase the payback period to something greater than 12 months.
4. Forgive the unmetered billing amount.
5. Based on City code, the Council may deviate from the method used by staff to determine an alternative billing amount. Council could thus return this underbilling situation to staff for further analysis.

MANAGER'S RECOMMENDED ACTION:

It is unclear when changes were made to the metering cabinet which resulted in the unmetered and unbilled electricity being consumed by Green Hills. Nor can it be determined if those changes were done by accident or intentionally. Once discovered, however, City staff and Green Hills executives worked together to determine accurate usage today. That amount was then used to extrapolate a bill for past usage.

It appears that the first two months are the most representative measure of past usage, since it does not include electric load from the construction project. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby adjusting the Green Hills Retirement Community bill by an additional \$55,695.48 over the next 12 months.