Customer Care Team Item Number 1- Brief Proposed Standard Procedure CUS 12-, "Resolving Customer Complaints: Unpaid Water/Sewer Bills"

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WASHINGTON SUBURBAN SANITARY COMMISSION
COMMISSION SUMMARY

AGENDA CATEGORY: Customer Care Team     DATE: January 18, 2012

|---------|-----------------------------------------------------------------------------------------------|
| SUMMARY | At the request of staff in October 2010, an Internal Audit was undertaken of the billing dispute processes. The audit report was finalized in June 2011. It brought to light significant internal control weaknesses in the process used for "unpaid" customer bills (the Dispute Resolving Board - DRB). Specifically, the report concluded that the policies and procedures governing the DRB are incomplete and outdated; the DRB’s actions or decisions lack adequate WSSC oversight; and financial risks to the WSSC are compounded by the inefficient functions of the DRB. The Commission was briefed in August 2011 and the existing DRB members were terminated. A survey was undertaken of utilities on their dispute processes, which was finalized in September 2011.

On November 29, 2011, a retreat was held with members of the Customer Advisory Board to, among other subjects, solicit feedback on the proposed DRB policy.

SPECIAL COMMENTS | The proposed policy recommends: a change in the composition of the board to include two customers and one employee member; specified term limits; a minimum and maximum number of Board members; required training; required time frames for customers to file disputes; regularly scheduled meetings; a specific requirement that the decision adhere to WSSC policy; required payment of the amount due within 10 days if the decision is unfavorable.

<table>
<thead>
<tr>
<th>CONTRACT NO./REFERENCE NO.</th>
<th>Not applicable.</th>
</tr>
</thead>
<tbody>
<tr>
<td>COSTS</td>
<td>During Fiscal Year 2011, a total of 297 adjustments were processed as authorized by the DRB, for a revenue reduction totaling $311,506. In July 2011, the DRB authorized an additional $42,233.91 for 56 customers. As of January 9, 2012, a total of 291 DRB requests were pending, with an estimated request for credits of approximately $425,948.60.</td>
</tr>
<tr>
<td>AMENDMENT/CHANGE ORDER NO. AMOUNT</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>MBE PARTICIPATION</td>
<td>Not applicable.</td>
</tr>
</tbody>
</table>
| PRIOR STAFF/COMMITTEE REVIEW | General Manager  
General Counsel’s Office  
Chief Financial Officer  
Chief of Customer Care Team |
| RECOMMENDATION TO COMMISSION | N/A |
TIMELINE & MILESTONES

Scope: For the past 17 years, Standard Procedure (SP) CUS 94-01 has governed the process by which customers may dispute unpaid water/sewer bills. With the adoption of SP CUS 99-02 “Billing and Collecting Water/Sewer Use Charges and Related Fees” in 1999, the Commission formally recognized SP CUS 94-01. Based on the recommendations as set forth in the audit of the DRB, which was completed in June 2011, we are proposing Standard Procedure CUS 12-__, which will supersede CUS 94-01.

Plan of Action & Milestones

October 2010
- Internal audit requested.

February 9, 2011
- Training of Customer Advisory Board and DRB conducted by Customer Care and General Counsel’s Office.

June 2011
- Audit report issued

August 2011
- Survey of utilities’ dispute processes.
- Briefing to Commission.
- Notice to affected members of suspension of current DRB activity, effective immediately.

September 2011
- Analyze/summarize survey results on dispute processes.

October 2011
- Meeting with General Manager and members of Customer Advisory Board (CAB); General Manager advised we would provide CAB with an opportunity to review proposed policy.

November 2011
- Retreat held with CAB on November 29, 2011.

January 2012
- Briefing to Commission.

February 2012
- Action by Commission.
I. PURPOSE:

1.0 To describe how a customer who is dissatisfied with a final decision made by the WSSC staff on an unpaid water/sewer bill may request an additional review of the bill and how that review will be conducted. (Complaints regarding paid water/sewer bills are handled in accord with Article 29, Section 6-111 of the Annotated Code of Maryland.)

II. DEFINITIONS:

2.0 The Dispute Resolving Board (DRB) is composed of three WSSC customers selected from members of the Customer Advisory Board.

III. GENERAL:

3.0 A customer who believes that a water/sewer bill is inaccurate or, for other reasons, believes that he or she should not be required to pay a bill and is also dissatisfied with WSSC staff efforts to resolve the bill complaint may request that the DRB review the matter and render a decision.

3.1 The DRB will review all such requests and render a written decision. As part of its review, the DRB may conduct a hearing with the customer and WSSC staff.

3.2 The DRB’s decision will be guided by Commission-approved policies and procedures and will be the final decision on unpaid water/sewer bills.

IV. PROCEDURES:

4.0 A customer may address complaints involving unpaid water/sewer bills to the DRB only if the complaint has previously been addressed by the Customer Services Division Manager or designee.
4.1 A customer must request a DRB review in writing and include the rationale for seeking a review of the WSSC staff's decision. The request for a review should be addressed to the Dispute Resolving Board c/o WSSC, 14501 Sweitzer Lane, Laurel, MD 20707.

4.2 Once a customer has requested a DRB review of an unpaid bill, WSSC will suspend further efforts to collect the bill, including any service disconnection.

4.3 If the DRB determines that a hearing is not required on the complaint, the Board will inform the customer of its decision.

