

This presentation premiered at WaterSmart Innovations

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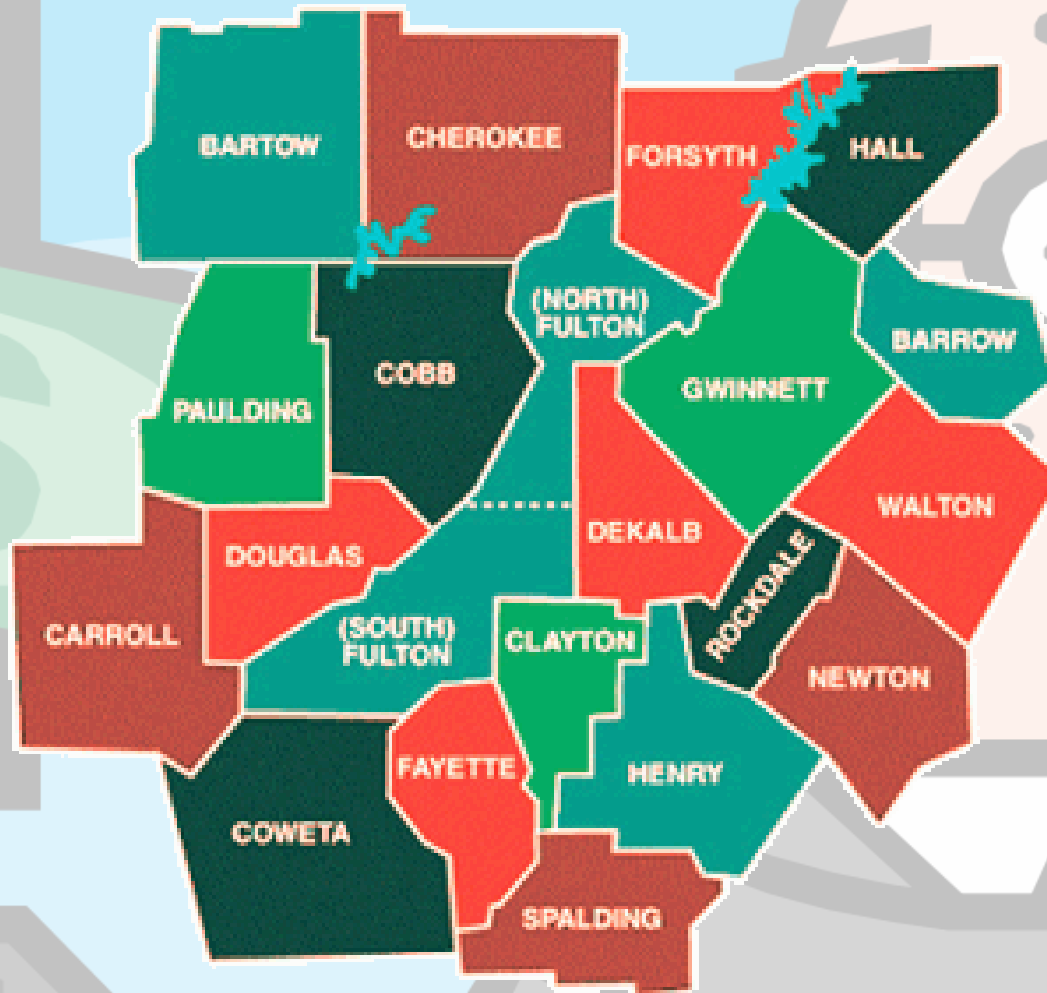
Mining for Revenue: Reducing Apparent Loss & Increasing Revenue Stability

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)

