

S&WB Dispute Resolution Process

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What the OIG Found

The Office of Inspector General (OIG) for the City of New Orleans conducted an evaluation of the Sewerage and Water Board of New Orleans' (S&WB or "the Utility") billing dispute resolution process. After review, the OIG concluded the process used to resolve disputes was not systematic and fair, and it did not balance the rights of individual customers to have accurate bills with the rights of citizens to have a financially stable utility.

The OIG discovered the S&WB program management did not use information collected in the dispute process to inform executive management for appropriate operational decisions. Because of problems with S&WB customer data, the OIG was unable to perform much of the planned analysis on billing disputes. Rather, the evaluation focused on the process used by the S&WB to resolve billing disputes and did not seek to determine the underlying cause of billing issues at the S&WB. Further, the evaluation was limited to S&WB customer accounts that filed billing disputes between October 2016 and October 2018, with an emphasis on billing disputes resolved after an administrative hearing.

Louisiana law allows the S&WB to adjust water bills in specific circumstances such as an error in reading the meter, faulty equipment, or process failures. At the conclusion of the evaluation, the OIG found that the S&WB improperly donated public funds by approving bill adjustments that were not within the parameters of the law. The utility also violated the Louisiana Administrative Procedure Act by granting unwarranted rehearings to customers. Finally, the utility failed to effectively manage data and information. Because the use of data regarding administrative hearings and billing disputes was not properly evaluated or prioritized, the utility was not aware of the types and magnitude of billing adjustments provided.

What the OIG Recommended

The OIG made the following recommendations to improve the dispute resolution process:

- The S&WB should ensure its policies and procedures for bill adjustments comply with the Louisiana Constitution, are limited to those criteria specified by law, and are applied consistently and transparently to increase public trust and good will toward the agency.
- The S&WB should design and control the process for scheduling hearings to ensure rehearings comply with the criteria set forth by the Louisiana Administrative Procedure Act.
- The S&WB should develop and implement a strategic plan for data management to help the Utility identify needs related to data collection and control, data retention and retrieval processes, along with system and data storage capabilities. The agency should use this information to create an internal process to accurately and efficiently report and maintain aggregate data on administrative hearings and bill adjustments. The Utility should also use the information to proactively monitor and evaluate their process, review adjustment policies, and perform continuous improvement.

Purpose of This Report

The purpose of this project was to examine the S&WB's process for resolving customer billing disputes. In the course of the evaluation, the OIG sought to determine whether the process used to resolve disputes was systematic and fair to both customers and the S&WB, evaluate whether the S&WB used the dispute process to find the root cause of billing errors, and provide descriptive statistics related to the number and monetary amounts of billing disputes.