4.4 If the DRB determines that a hearing is required, the customer will be advised of the date, time, and place for the hearing. The customer may be represented by anyone of his or her choosing. (The Dispute Resolving Hearing is an informal conciliatory process and shall not be construed or conducted as a contested case or adjudicatory hearing under the Maryland Administrative Procedures Act.)

4.5 The Chair of the DRB (elected by the Board) will start the hearing at the appointed time, introduce the people present, state the ground rules, maintain order, and keep the meeting moving to its conclusion.

4.6 The DRB members will advise the customer that they reviewed the case material and that he or she has 10 to 15 minutes to briefly and concisely present the case. Commission staff will have 10 to 15 minutes to discuss anything pertinent to the case.

4.7 The members of the DRB may question either party at any time. Generally, hearings will be limited to 30 minutes per case.

4.8 The customer will be informed of the DRB's decision by mail within 10 working days of the hearing.

4.9 If the decision is unfavorable, the customer will have five additional working days to pay the bill or make appropriate payment arrangements. Failure to do so may result in service being terminated for non-payment.
Distribution List:

**MASTER VOLUME LIST:**

General Manager's Office
Internal Audit Office
Secretary's Office
Human Resources Division

**OTHER DISTRIBUTION:**

Deputy General Manager for Administration
Deputy General Manager for Operations
Deputy General Manager for Planning, Programs & Policy
Budget & Financial Planning
General Counsel
Office of Communications
Treasurer/Finance Bureau
Meter Services Division
Customer Accounts Section
Customer Relations Section
Customers may formally appeal an unpaid bill to a Dispute Resolving Board, composed of three WSSC customers. (See Standard Procedures CUS 94-011). Finally, by State law, customers may request a formal refund hearing with a Commissioner on any bill which the customer disputes but has paid within three years of the customer's written refund request.
STANDARD PROCEDURES
OF THE
WASHINGTON SUBURBAN SANITARY COMMISSION

I. PURPOSE

To set forth the procedure for disputing an unpaid water and/or sewer bill to the Dispute Resolving Board.

II. THE DISPUTE RESOLVING BOARD

A. Composition: The Dispute Resolving Board (DRB) shall consist of two customer members and one employee member. Two panels of the Dispute Resolving Board shall be appointed.

B. Employee Members: The employee member of each panel of the DRB must hold the position of Unit Coordinator or above (or equivalent grade). Employee members of the DRB may not work in the Customer Care Team. The Customer Relations Group will solicit volunteers for the employee member of each panel, and the General Manager shall make the appointments. The term for each employee member shall be two years. The General Manager may appoint up to two alternate employee members.

C. Customer Members: The Customer Relations Group will solicit volunteers for the customer members from WSSC’s Customer Advisory Board (CAB) or, if necessary, from the general public. The General Manager shall appoint a minimum of four customer members. The term of each customer member shall be two years. The General Manager may appoint up to two alternate customer members.

D. Training: Each member of the DRB must attend a training program regarding WSSC’s billing and adjustment procedures prior to ruling on any DRB claims.

III. PROCEDURE

A. Initial Notification to WSSC: A customer who is dissatisfied with an unpaid water and/or sewer bill must first contact WSSC. Customer Relations Group staff will review the bill and determine whether the bill is eligible for any reduction based upon WSSC approved policies and procedures. The Customer Relations Group Leader shall notify the customer of the final decision.
B. **Initiating the DRB Process:** If the customer is dissatisfied with the final decision of the Customer Relations Group, the customer may complete and submit a “Dispute Resolving Board Request Form.” The form and any supporting documentation should be sent to the WSSC Customer Relations Group by mail to 14501 Sweitzer Lane, 10th Floor, Laurel, Maryland, 20707; or by e-mail to cust-relations@wsscwater.com; or by fax to 301-206-7013.

C. **Eligibility for DRB Review/Time Requirements:** In order to be eligible for review by the DRB, the customer must make the notification to WSSC required by Section III.A of this procedure within 60 days of the meter reading date upon which the bill is based. In addition, WSSC must receive the customer’s completed “Dispute Resolving Board Request Form” within 30 days of the date that the Customer Relations Group notifies the customer of its final decision regarding the disputed bill.

D. **WSSC Staff Response:** Upon receipt of a timely filed “Dispute Resolving Board Request Form,” the Customer Relations Group staff shall prepare a response and shall forward the “Dispute Resolving Board Request Form” and response to the DRB for review and a decision.

E. **DRB Meetings:** The DRB shall meet monthly, or as needed based on the case load, at a regularly scheduled time and place, as determined by the DRB. DRB members who are unable to attend the meeting in person may participate by telephone. The DRB will review the disputed bill claims and issue a written decision. No hearing is required, however, the DRB may decide to hold an informal hearing to gather facts that may assist them in deciding the claim. If the DRB decides to hold an informal hearing, Customer Relations Group staff shall coordinate the scheduling of the hearing and notify the customer. The customer may be represented at the hearing by anyone of his or her choosing, and a representative of the Customer Relations Group shall also attend. The DRB hearing is an informal conciliatory process and shall not be construed or conducted as a contested case or adjudicatory hearing under the Maryland Administrative Procedures Act. The hearing shall not be recorded.

F. **Suspension of Collection Efforts:** Upon receipt of the “Dispute Resolving Board Request Form,” WSSC will suspend collection efforts on the disputed bill until the DRB issues its decision. All other billed water and/or sewer charges must be paid when due.

