



October 15, 2020

Mr. Ray Walden, City Administrator
City of Salem
409 N. Iron
Salem, MO 65560

Ref: AMI/CIS System Integration Project Progress Review

Dear Mr. Walden:

This letter gives an update on the progress of the AMI/CIS System Integration. We met with the City on August 21, 2020, to review the status of the AMI system deployment and Incode billing integration.

Existing Project Status

All electric meters, except approximately 30, were installed. Approximately 400 water meters were left to be installed. There were some communication issues with some of the installed AMI meters that were in the process of being resolved.

Combined bills for February, March and April consumption were sent to the customers in May. Approximately 268 accounts had electric reads estimated and 691 accounts had water reads estimated. Estimates were used for reads not accessible from the AMI system for old meters and new AMI meters that were not recording to Incode because of a software update. With this utility bill, each customer received a letter with 3 payment options for residential customers and 2 options for commercial customers discussed below. May consumption bills were created manually and sent out in June. The June consumption bill was the first bill using NextGrid readings imported into Incode. July meter reads had been imported from NextGrid into Incode. Some of the AMI meter reads did not get imported and the City needed to go meter to meter to determine the cause and rectify it. The non-AMI meters were manually read but the readings were not yet entered into Incode.

Some of the bills the City mailed were apparently not received by customers so the City began mailing bills from a different location resulting in fewer complaints about customers not receiving their bills.

The combined bills (February, March and April consumption) and the May consumption bills utilized real reads where accessible or otherwise estimates. The June consumption bill, which was the most recent bill as of the date of this meeting, was the first “live” bill from the City’s billing system since the bill for January consumption mailed in February. For some customers the first “live” bill caused a “true-up” between the 4 months of manual bills and in some cases true reads vs. estimates.

With the combined months billing mailed to customers in May, each residential customer was given 3 payment options for the bill (bill total was three months of estimated usage).

Option 1 – Pay the bill in full and receive a 5% discount and the recent charges for electric and water.

Option 2 – Pay 1/12th of the total amount of this bill, and the remaining balance would become a “contract” with 11 additional months of equal payments. Additionally, the customer would sign up for budget billing, Incode’s “AMP” program, using the monthly amount calculated by the City and included in this letter.

Option 3 – Pay April and May in full, and pay 1/12th of the total amount of the February and March combined bill, and the remaining balance would become a “contract” with 11 additional months of equal payments, but not join the AMP program.

Commercial customers could select from Option 1 or 3 as Option 2 with budget billing as approved by ordinance was only for residential customers.

Approximately 237 customers chose Option 2 and 233 Customers chose Option 3. The City’s correspondence stated customers it did not hear back from would default to Option 3.

The May consumption bills included the AMP and/or contract amounts from the letters with the combined bill. Because the manual bills or bills posted in Incode may have reflected different estimates or differences between actual reads and estimates, the June consumption bills (issued in late July) were based on actual readings, Incode calculated contract and AMP amounts differently than the City did with the letters sent to the customers. For those approximately 500 customers in Option 2 or 3, their bills did not match their expectations and caused many calls and questions to the utility billing office. Additionally, Incode moved the past due amounts into the total contract amounts at the end of June, resulting in Option 2 and Option 3 customers who made payments between the end of May and the end of June, having their payments applied to the past due amount not the current due amount. This lowered the amount that was moved to the contract and showed a now current past due in addition to the contract amount.

The City Administration chose to honor the lower AMP and/or contract amounts given to the customers in May, rather than the updated calculations from Incode. Any remaining contract balances at the end of the 12-month period would be discussed with the individual customer. Incode made these changes as a batch to the Salem system and approximately 31 customer’s accounts required manual intervention after a discussion with the customer.

Steps Determined to Complete the AMI Metering and Incode Billing Project

1. Manually enter the readings from the non-AMI meters for July consumption.
COMPLETE
2. Investigate and correct the a few AMI-meters that did not communicate with NextGrid and upload July and/or August consumptions to Incode. **IN PROGRESS**

3. Incode to transfer all Option 2 and 3 customer's past due amounts to the contract total. **COMPLETE**
4. The City to contact all 31 customers whose accounts needed manual intervention for the contract and AMP amounts to settle on those amounts going forward. **IN PROGRESS**
5. Incode to change all Option 2 and Option 3 customer monthly contract and AMP payment amounts to the amounts that the City offered the customers in May. **COMPLETE**
6. Bill August usage and develop a plan for getting back on schedule with the standard billing cycle. **IN PROGRESS**
7. Replace the 400 remaining water meters and 30 remaining electric meters with AMI meters. **TO BE SCHEUDLED AT THE COMPLETION OF ITEMS 2 AND 6**

We look forward to assisting the City in the completion of this project.

Sincerely,

BHMG Engineers, Inc.

A handwritten signature in black ink, appearing to read "Verbal J. Blakey". The signature is written in a cursive, flowing style.

Verbal J. Blakey, P.E.
Principal/CFO