

Utilities working together towards sustainability (Greg Stopford – Revenue Protection Manager City of Cape Town & Rens Bindeman - SARPA Technical Advisor)

(1) Goal

The goal of the SARPA Revenue Recovery Strategy is to assist Utilities in South Africa to minimize their non-technical revenue losses and recover lost revenue.

(2) Process

The Revenue recovery project is an analytical process of identifying shortcomings and best practices in all aspects of the Utility's operations looking at technical processes, administrative processes, revenue loss management processes, data capturing and management processes as well as procedures / guidelines / bylaws which could lead or contribute to revenue losses.

The information gathering process consists of communication sessions, followed by an administrative exercise, a field inspection and a final combined feedback session with a representative from each Service Department that was involved in the exercise.

The communication sessions consists of a "question and answer session" with members of the relevant Service Departments namely Electricity and Water, Finance, Data management as well as Housing / Town planning.

The field exercise incorporates visits to the different categories of customer premises to inspect the meter installations namely Large power users (LPU), Smaller retail businesses, pump stations, farms, residential premises (higher and lower income areas) and Municipal bulk metering points.

The administrative exercise incorporates obtaining procedures, guidelines, bylaws, data printouts and other relevant documentation that is available to determine trends, shortcomings and best practises.

At the feedback session the Task Team members share information regarding "fast fix solutions", (which could prevent further big losses and immediately bring in big amounts of revenue). Other proposals regarding long-term processes (that should be implemented in order to minimize losses and recover lost revenue) will be compiled into a report and submitted to the Municipal Manager as soon as possible. Task Team members will be available (via phone) to assist with more guidance if necessary.

After analysing all the information obtained during the exercise, the Task team will put together a presentation containing suggestions to the Municipality on how to rectify all the issues that were identified. The feedback will also include the sharing of best practices, proposed training courses and suggested suppliers that could be approached to address certain shortcomings.

It is envisaged to revisit the targeted Municipality three months after the Task Team visit, in order to determine if any further assistance were needed.

It is important to note that the Intellectual property of this Tool kit resides with SARPA and the results of all interventions remains the property of the Utility requesting the intervention.

It must be further remembered that this tool kit is in its infancy and a process of continuous improvement is been followed in refining the concept.

(3) Toolkit

The toolkit provides guidelines to the following processes

- 1) Communication exercise
- 2) Administrative gathering process
- 3) Field exercise

The goal of the toolkit is to: -

3.1) Test the processes of minimizing losses: -

- Tampering with “medium to large power user” meters
- Tampering with domestic meters
- Identifying illegal connections
- Shortcomings with regard to meter installation and maintenance
- Defective meters / incorrect installations not been identified
- Incorrect meter readings

3.2) To determine: -

- The amount of inspections at each type of metering installation
- What type of audit are been performed in the different categories
- Reconnection fees for different categories of consumers
- Reasons for malfunctioning of meters
- Effective criminal and disciplinary actions for illegal actions
- Safety aspects of metering installations due to tampering, theft or negligence

3.3) How are revenue losses been calculated: -

- The methods used to determine technical losses
- The methods used to determine non-technical losses
- Are bulk meters in place and effectively utilized
- Is ring fencing used as a tool

3.4) What processes are in place to deal with: -

- Protection of metering equipment (locked areas)
- Unsafe installations
- Sealing of meters
- Unsafe leads
- Corrupt data systems
- Ghost metering / vending

3.5) Processes of investigating / recovering lost revenue: -

- Methods used to collect evidence
- Methods used to protect / store evidence
- Data analysis processes to substantiate evidence found during the inspection
- Interaction with Law Enforcement Agencies and Judicial structures
- Methods used to recover past usage from the consumer

3.6) Process of communicating: -

- Information regarding losses within the organization
- Methods used to educate consumers regarding illegal acts
- Best practises from other Utilities
- Establishment of a Revenue Loss Management forum

(4) Task Team

The Task team consists of experts in the field of revenue protection, financial and credit control measures, meter management, law enforcement and risk management. During the field exercise it is necessary for an authorized person from the Utility to escort the task team members into the field. This will eliminate the constraints regarding access to metering equipment and safety aspects.

(5) Key performance areas

Target group

- Finance
- Water
- Electricity
- Housing Department
- Procurement
- Law Enforcement

Task team dynamics

- Commitment by Task team members to take part or be on standby
- Chairman to be elected at planning session
- Someone should take notes of main issues (not involved in session)
- Determining the correct amount and knowledge spread in the team
2 water / 2 finance / 2 electrical / 1 Revenue Protection (all-rounder) (max 7)

Timetable

- 1 day for Finance Department
- half day for each Water and Electricity
- 2 hour sessions for Housing and Procurement
- 2 hour combined session with representatives of all entities
- Half hour briefing session each day
- 08h30 start of information session
- 13h00 – 14h00 lunch

Team information sessions

- Planning session to be held on the day before the exercise
- Half hour briefing session each day between Task Team members (08h00-08h30)
- Debriefing session after completion of all the sessions (14h00-16h00)

Data recording

- After each session a summary of the information obtained should be forwarded to the Coordinator
- Photos to be downloaded to the Coordinator's laptop

Field exercise

- Need to do probing meter audits before the information session.
- Divide into smaller groups to focus on different categories of consumers
- Should check water and electricity meters at the same time
- Focus on loss as well as safety issues
- Check for bypasses, illegal connections and tampers
- Talk to consumers to check facts obtained during the information sessions
- Check availability of trip codes and CT values to technicians
- Check sealing process, plot number labeling in Kiosks and retrofit process

Report

- The report to be compiled from notes recorded during the sessions
- Draft report to be completed within one week after completing the project
- Report to be sent out to “Site task team” and “secondary task team members”
- Feedback to be completed within 14 days and sent back to Coordinator
- Final report to be completed within one week after feedback were received
- Final report to be sent to the Executive for finalization.
- Report forwarded to be forwarded to the Municipal Manager
- Presentation prepared from report for feedback session to Council.

Challenges

- Task team members primarily have their own duties and responsibilities
- Costs of the intervention (No sponsorship received up to date)
- Integral knowledge of the systems in the utility (project period too short to check all the relevant facts)
- Logistical issues (Travelling, accommodation, meeting facility)
- Openness of staff (answers sometimes very vague or incorrect)

(6) Conclusion

The Revenue Recovery project is a very valuable exercise that could be of huge value to Municipalities where these exercises are held, in order to minimize and recover their revenue losses. Support from all SARPA members for this project is necessary, in order to make it a worthwhile exercise.

Once the toolkit is completed, it will be a valuable asset to every Utility in South Africa.