G. **Adherence to Policies:** In reaching its decision, the DRB shall follow applicable WSSC approved policies and procedures, including Standard Procedure (SP) CUS 10-01 “Adjustment and Correction of Water/Sewer Bills”, SP CUS 99-02 “Billing and Collecting Water/Sewer Use Charges and Related Fees”, or any other approved policy (including subsequent amendments to the two aforementioned policies) that is applicable to the matter. The DRB may only grant adjustments that are authorized by approved WSSC policies and procedures.
H. **Final WSSC Decision:** The DRB’s decision shall be the final WSSC decision on unpaid water and/or sewer bill claims.

I. **Payment After Decision:** Following the DRB’s decision, the customer shall have 10 days to pay the bill. Failure to do so may result in service being terminated for non-payment.

J. **Refund Claims:** Customers who wish to pursue a disputed bill claim further may pay the disputed bill and file a claim for a refund in accordance with Maryland Annotated Code, Public Utilities Article, § 25-106.

IV. **AUTHORITY CLAUSE:**

The General Counsel certifies that the statutory authority for the adoption of this Standard Procedure is the Maryland Annotated Code, Public Utilities Article, Section 17-403.
RESOLUTION NO.: 2012-__
Adopted: February 15, 2012
Effective Date: April 2, 2012

WASHINGTON SUBURBAN SANITARY COMMISSION


WHEREAS, Standard Procedure (SP) CUS 94-01 has governed the “Dispute Resolving Board” process for disputing unpaid water/sewer bills since May of 2004; and

WHEREAS, Section 3.22 of SP CUS 99-02, titled “Billing and Collecting Water/Sewer Use Charges and Related Fees”, adopted by the Commission in November 1999, recognizes the “Dispute Resolving Board” process as set forth in SP CUS 94-01; and

WHEREAS, in June of 2011, WSSC's Internal Audit Office completed an audit of the “Dispute Resolving Board” process and recommended that certain changes be made to Standard Procedure CUS 94-01; and

WHEREAS, pursuant to the recommendations set forth in the audit, the Commission wishes to adopt a new procedure to govern customer disputes of unpaid water/sewer bills; and

WHEREAS, the Commission is authorized and empowered to adopt this Standard Procedure pursuant to the Maryland Annotated Code, Public Utilities Article, Section 17-403; and

WHEREAS, the Commission has therefore proposed to adopt Standard Procedure CUS 12-0__ to govern customer disputes of unpaid water/sewer bills and a copy of Standard Procedure CUS 12-0__ is attached hereto; and

NOW, THEREFORE, BE IT RESOLVED, this 15th day of February, 2012, that the Washington Suburban Sanitary Commission hereby adopts Standard Procedure CUS 12-0__, as attached hereto; and

BE IT FURTHER RESOLVED, that Section 3.22 of SP CUS 99-02 shall be amended to reference the new “Dispute Resolving Board” process as set forth in SP CUS 12-0__ and that the General Manager is hereby delegated the authority to make this change; and

BE IT FURTHER RESOLVED, that notice of this resolution and the actions taken hereunder be published in at least one (1) newspaper published in each county of the Washington Suburban Sanitary District as soon as practicable, but in any event not later than March 1, 2012; and

BE IT FURTHER RESOLVED, that this resolution and Standard Procedure CUS 12-0__ hereby adopted shall take effect on April 2, 2012.

A True Copy.

________________________________________
Charlett Bundy
Corporate Secretary
FACILITATOR’S MEETING REPORT – Submitted December 13, 2011
Prepared by

Synergy Forces LLC
PMB 117, 11006 Veirs Mill Road, Ste L-15
Silver Spring, Maryland 20902

WSSC’s Customer Advisory Board (CAB) and select WSSC staff met on Tuesday, November 29, 2011, in Silver Spring, Maryland, to clarify the CAB’s purpose and its work, plus gather initial comments on draft CUS 11-0. This Facilitator's Meeting Report is documentation of the activities and outcomes of the working meeting. It serves as a reference and useful reminder of the process and how conclusions were reached.

1. Opening: Welcome, Overview, Administrative, Introductions

On Tuesday, November 29, 2011, the WSSC Customer Advisory Board (CAB) Retreat began at approximately 1:20 p.m. with a welcome and review of the meeting’s Agenda, which consisted of the following items:

1. Opening: Welcome, Overview, Administrative, Introductions
2. Review the CAB’s Purpose and Its Work
4. Develop CAB’s Future Action Plan to Fulfill Its Purpose
5. Closing: Review, Next Steps

Based on a Sign-In Sheet, the following individuals were present at this Retreat (Alphabetical by first name):

1. Albert Nunez, CAB
2. Alyce Ortuzar, CAB
3. Arnetta Cooke, CAB
4. Deborah Spelght, CAB
5. Derrick Phillips, WSSC
6. George Donovan, CAB
7. Jacquelyn Barry, WSSC
8. Jim Neustadt, WSSC
9. Kim Knox, WSSC
10. Rose San Nicolas, WSSC
11. Vince Berg, CAB

During this opening segment, participants were asked to introduce him/herself, share his/her individual role with the group, and reveal something personal. Also, during this initial part of the meeting, a review was conducted of administrative items, ground rules, and the Parking Lot (for collecting issues, decisions, and actions outside of the scope of the meeting). In addition, a second "Parking Lot" was introduced as a place to gather potential agenda items for the CAB’s December meeting.

