Revenue Protection Benchmarking

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Definitions

- Revenue Protection

    - structured activities or processes to ensure the correct billing of measured consumption, identification of responsible parties for bills, or any other activity to ensure to financial success of the corporation

    - Current Diversion

        - any modification to existing wiring to divert the product around the metering device

- Meter Tampering

  - any modification to a meter that causes it to improperly measure consumption

- Fraud

  - any willful act to misrepresent the facts

- Unauthorized Use

  - any person or company who uses the product without the consent of the corporation

- Self Reconnection

  - any intentional act committed by an individual or company to restore service after the physical termination of service by the supplying utility

What does your Revenue Protection Department look like?

Revenue Protection (RP) Departments perform different functions at different utilities

this makes for an uneven playing field to statistically compare unit effectiveness within the industry

What are your areas of responsibility?

- Unknown users?

- Company errors? Who investigates

  - incorrect billing constants

  - validating correct installations of multi-phase service

  - incorrect start/stop orders

  - stopped or failing metering

  - self reconnection of utility service

  - fraudulent applications for service

  - identity theft

  - meter tampering

  - fraudulent payments

  - e-Commerce fraud

Revenue Protection has a systemic flaw

- No group among utilities perform the same functions

- No group measures the same outcomes

- There is no consistency between companies

- Each group "thinks" they are doing it best.

How do we fix this problem?

- Expand the vision of the RP organization beyond the historical scope.

- Why?

    - The playing field has changed over the years, it's about time we do too!

- It's time to develop a holistic approach that represents efforts of the "entire corporation" and not just the RP group within the company.

Historical Revenue Protection

Revenue Protection
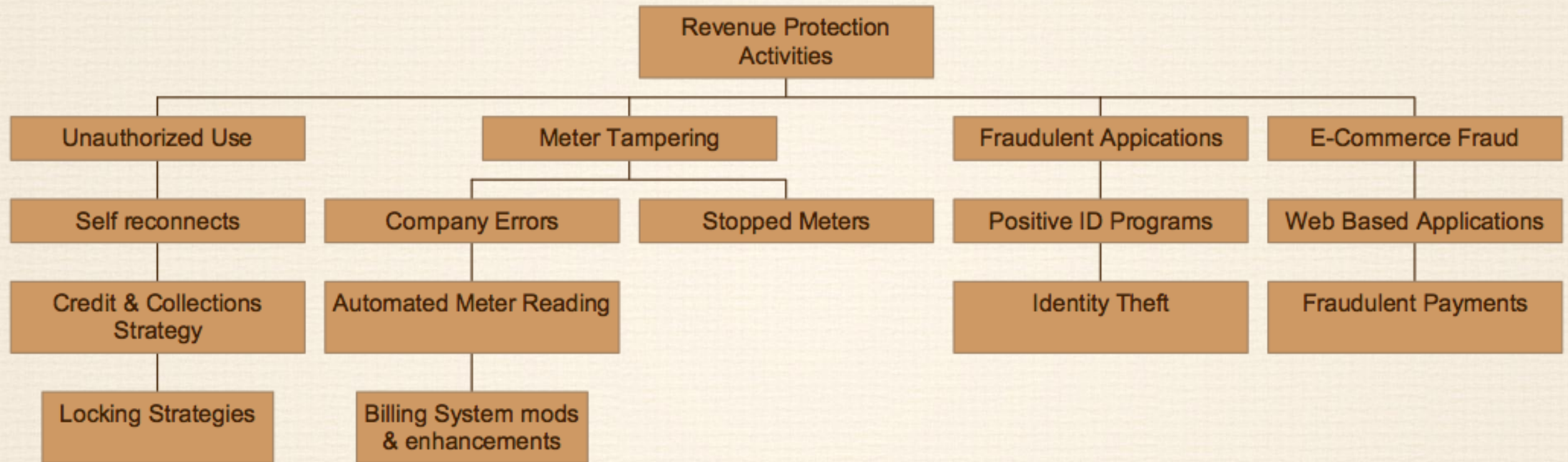
Meter Tampering
Current Diversion

Unauthorized Use
Self Reconnection

Company Errors

Revenue Protection Today

It's Time For A Change!

It's time to develop new benchmarking standards that

- recognize the new roles RP efforts play across the enterprise

- isn't punitive to those groups that aren't directly responsible for a specific task

- will provide "apples to apples" comparisons for project evaluation and expansion

Historic RP Statistics

- Investigations opened

- Investigations completed

- Accounts receivables

- Future expected revenues*

- Criminal prosecutions

- Safety Hazards remediated

- Investigative expenses recovered

- Proactive activities*

Future State RP Reporting

After participating in the PA Benchmarking study held in 2008, I learned our reporting was woefully inadequate.

