

January 10, 2022



To our residents, businesses, and utility customers,

I am reaching out to all of you regarding a billing error that was discovered upon review of the recently sent utility bills (due on January 15, 2022) regarding natural gas consumption. **FIRST** and **FOREMOST**, please note that this error is not related to metering or the consumption reading of the meters or the per unit price of natural gas. The utility bills that go out at the end of December/beginning of January are also typically when updated utility rates go into effect. Every year (and monthly for gas), city staff work with our municipal software company to implement these rate changes and everything usually works out as anticipated and with no issues for the city or our customers. Unfortunately, that was not the case this time around.

WHAT HAPPENED?

When new gas rates were entered, a conversion error occurred due to a decimal point not being in the correct place in the rate tables. While the consumption totals and base charge for natural gas reflected correctly on the printed bills, the billed amount was incorrect and underbilled for most customers. Overall this underbilling represents over \$70,000 that should have been billed out but was not. Enclosed you will find examples of a customer's bills from both this latest billing and the previous month that illustrates how the billed gas amount is figured. Our normal policy of spot auditing random bills did not raise any initial concerns as November (the month covered by the bill) was warmer than normal and we expected lower consumption and bills accordingly. This error affected most natural gas customers and resulted in them only being billed the minimum charge despite usage of gas during November. If the city did not take steps to correct this, there would be financial implications as the error will result in the city taking in less revenue than what is needed to pay for the gas. Natural gas sales are also subject to sales tax and without a correction to reflect accurate billing amounts, the city would be reporting and remitting incorrect sales tax revenue which is counter to state law.

HOW IS THIS BEING CORRECTED?

An adjustment to reflect the billing amount for natural gas as it should have happened will be done on all affected accounts. As the printed bills represented an underbilling, most accounts legitimately owe more for natural gas consumption than what was printed on their bill. *The City will not be sending out new printed bills or e-bills* but account information will be updated to reflect the additional charges that should have been on the January billing. Customers are always free to call or come into City Hall and a staff member will go over their balance with them. Customers who pay or check their utility bills through PSN will also see these updated balance amounts. Beyond this letter, staff will also be contacting directly gas customers who have an adjustment of \$50.00 or more. Customers currently on Level Pay will not be affected in terms of their billed amount, although the bill adjustment will affect their settlement and overall balance accordingly.

Customers will have the option to pay the updated/corrected billing amount, or the billed difference can be added to their February bill. As this error was not caught until after bills had been sent out, the City of Halstead will not be observing the normal delinquency dates or turnoff dates until the next billing cycle which

would be due on February 15, 2022. After February 15, 2022 the city will begin observing delinquency and shut-off timelines and charges per currently policies and ordinances.

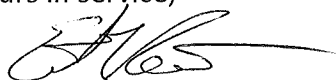
GOING FORWARD

In my seven (7) years with the city, this is the first time this type of issue has ever occurred with our utility billing system. Our focus at City Hall is how do we keep this type of error from occurring in the future? To that end the city is implementing new steps and policies in relation to our billing to minimize the chance of future errors such as this one. These include added redundancy and two-person review to check for accuracy when rates are input into the system and increasing the amount of bills that are spot audited before mailing. We are also working with our software company to make change within the software to help identify these errors when the bills are generated.

An error with natural gas billing such as this also probably brings up frustrations with what happened almost a year ago with Winter Storm Uri and the natural gas price spikes. These situations are completely unrelated as one involved a natural event while this issue was caused by human and software error. The City of Halstead remains committed to working for and with our customers as we have done over the years as well as making sure to research and correct billing errors when they occur. While mistakes are inevitably bound to happen, I know that does not diminish the impact that this particular error may have on some of our customers and their finances and that is why we are taking steps to try and make sure such an error cannot happen in the future. Please know that if you are experiencing a hardship for any reason that affects your ability to pay or you believe or discover a billing error that exists on any part of your utility bill; the city staff and I are always willing to listen, present available options for correction, and work with you towards a solution.

Please do not hesitate to reach out to City Hall and speak with a staff member or to contact me directly if you need assistance or have questions or concerns. I thank you for your understanding and pledge that we will do better in the future.

Yours in service,



Ethan T. Reimer
City Manager