A consensus tool, called a “Comfort Check” was explained as way of gauging agreement/disagreement among the participants. Throughout the meeting, Comfort Checks were conducted about decisions or status, gauged on a scale of 1 to 5 representing the following: 1=Hate it; 3=Can live with it and support it; 5=Love it. The group was informed that if consensus could not be achieved due to time constraints, decisions would be based on significant agreement. If there was no significant agreement, then decisions would be based on majority rule.
2. Review the CAB's Purpose and Its Work

The first Agenda item was to gather some background information and evaluate the CAB thus far. This important step set the stage by “taking stock” of the CAB’s current state. To begin, the current Purpose was read aloud.

<table>
<thead>
<tr>
<th>CAB's Purpose:</th>
<th>CAB's Scope:</th>
</tr>
</thead>
<tbody>
<tr>
<td>To convey</td>
<td>a. Provide WSSC, the Commissioners, and staff with customer input on current</td>
</tr>
<tr>
<td>community views</td>
<td>and proposed practices and policies</td>
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<tr>
<td>to WSSC</td>
<td>b. Represent the perspectives of the community</td>
</tr>
<tr>
<td></td>
<td>c. Serve as liaison between the community and the Commission</td>
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<tr>
<td></td>
<td>d. In recognition of the social significance of WSSC’s activities, the CAB</td>
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<tr>
<td></td>
<td>addresses and, of necessity, emphasizes community concerns associated</td>
</tr>
<tr>
<td></td>
<td>with the protection of public health and water quality management.</td>
</tr>
</tbody>
</table>

Relating to this Purpose, in advance of the meeting, participants were asked to complete a survey as a means of gathering feedback on each element of the CAB’s purpose. The pre-meeting survey requested feedback based on the following scale:

*Gradients of Agreement:*
- I really like it
- I like it
- Basically, I like it
- I can live with it
- I have no opinion
- I don’t like this, but don’t want to hold up the group
- I want my disagreement noted, but I’ll support the decision
- I don’t want to stop anyone else, but I don’t want to be involved in implementing it
- I veto this

The survey results were presented as follows:
- On average, over 83% selected from “Basically, I like it” to “I really like it” for all components of the Purpose.
- One vetoed the Purpose while a couple others stated they do not want to be involved with implementing it.
- Overall, the survey respondents agreed with the current Purpose.

After this, the participants reviewed and agreed to the following as the primary groups of people for which the CAB’s efforts are directed: (1) WSSC [employees and commissioners] and (2) WSSC’s 1.8 million customers.

In addition, the mission of WSSC and the Commissioners was read aloud as follows:

*We are entrusted by our community to provide safe and reliable water, life’s most precious resource, and return clean water to our environment, all in an ethically and financially responsible manner.*

After this, the survey results about the CAB’s role were presented as a “Word Cloud” (See Appendix A). The Word Cloud was created from the source text of the results to the question: “In your own words, what is the CAB’s role?” The larger the word, the more frequently it appeared in the source text of the results. The group shared any observations.

Next, the group reviewed and completed a list of the CAB’s successes. This included:

1. Advocacy for smart meters
2. Advocacy for water quality
3. Support with customer billing
4. Grants subcommittee’s efforts have helped secure funding for projects
5. Shepherded the idea of the WSSC Water Fund
6. Shepherded the idea of IVR (Activated Phone-Press #1, etc.)
7. Gathered and presented information on AMR of various utilities
8. Gathered and presented information on customer appeal process of various utilities
9. Gave testimony in support of WSSC’s Infrastructure Program at the Public Meetings
10. Lobby for wind power
11. Helped formulate and staff the DRB
12. Support solid waste recycling
13. Lobby for WSSC website
14. Lobby for energy efficiency for RGH
15. Recommendation for staff awards
16. Pin hole leaks
17. Hi-bill adjustment policy
18. Credit card for payment
19. PPA/Purchase agreements/PV

In addition, the following survey comments about the CAB’s value were shared:
- As a sounding board to seek a potential missed point of view
- Input on various WSSC initiatives
- Willingness to give their time to this effort

Next, the group took a snapshot assessment of the CAB as a whole, to help work toward a future action plan. The group was asked to look from a historical perspective to the present day and focus on the functions, roles, and purpose of the CAB, not personalities or styles. This began with individual completion of a worksheet, answering the questions, “What has worked well relative to the CAB’s overall purpose and role?”, “Overall, what has not worked well?”, and “What are your ideas for improvement?” After individual reflection time, responses for the first two questions were shared with the entire group and collected on flip chart sheets, which are reflected in Table 1. Responses to the third question were used for an exercise later in the retreat.

Table 1: Snapshot Assessment of the CAB

<table>
<thead>
<tr>
<th>What Has Worked Well?</th>
<th>What Has Not Worked Well?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kim Knox</td>
<td>Unable to get on Commissioner’s agenda</td>
</tr>
<tr>
<td>Group that is committed</td>
<td>Lack of communication</td>
</tr>
<tr>
<td>DRB as previously organized</td>
<td>Lack of concern</td>
</tr>
<tr>
<td>Agreed on problems with WSSC</td>
<td>Feedback/visibility – what’s going on at WSSC</td>
</tr>
<tr>
<td>Expressed valuable points of view</td>
<td>New policy regulations and laws to CAB for comment/no comment</td>
</tr>
<tr>
<td>Objective analysis of excessive charges and cause for relief</td>
<td>Expectation for partisan support of WSSC</td>
</tr>
<tr>
<td>Achievements and recommendations</td>
<td>DRB</td>
</tr>
<tr>
<td>Presentation of factors and trends</td>
<td>Not listened to for response to internal audit – no dialogue</td>
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<tr>
<td>In-depth talent</td>
<td>“Atta boys” – appreciation</td>
</tr>
<tr>
<td>Representing the community</td>
<td>Integrity of sharing</td>
</tr>
<tr>
<td>Support of WSSC’s activities</td>
<td>No direct communication with General Manager, Commissioners and CAB</td>
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<tr>
<td>Non-partisan support</td>
<td></td>
</tr>
</tbody>
</table>

To complete this agenda item, the group agreed that this work thus far represented a snapshot assessment of the current state of the CAB.