Without the incorporation of new technology to track and report RP activities, record keeping would be a monumental task

What should be tracked?

- Meter Tampering investigations - how many?

  - Inverted

  - Seal tampering

  - Meter tampering

  - Jumpers

  - Unmetered circuits

  - Damaged meter terminals

  - Unauthorized service

  - Open switch, fuses, or wires

  - Meter socket damage

  - Miscellaneous

What should be tracked?

* At A Minimum

    * Recovery Activities

    * Annual units (KwH/Therms) Recovered - Reactive

    * Account units recovered

    * Annual investigations per 1000 customers

    * Annual number of Regulatory complaints due to tampering

    * Equipment expenses

    * Operations expenses

    * Task duration

    * Average number of units recovered per RP investigation

What the Benchmarking Experts Track

* Total Revenue Protection Expenses

    * per Customer

    * per Commodity

    * by Activity

        * Meter tampering/diversion

        * Low/No Usage

        * Fraud

        * Unknown User

        * RP Support

What the Benchmarking Experts Track

- Distribution of Revenue Protection Activities

  - Meter tampering/diversion

  - Fraud

  - No/Low usage (RP initiated investigation)

  - Unknown user

What the Benchmarking Experts Track

* Percent of Meter Tampering or Theft Prosecuted

* Meter Tampering/Theft Cases Resulting in Prosecution and/or Conviction (of total cases identified)

* Revenue Protection Department Responsibilities (percentage of time spent on various activities)

    * Sealing program

    * Equipment Connection

    * Meter investigations, meters not on reading route

    * Employee training

    * Backbilling, calculation, administration

    * Investigation, case preparation, court appearance

What the Benchmarking Experts Track

* Meter Tampering/Diversion Expenses

    * per customer

    * per Meter Tampering/Diversion transaction

* Security Inspections per 1,000 customers

    * inspections performed or leads followed related to Meter Tampering/Diversion Identification

What the Benchmarking Experts Track

* Meter Tampering Revenue

  * Estimated lost revenue

  * Identified lost revenue billed

  * Identified lost revenue unbilled

  * Billed lost revenue actually collected

  * Billed lost revenue written off

What the Benchmarking Experts Track

- Billed Lost Revenue Actually Collected

    - per Meter Tampering Expense

    - as a percent of identified lost revenue billed & unbilled

What the Benchmarking Experts Track

* Cases of Residential Meter Tampering/Diversion (method used to identify)

  * Periodic Meter Integrity Inspections

  * In-Service Meter Testing Programs

  * Historic Bill Comparisons

  * Computer/Usage Analysis

  * Telephone Hot Lines

  * Employee Identification

  * Alerts from AMR

  * Other

What the Benchmarking Experts Track

- Average Cycle Time for Meter Tampering/Diversion Cases

  - Working days from identification to action started

  - Working days from identification to investigation

  - Working days from identification to billing

  - Working days from identification to prosecution

What the Benchmarking Experts Track

* Meter Tampering/Diversions Prevention Programs Used

    * Sealing

    * Locking

    * Periodic integrity inspections

    * Historic bill comparisons

    * Computer/other analysis

    * Employee incentive programs

    * Customer incentive programs

    * Public Awareness

    * Hotline

    * Participate in Associations (like META/IURPA)

What the Benchmarking Experts Track

Content of Programs Used to Eliminate No/Low Usage Cases

- Do not look for No/Low usage

- Found meters

- Switched Meters

- Bad Multipliers

- Bad Meter Sets

- Other

What the Benchmarking Experts Track

* Fraud Expenses (per 1,000 customers)

* Fraud Revenue

* Actions to Identify Fraud

  * Analysis of past accounts

  * Premise written off multiple times

  * Credit Checks

  * Positive ID Programs.

* Coordination with Call Center and the Credit/Collection Area to Prevent Fraud at the Time of Application

What the Benchmarking Experts Track

* Unknown Users

    * Total Inspections/leads

    * Identified cases billed

    * Identified cases unbilled

    * Billed cases collected

    * Billed cases written off

* Who Investigates Unknown Users
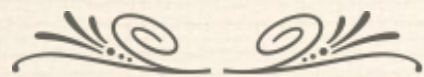
    * Field Service, RP, C&C, RP Back Office, Meter Dept

What the Benchmarking Experts Track

- Additional Forward Billing Revenue Derived in the Next 12 months Due to Discovery and Corrections*

  - Per customer

    - from Meter Tampering/Diversion

    - from No/Low Usage (RP initiated)

    - from Fraud

    - Unknown user

  - *And as a Percentage of Total Revenue Protection Expenses*

Questions?

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