Cobb County

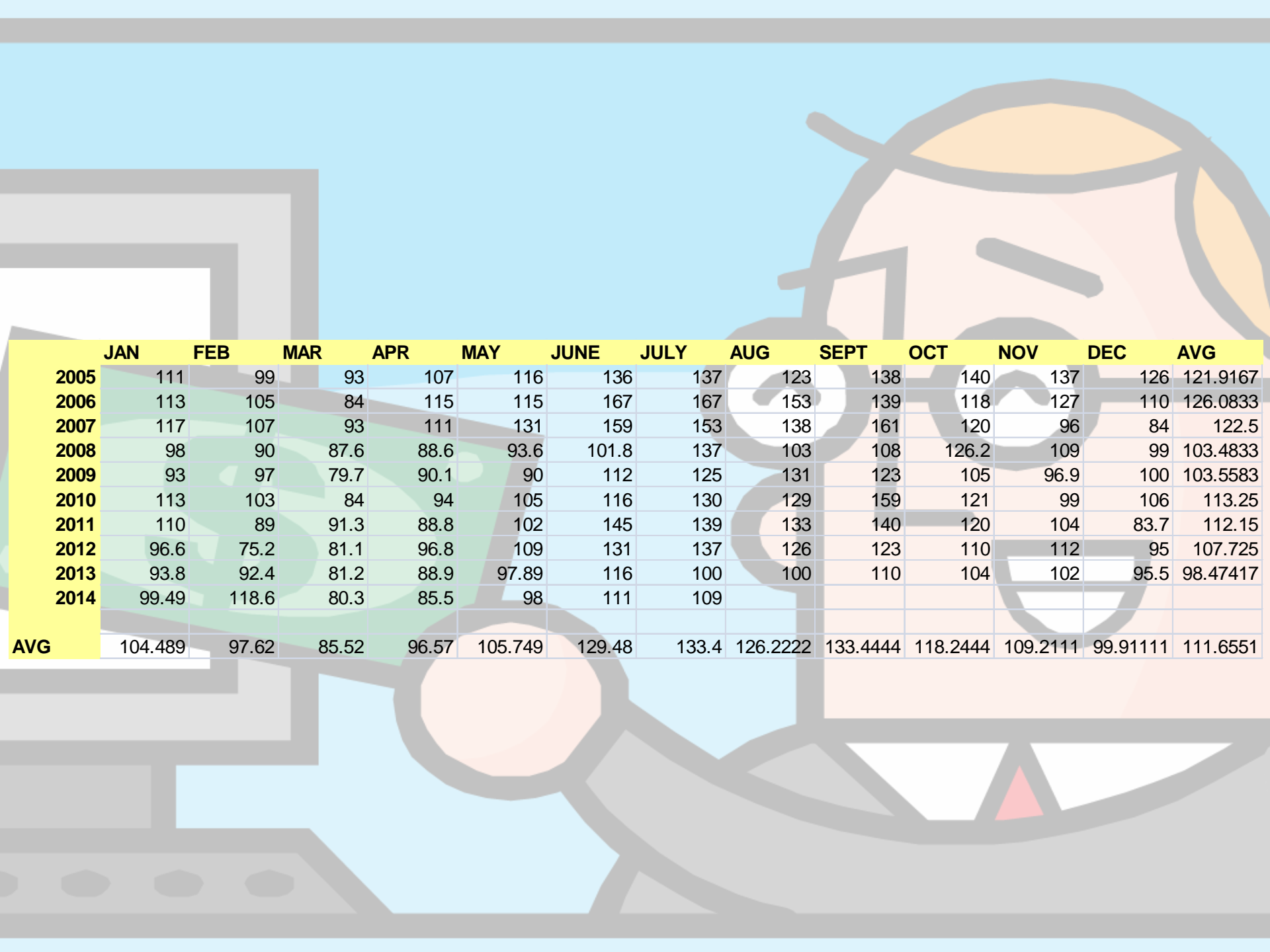


Why Cobb Looked at Apparent Loss

- 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

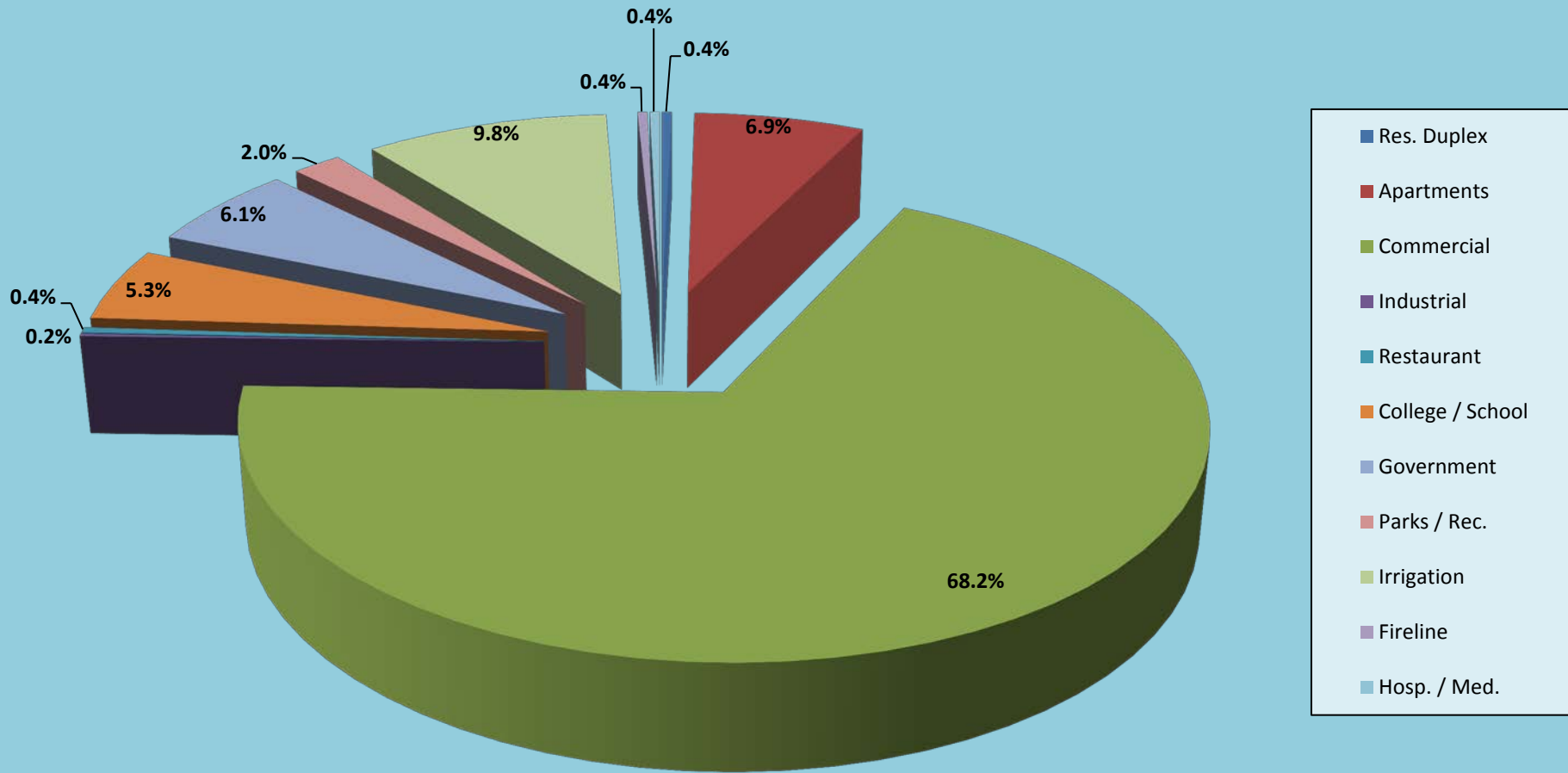
Why Cobb Is Concerned about Revenue Stability

- 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



	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	AVG
2005	111	99	93	107	116	136	137	123	138	140	137	126	121.9167
2006	113	105	84	115	115	167	167	153	139	118	127	110	126.0833
2007	117	107	93	111	131	159	153	138	161	120	96	84	122.5
2008	98	90	87.6	88.6	93.6	101.8	137	103	108	126.2	109	99	103.4833
2009	93	97	79.7	90.1	90	112	125	131	123	105	96.9	100	103.5583
2010	113	103	84	94	105	116	130	129	159	121	99	106	113.25
2011	110	89	91.3	88.8	102	145	139	133	140	120	104	83.7	112.15
2012	96.6	75.2	81.1	96.8	109	131	137	126	123	110	112	95	107.725
2013	93.8	92.4	81.2	88.9	97.89	116	100	100	110	104	102	95.5	98.47417
2014	99.49	118.6	80.3	85.5	98	111	109						
AVG	104.489	97.62	85.52	96.57	105.749	129.48	133.4	126.2222	133.4444	118.2444	109.2111	99.91111	111.6551