Next, the group shifted focus from the CAB's purpose and work to concentrate on initial responses to the draft Standard Procedures for Resolving Customer Complaints Regarding Unpaid Water/Sewer Bills CUS 11-0. To begin, the group was charged with developing a succinct response to the draft procedures. To accomplish this, subgroups were formed to share concerns about the procedures and identify the top three concerns for the subgroup. In addition, the subgroups were to identify those items that the subgroup felt were important to remain in the procedures—called a "keeper". Then, the subgroups presented their concerns and keepers to the entire group. Table 2 below reflects the outcomes of this activity. The entire group reviewed the outcome and agreed with the results.

Table 2: Concerns and "Keepers" of Draft CUS 11-0

<table>
<thead>
<tr>
<th>Concerns</th>
<th>Keepers</th>
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<tbody>
<tr>
<td>DRB composition (employees) – prefer 3 +1 (only if necessary)</td>
<td>Adequate training (II D)</td>
</tr>
<tr>
<td>Customers should be allowed to email</td>
<td>Advertise &quot;royally&quot; process (Internet) (III)</td>
</tr>
<tr>
<td>90 days to respond/ not 45</td>
<td>DRB</td>
</tr>
<tr>
<td>60/not 30 to submit to DRB</td>
<td>Monthly Meetings (III E)</td>
</tr>
<tr>
<td>10-day payment – shutoff (30 day) payment plan</td>
<td>Re-evaluation with advent of AMI</td>
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<tr>
<td>(II A+B+C)</td>
<td></td>
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<tr>
<td>Composition of DRB:</td>
<td></td>
</tr>
<tr>
<td>• 3 customers</td>
<td></td>
</tr>
<tr>
<td>• 2 customers – 2 employees</td>
<td></td>
</tr>
<tr>
<td>• 2 customers – 1 employee</td>
<td></td>
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<tr>
<td>Size of DRB larger</td>
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<td>(III G)</td>
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<tr>
<td>Adherence to policies</td>
<td>Training</td>
</tr>
<tr>
<td>Change language – adjust</td>
<td></td>
</tr>
<tr>
<td>2 panels – Introduces possible in inconsistency</td>
<td>Training – mandatory and refresher annually</td>
</tr>
<tr>
<td>Even split between counties</td>
<td>Board should represent both counties</td>
</tr>
<tr>
<td>Yearly refresher – insure knowledge of CAB member</td>
<td>Policies and procedures – cite specifically</td>
</tr>
<tr>
<td>Policies/procedures – include by reference</td>
<td></td>
</tr>
<tr>
<td>Render a decision within 30 days</td>
<td></td>
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<tr>
<td>Disputed bill</td>
<td></td>
</tr>
</tbody>
</table>

4. Develop CAB's Future Action Plan to Fulfill Its Purpose

Next, the group shifted its focus back to the CAB's Purpose and work. Overall, the group worked to shape the CAB's future deliverables to fulfill its Purpose. Armed with the meeting's prior work and individual ideas for improvement, subgroups were formed to identify three to five main deliverables to achieve the CAB's Purpose in alignment with WSSC's Mission.

Working through multiple steps with subgroups and the entire group, results were presented and prioritized according to importance in fulfilling the CAB's purpose. This prioritization was simply to focus efforts instead of eliminating any items. The list below reflects the outcome of this series of exercises. The number of votes is shown in parentheses after each item. The group reviewed the outcome and agreed with the results.

Potential CAB Deliverables (in order of importance to fulfill the CAB's Purpose)

1. Collectively resolve DRB issues (8)
2. Develop Customer Bill of Rights (7)
3. CAB should meet with WSSC key staff and GM/CEO at a minimum twice a year – preferably 5 times a year plus Commissioners minimum one time a year (6)
   a. Similar submission: Have a yearly meeting with the GM and staff three times per year
4. Devise recognition of CAB/WSSC achievement (4)
5. Shepard Environmental Education Center at Brighton (4)
6. CAB – Blog for interactive two-way communication to/from customer base (3)

5. Closing: Review, Next Steps

At the end of the meeting, the entire group reviewed all of its accomplishments. Items were added to the Parking Lot and Table 3 reflects the outcomes.

