



## CITY OF ATLANTA

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### ***Why We Did This Audit***

We undertook this audit at the request of the Atlanta City Council. The City Utilities Committee, in Resolution No. 09-R-0104, asked us to conduct "an analysis of the department's customer billing and service termination activities, including but not limited to commercial and residential bills and service terminations issued in December of 2008 and January of 2009."

The department, Atlanta City Council, and local media received numerous customer complaints regarding water billing, meter functionality and shutoffs in early January, shortly after the back billed adjustments were posted to accounts.

### ***What We Recommended***

To ensure that the city code and departmental policies are applied fairly and consistently among the department's customers, the Commissioner of Watershed Management should:

- Determine which customers were shut off due to the back bill posting and refund any shutoff charges.
- Notify all customers prior to shutoff, including NSF customers.

To ensure that city code provisions are reasonable and align with the department's current business practices, the Commissioner of Watershed Management should:

- Propose changes to the city code or modify the department's current meter reading and billing processes so that the shutoff provisions are consistent.
- Propose changes to the city code to clarify the notice requirements for customers who do not pay their bill in full or dispute it by the due date.

For more information regarding this report, please contact Stephanie Jackson at 404.330.6678 or [sjackson@atlantaga.gov](mailto:sjackson@atlantaga.gov).

## ***Performance Audit:***

### **Department of Watershed Management – Back Billing**

#### ***What We Found***

Retroactive billing ("back billing") of the July 2008 rate increase caused up to 1.7% of all of the shutoffs from December 2008 through February 2009. Five of a random sample of 162 accounts that we reviewed in detail were shut off because of the back billing. Although the department flags accounts for shutoff when balances are 30 days delinquent and at least \$50, these customers were between 9 and 11 days late in paying their bills. Their accounts were apparently flagged for shutoff based on the date that the back billed adjustment was posted rather than their bill due dates. Because the customer information system calculated the delinquency from the date that the adjustment was posted, by the time these customers received the bill with the back billed amount listed, the amount due was already a week or more into the 30-day window.

In addition, 18% of the customers in our sample of 162 were not notified prior to shutoff. All 28 of these customers were NSF (they had insufficient funds in their bank accounts when the department attempted to collect payment). City code requires the department to provide notice to customers before discontinuing water service. The code does not differentiate between NSF and other delinquent payments. The minimum notice required by the code may not be adequate.

The department did not adequately plan to implement the fiscal year 2009 rate increase or sufficiently plan for the back bill once it decided to recover revenue lost from the billing delay. The department's testing did not ensure that system changes operated as intended before sending out the bills, relying instead on the contractor. Consequently, nearly 40,000 accounts (11 of the 45 billing cycles) were charged penalties on the back billed amounts, which were considered current charges. The department subsequently reversed the penalty in the system and applied a credit on the customer's next bill.

The process for the July back billing was not timely or clearly explained to customers. The increase was not billed to customers' accounts until the December billing cycles and was posted as an adjustment. Prior to billing the amount, the department did not communicate with customers to explain how the charges would be calculated and when it would be posted to the accounts. Customers were notified of the rate increase in general and when it went into effect, but were not notified when the billing would occur.