Cobb County Field Investigation by Property Type Utility Revenue Management



Revenue Recovery Program

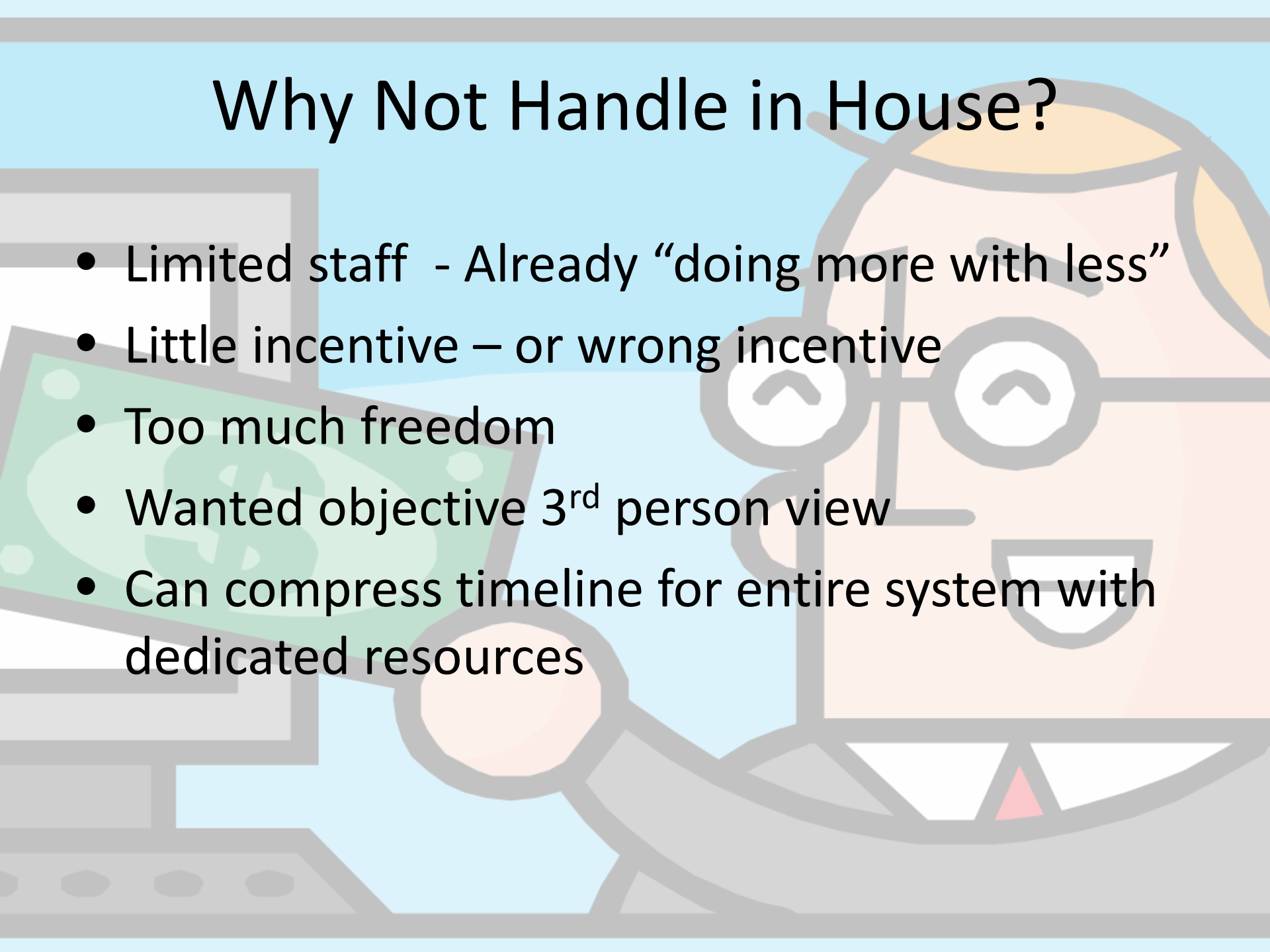
- RFP for services November 2012
- Contractor selected and contract negotiated in January 2013
- Performance based contract
- The consultant receives 60% of the increased revenue for 3 years
- Also provides a full assessment of current business practices and policies