Table 3: Parking Lot (issues, decisions, actions)

<table>
<thead>
<tr>
<th>Item</th>
<th>Outcome/Champion</th>
</tr>
</thead>
<tbody>
<tr>
<td>With successes, how many are in support of WSSC’s mission?</td>
<td>It was decided that this was accomplished during the meeting</td>
</tr>
<tr>
<td>What’s Working? What’s Not Working? With WSSC</td>
<td>Recommendation to WSSC</td>
</tr>
<tr>
<td>Look at adjustment policy</td>
<td>CAB collectively</td>
</tr>
<tr>
<td>Look at putting adjustment policy on internet</td>
<td>Kim Knox</td>
</tr>
<tr>
<td>Customer Bill of Rights</td>
<td>Vince</td>
</tr>
</tbody>
</table>

The following items were added to the December Meeting Agenda list:

1. Improvements/modification to Hi-Bill Policy
2. Invitation to landscape department to discuss water usage

After all items were reviewed, the WSSC Customer Advisory Board (CAB) Retreat concluded at approximately 5:00 p.m.
TO:               CHAIR JONES, VICE CHAIR MOORE  
                 COMMISSIONER COUNIHAN, COMMISSIONER HARTWIG-DAVIS  
                 COMMISSIONER LAWSON AND COMMISSIONER MANDEL  
                 GENERAL MANAGER JOHNSON

FROM:              MAXENE M. BARDWELL, INTERNAL AUDIT MANAGER  
                 INTERNAL AUDIT OFFICE

DATE:               JUNE 13, 2011

SUBJECT:           INTERNAL AUDIT REPORT – SPECIAL REQUEST  
                    REVIEW OF THE DISPUTE RESOLVING PRACTICES

We have performed an audit of Review of the Dispute Resolving Practices. The detailed report  
is attached for your review. We conducted our audit in accordance with generally accepted auditing standards  
(GAAS), where applicable. We have already discussed with management issues of concern and their action plans are included in this report.

We appreciate the assistance provided by the Customer Care Correspondence personnel, the  
Corporate Secretary, and other personnel. We hope the information and recommendations presented in our report are helpful.

Attachment

cc:               Chief of Staff, (J. Hemphill)  
                 Corporate Secretary, (C. Bundy)  
                 Customer Care Team, Acting Team Chief, (D. Phillips)  
                 Customer Relations Group Leader, (J. Barry)  
                 Special Billings & Correspondence Services Coordinator, (R. San Nicolas)
WASHINGTON SUBURBAN SANITARY COMMISSION
Interoffice Memorandum

TO: DERRICK PHILLIPS, ACTING TEAM CHIEF
CUSTOMER CARE TEAM

THRU: MAXENE M. BARDWELL, INTERNAL AUDIT MANAGER
INTERNAL AUDIT OFFICE

FROM: JANICE K. HICKS, INTERNAL AUDITOR
INTERNAL AUDIT OFFICE

DATE: JUNE 13, 2011

SUBJECT: INTERNAL AUDIT REPORT – SPECIAL REQUEST
REVIEW OF THE DISPUTE RESOLVING PRACTICES

EXECUTIVE SUMMARY

Background

The Washington Suburban Sanitary Commission (WSSC) has adjustment policies and processes in place for customers to dispute unpaid and paid water/sewer bills. A customer who believes that an unpaid water/sewer bill is inaccurate or, for other reasons, believes that he or she should not be required to pay the bill and is also dissatisfied with WSSC staff efforts to resolve the billing complaint may request that the Dispute Resolving Board (DRB) review the matter and render a decision.

As established in WSSC Standard Procedure (SP) CUS 94-01, “Resolving Customer Complaints: Unpaid Water/Sewer Bills,” the DRB is composed of three (3) ratepayer members of the Customer Advisory Board (CAB). The DRB reviews requests and renders written decisions. As part of the review process, the DRB may conduct a hearing with the customer and WSSC staff. The DRB’s decision will be guided by the Commission-approved policies and procedures and will be the final decision on unpaid water/sewer bills. The DRB was created by the WSSC, but functions independently of the Commission. The WSSC provides administrative support to the DRB, but does not govern its conduct or decisions. Although the DRB is independent of the Commission, the decisions rendered by the Board directly impacts WSSC’s annual operating budget.
Additionally, when a fee or charge in excess of that which is properly and legally payable is paid to the WSSC, a written claim for a refund of the fee or charge may be filed with the WSSC by any person who made the payment. The WSSC refund process is in accordance with the Maryland Annotated Code, Public Utilities Article, Section 25-106 and WSSC policies CUS 06-03 and L 07-02. The Refund Hearing Board (RHB) hears refund claims less than $1,000, the Commissioner or designee (Corporate Secretary) hears claims up to $25,000, and a Commissioner quorum hears claims over $25,000. The RHB consists of three (3) WSSC employee Group Leaders or Unit Coordinators who are not currently employed by the WSSC's Customer Care Team.

Purpose

Our purpose is to provide management with an independent assessment of the dispute resolving processes, evaluate internal controls, and to assist management by identifying improvements where needed. We will also evaluate decisions rendered by the DRB and determine, if any, the impact of the elimination of the high bill adjustment on the Commission's annual operating budget.

Scope

We limited our review to data presented in the dispute resolving presentation, which covered Fiscal Year 2007 through Fiscal Year 2009 and year-to-date data for Fiscal Year 2010. We reviewed applicable documentation, processes, and relevant customer files. We also reviewed a sample of completed DRB files for Fiscal Years 2009 and 2010, high bill adjustment data for Fiscal Years 2008, 2009, and 2010, all DRB requests granted in September and October 2010. Additionally, we reviewed the applicable policies and procedures governing the refund hearing process as well as completed refund files for Fiscal Year 2010 and observed the refund proceedings held in December 2010.

Conclusion

Based on our review, Internal Audit concludes that policies and procedures governing the DRB are incomplete and outdated; the DRB's actions or decisions lack adequate WSSC oversight; and financial risks to the WSSC are compounded by the inefficient functions of the DRB.

Additionally, we conclude that the Refund Hearing process is sufficient, functions in compliance with the established policies and procedures, and the related files are well maintained.
We thank the Customer Care Correspondence personnel and the Corporate Secretary for providing documentation and answering our questions and requests in a timely manner.

