This presentation premiered at WaterSmart Innovations

watersmartinnovations.com
Mining for Revenue: Reducing Apparent Loss & Increasing Revenue Stability

WaterSmart Innovations 2014
Cobb At a Glance

- Water & Wastewater System
- Purchase 100% of our water wholesale ($2.58/Tgal)
- 4 large WRF Treatment Capacity of 128 MGD
- 2900 miles of sewer line
- 3100 miles of water main
- 169,000 accounts
- 94% residential (58% of consumption)
- 6% Non-res (42% of consumption)
Why Cobb Looked at Apparent Loss

- Completing AWWA Water Audit since 2005
- Water Stewardship Bill 2010
- Have active real loss abatement program
- Real Loss 36 gal/connection - $5.4 million
- Not comprehensively addressing apparent loss
- Apparent Loss – 5 gal/connection – $1.4 million
Why Cobb Is Concerned about Revenue Stability

• Strong conservation and efficiency program
• Conservative leadership cautious of significant rate increases
• Funding capital infrastructure projects
• Declining water use due to natural adoption of more efficient fixtures
• Provides alternate options for revenue stability
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Cobb County
Field Investigation by Property Type
Utility Revenue Management

- Res. Duplex: 68.2%
- Apartments: 6.9%
- Commercial: 9.8%
- Industrial: 6.1%
- Restaurant: 5.3%
- College / School: 2.0%
- Government: 0.4%
- Parks / Rec.: 0.4%
- Irrigation: 0.4%
- Fireline: 0.4%
- Hosp. / Med.: 0.2%
Revenue Recovery Program

- RFP for services November 2012
- Contractor selected and contract negotiated in January 2013
- Performance based contract
- The consultant receives 60% of the increased revenue for 3 years
- Also provides a full assessment of current business practices and policies
Process

• Only non-residential accounts
• Billing system review
  – 604/8000 accounts were identified as potential issues
• GIS correlation
• Field verification of data
• Work orders provided back to Cobb
• Investigated and verified by project manager
• Accepted or declined
• Customer is notified by Cobb County Water System
• Needed action is completed
• Billing system is updated if necessary
Why Not Handle in House?

- Limited staff - Already “doing more with less”
- Little incentive – or wrong incentive
- Too much freedom
- Wanted objective 3rd person view
- Can compress timeline for entire system with dedicated resources
Cobb County
Number of Approved and Pending Work Orders by Type
Utility Revenue Management

- No Sewer: 73%
- Class Code: 17%
- Read Meter: 7%
- Repair Meter: 2%
- Meter Bypass: 1%
Cobb County
Revenue of Approved and Pending Work Orders by Type
Utility Revenue Management
Apparent Loss findings

• Open bypass – estimated 7.46 million gallons a year we were not billing
• AMR’s Not transmitting – 18.7 MGY (potentially)
• Meter Configuration issue – 7.2 MGY
• 33.36 MGY – being provided for free
• This is from 27% of the total work orders
• The rest increased revenue for water/sewer being provided but did not provide additional accounting for actual water provided
Big Take Aways

• Not leveraging report capabilities in our system
• Process gaps in our account set ups
• Reports generated and not worked
• Failure to understand our own codes in the system
• Policies in need of tightening
• More education of staff needed
• Need to develop SOPs for certain tasks
Benefits

• Increased revenue
• Improved understanding of our system
• Heightened awareness of what to look for
• Unbiased 3rd party evaluation of our system
• Road map of what to look for with residential accounts
• Better way to mitigate and account for our apparent losses
• Unanticipated conservation benefit
Lessons Learned

- This can be threatening to staff
- It takes real staff time on the part of the utility
- This will be most beneficial if you are really plugged in
- There will be technology challenges
- There will be reporting requirements
- You are going to hear things and find things you don’t want to know
- No one understands our entire operation
- We had a lot of processes that were not as well understood as we thought
Questions?

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