Process

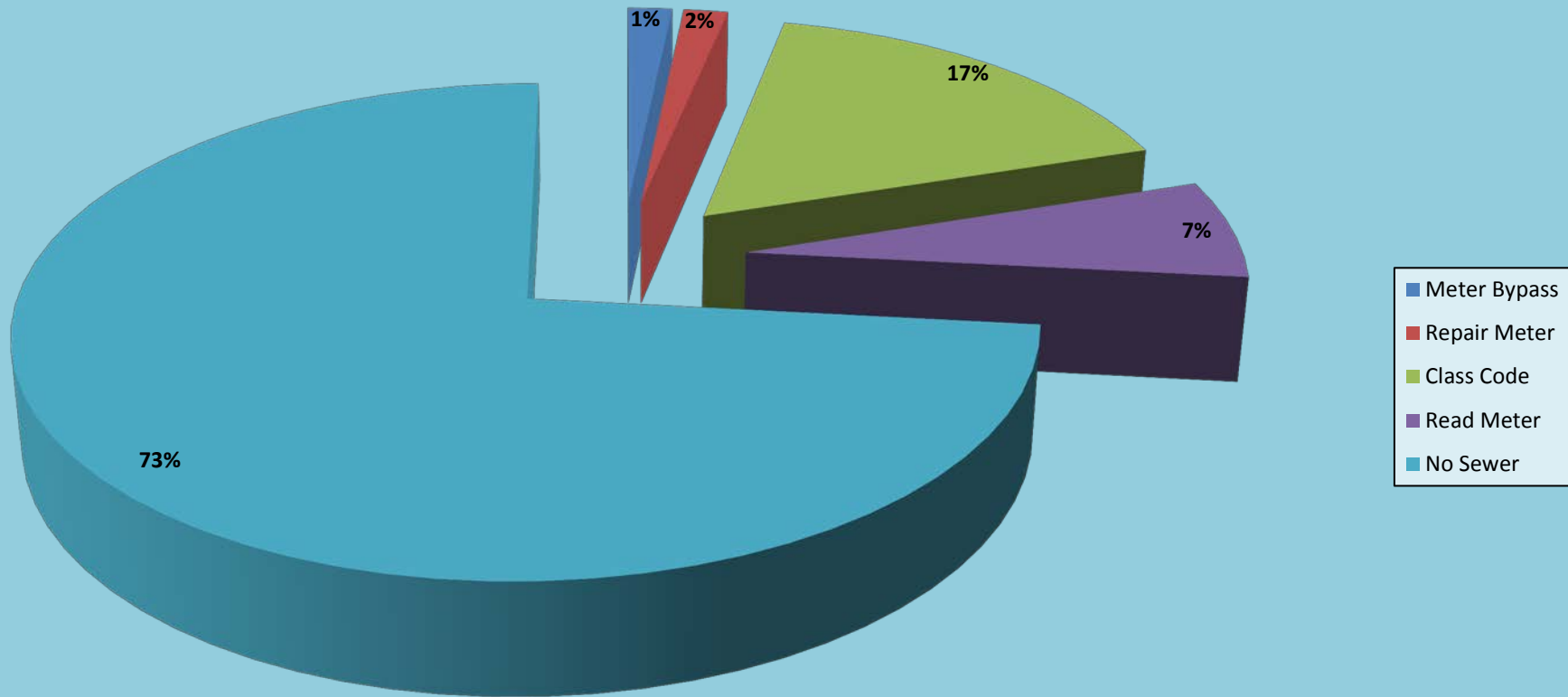
- Only non-residential accounts
- Billing system review
 - 604/8000 accounts were identified as potential issues
- GIS correlation
- Field verification of data
- Work orders provided back to Cobb
- Investigated and verified by project manager
- Accepted or declined
- Customer is notified by Cobb County Water System
- Needed action is completed
- Billing system is updated if necessary

Why Not Handle in House?