**OBSERVATIONS AND ACTION PLANS**

Observation 1: **Policy Weaknesses**

After reviewing and comparing the DRB and Refund Hearing processes as well as applicable policies, we observed that the policy governing the DRB is outdated and incomplete. The policy fails to define the authority of the DRB members, specify serving term limits for its members, establish training for new members, or establish the WSSC's governance over the Board's decisions. The policy also fails to address the maximum number of customer requests permitted within a specified time period, require DRB members to submit a conflicts of interest statement, stipulate DRB meeting frequency, or action to be taken if a DRB member recuses him/herself.

Additionally, due to lack of an established DRB meeting frequency, no decisions were rendered by the DRB during the months of November 2010 through February 2011 (four (4) consecutive months). The Board cancelled all of its scheduled meetings during this time and made no attempts to reschedule. The non-activity of the DRB created a backlog in excess of 300 requests. While interviewing two (2) of the Board members, we were informed, "they cancelled their meetings because they felt like they were being taken advantage of by the WSSC and they decided to take a break." The DRB's actions have affected the efficiency and effectiveness of the WSSC collections process.

**Recommendation**

We recommend updating the policy to address the identified weaknesses and include the recommended topics. By implementing these recommendations, management will eliminate decisions that exceed the DRB's authority, decisions that violate Commission-approved adjustment policies, and reduce the dollar amount of adjustments being granted that are not funded in the WSSC's approved operating budget. Additionally, regularly scheduled meetings must be held to mitigate the risk of future backlogs as experienced during the period under review.

**Management Action Plan (Including anticipated due dates):**

Our General Counsel's Office has advised that...
Our plan of action is as follows:

1) Present options (revise policy; revoke policy; implement other alternative) to General Manager by June 30, 2011. If the decision is made to update the policy, it will include recommended actions to strengthen WSSC's governance of this process, including establishing an expected meeting schedule.

2) Present selected option to Commissioners in accordance with time frame established by the GM/CEO.

**Observation 2: Incomplete Documentation**

We reviewed Dispute Resolving Board Case Review Summary Sheets for fifty-one (51) completed requests. Eighty-two (82) percent or forty-two (42) of the sheets indicate “Adjust Without Hearing” and contain the wording “provide credit of a specific dollar amount ($000,000.00).” However, this wording does not provide the detailed written justification for all DRB final decisions as mandated by CUS 94-01.

Also included on the sheets, are signature lines for all three (3) members of the DRB; however, 100% of the 51 sheets reviewed only displayed signatures of two (2) Board members.

**Recommendation**

Management should develop a process to monitor documentation prepared by the DRB to ensure that the applicable adjustment policy is applied and included. This will allow Customer Care a reference point to verify the accuracy of the adjustment amount. We also recommend the policy address signature requirements for documents approved and prepared by the DRB.

**Management Action Plan (including anticipated due dates):**

Per advice of General Counsel’s Office,
Staff did, however, provide training to the DRB and CAB and modify the form to include reference to a policy (which has been ignored for the most part.)

Our plan of action is as follows:

1) Present options (revise policy; revoke policy; implement other alternative) to General Manager by June 30, 2011. If the decision is made to update the policy, it will include recommended actions to strengthen WSSC’s governance of this process, including ensuring that the policy requires the DRB to cite and adhere to appropriate policies, and describes signature requirements.

2) Present selected option to Commissioners in accordance with time frame established by the GM/CEO.

**Observation 3: The DRB Routinely Exceeds Its Authority**

During our review, we discovered several instances where the DRB exceeded its authority and rendered decisions that are not guided by Commission-approved adjustment policies. For example:

(1) The DRB granted a $300 reduction toward a customer's outstanding balance of $911.38. The next month the Salvation Army, through the WSSC's Water Fund, paid the maximum award possible in a 12-month period - $300 - on behalf of this customer. When the customer failed to uphold her payment arrangement of $31 per month for four (4) subsequent months, she requested another DRB hearing for the next unpaid bill. The DRB declined to hear the new case for this request. However, the DRB directed Customer Care to “Use the WSSC Water Fund to pay the account balance $934.47 off.”

Customer Care realized that the DRB's decision violated the rules governing the WSSC's Water Fund. Customer Care sought the assistance and guidance of WSSC's General Counsel’s Office (GCO) to address the issue. Customer Care received notice from GCO that the DRB could not require the Water Fund to pay off this account.

Although, Standard Operating Procedures CUS 94.01 states “the DRB's decisions are final regarding unpaid water/sewer bills,” Customer Care routinely performs its due diligence with decisions that may affect or violate other WSSC approved policies.
(2) Of the 38 decisions rendered by the DRB in October 2010, 16 or 42% of the requestors were relieved of 90% or more of the outstanding balance on their account. Accounts which received an adjustment in excess of 100% of the requested amount were granted a credit towards a future bill. Policy CUS 94-01, which governs the DRB, is limited to unpaid water/sewer bills.

Recommendation:

Management should consider updating the policy to establish the adjustment guidelines for the DRB, establish a continuous monitoring/governing process that would periodically assess the efficiency and effectiveness of the DRB decisions, or consider dismantling the DRB and developing an alternative solution for resolving customer complaints regarding unpaid water/sewer bills. In the interim, management should consider a plan of action to respond to the current decisions being rendered by the Board that are not in compliance with the approved Commission policies.