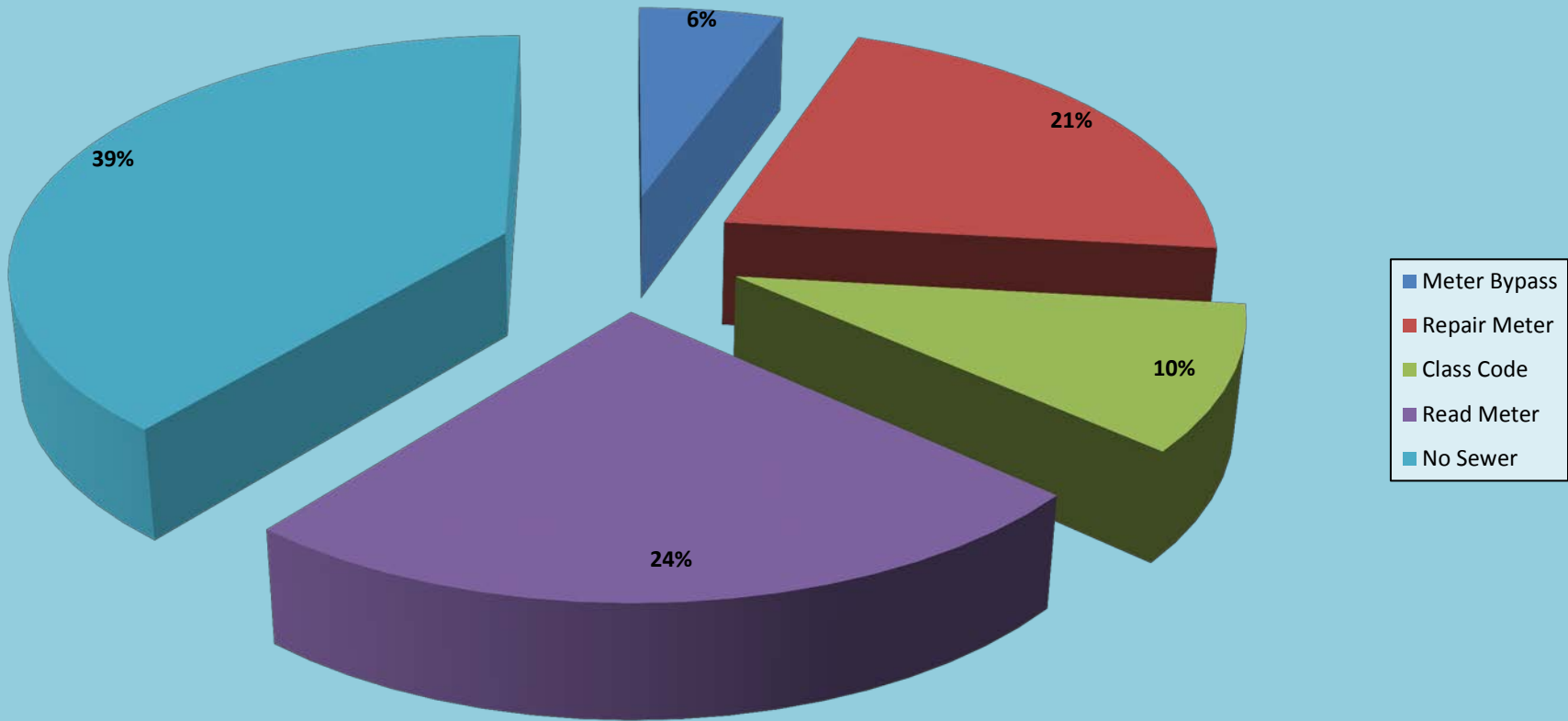
- Limited staff - Already “doing more with less”
- Little incentive – or wrong incentive
- Too much freedom
- Wanted objective 3rd person view
- Can compress timeline for entire system with dedicated resources



Cobb County
Number of Approved and Pending Work Orders by Type
Utility Revenue Management



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

A cartoon illustration of a woman with blonde hair, wearing glasses and a grey suit jacket. She is smiling and looking towards the viewer. To her left is a computer monitor displaying a large green dollar sign. The background is a light blue sky with a grey horizon line.

Questions?

Kathy Nguyen
Cobb County Water System
Kathy.nguyen@cobbcounty.org
770-419-6244