Management Action Plan (including anticipated due dates):

As we discussed during the exit conference, we do not agree that the account records support that any of the customers reviewed was “granted a credit towards a future bill.” We do agree that in those instances the customer received more than he or she had requested; however, the amounts provided did not create any credit toward a future bill. Instead, the amounts refunded represented either additional charges from the high bill under dispute or charges from a second high bill which was subsequently issued. We do agree, however, that the policy does not permit adjustments that exceed the amount of the bill or bills in dispute.

Per our General Counsel’s Office,

Our plan of action is as follows:

1) Present options (revise policy; revoke policy; implement other alternative) to General Manager by June 30, 2011. If the decision is made to update the policy, it will include recommended actions to strengthen WSSC’s governance of this process, including establishing the adjustment guidelines for the DRB, and establishing a continuous monitoring/governing process that periodically assesses the efficiency and effectiveness of the DRB decisions.
2) Present selected option to Commissioners in accordance with time frame established by the GM/CEO.

Observation 4: The DRB Renders Decisions That Are Not Guided by Commission-Approved Adjustment Policies

Internal Audit was unsuccessful in its attempts to tie several decisions rendered by the DRB to Commission-approved adjustment policies. Since our attempts were unsuccessful, we met with the Board to gain clarification on its adjustment process. We were informed by the DRB that it “developed its own adjustment process, which is more suited towards helping the customer and not the WSSC.” Additionally, the DRB Chair stated, “since WSSC refuses to bill a customer monthly, we [the DRB] believe that a customer is responsible for one month’s average daily consumption (ADC), then all of the rest of the balance is written off. At times when things just seem so unbelievable we will write off everything.” The DRB’s actions are in direct violation of CUS 94-01, which states “The DRB’s decisions will be guided by Commission-approved policies and procedures ....”

Recommendation:

As mentioned in earlier recommendations, management should consider establishing a continuous monitoring/governing process over the DRB; this would mitigate some of the current financial risk levied on the Commission. In the interim, management should consider a plan of action to respond to the current decisions being rendered by the Board that are not in compliance with the approved Commission policies.

Management Action Plan (including anticipated due dates):

Our General Counsel’s Office has advised ...

Our plan of action is as follows:

1) Present options (revise policy; revoke policy; implement other alternative) to General Manager by June 30, 2011. If the decision is made to update the policy, it will include recommended actions to strengthen WSSC’s governance of this process, including establishing a continuous monitoring/governing process that periodically assesses the efficiency and effectiveness of the DRB decisions.

2) Present selected option to Commissioners in accordance with time frame established by the GM/CEO.
Observation 5: High Bill Adjustment Loopholes

We reviewed the high bill adjustment summary reports for Fiscal Years 2008, 2009, 2010, and current data for Fiscal Year 2011. Additionally, we reviewed the DRB requests and adjustments granted reports for the same period. Prior to the elimination of the high bill adjustment for Fiscal Year 2011, we observed that a number of customers refused the high bill adjustment offered by WSSC's Customer Care representative. Instead they requested and received a larger adjustment from the DRB. Some of the customers took advantage of the WSSC's proposed high bill adjustment and then requested and received an additional adjustment from the DRB. Several customers received multiple adjustments for multiple billing periods from the DRB within a few years. This violates WSSC Standard Procedure CUS 10-01, which states that "Eligible customers may receive such an adjustment only once for one billing period in any seven-year period." Also, accounts that were deemed not qualified for the high bill adjustment by WSSC's Customer Care Representatives were granted adjustments by the DRB.

Based on our review, Internal Audit concludes that the identified weaknesses in the policy, lack of governance by the WSSC, and the current DRB members have contributed to the large flux in the number of DRB requests and the increase in dollar value per adjustment granted. Although the elimination of the high bill adjustment has had some impact, it does not appear to be the sole contributor of the increase in the number of requests or the increase in the dollar values of the DRB adjustments granted.

Recommendation:

We recommend management establish a process to provide governance over the DRB. Establishing a governance process would ensure decisions are rendered in accordance with Commission-approved adjustment policies, reduce the escalating cost of the Board's decisions, and reduce the negative financial impact on projected revenue for the operating budget for any given year. Until the policy or the process is developed and approved, management should consider temporarily suspending the current DRB process, seek an alternative solution for dealing with current requests, and respond to the recent decisions issued by the DRB that violate Commission-approved policies. Otherwise, the DRB may continue to grant high bill adjustments at increased dollar values for which the WSSC has not provided funding for in the current operating budget.

Management Action Plan (including anticipated due dates):

Per our General Counsel's Office.
We recognize and appreciate the risks that the DRB’s actions present to the Commission until a Commission-authorized decision has been made to either revoke the DRB or revise the operating procedure. As a result, it is our intent to move forward as quickly as possible in addressing this matter in a way that is consistent with the advice of our General Counsel’s Office.

Our plan of action is as follows:

1) Present options (revise policy; revoke policy; implement other alternative) to General Manager by June 30, 2011. If the decision is made to update the policy, it will include recommended actions to strengthen WSSC’s governance of this process, including establishing the adjustment guidelines for the DRB, and establishing a continuous monitoring/governing process that periodically assesses the efficiency and effectiveness of the DRB decisions.

2) Present selected option to Commissioners in accordance with time frame established by the GM/CEO.

cc: Corporate Secretary, (C. Bundy)
Customer Relations Group Leader, (J. Barry)
Special Billing & Correspondence Services Coordinator, (R. San Nicolas)