

# Correcting Utility Bill Mistakes

Utility bill errors happen more often than you might expect. Metering electric use and preparing billing statements are a complicated process and sometimes things can go wrong. It does not happen very often, but it happens often enough to make it worth while to check for errors. The cost of the effort to review the bills for errors can be a fairly quick payback.

## What can go wrong?

Rest assured that your utility company is not dreaming up ways to sneak an extra couple of bucks from you. If they had the time to check each bill, of the thousands that are processed each day, they probably would. Here are some things that can cause an incorrect electric bill.

1. **Meter Problems** – Like any mechanical device they can malfunction. Some times it can be in your favor. There may be a manufacturer’s defect. Meters are changed out all the time in the field. Some times when the new one is put in, mistakes can be made. If a utility company finds a bad meter they may have to estimate the readings for that month. They try to pick a fair estimate but it is possible that they used wrong assumptions. The new meter may have a different constant than the old meter and they may forget to update it in the utility metering software. The number that shows on the meter is not the actual kWh or KW. It is a meter unit that must be multiplied by a “constant” or “multiplier” to get the actual kWh or KW amount.
2. **Meter Reading Problems** – This can happen in several ways. As mentioned above sometimes the meter reader can’t get to the meter that month so the utility company has to estimate the readings. This is okay for the kWh. If it was over estimated the previous month it will correct itself at the next reading because it is a cumulative number. This is not true of the demand reading. There is no way to make sure what it actually should have been other than to have copies of bills showing the previous month or the same month from the previous year.
3. **Calculation Errors** – Sometimes a utility company may change to a new system of calculating bills and improperly place billable items in the wrong sequence. There are taxes and fees that are applied to certain items and not to be applied to others. It is possible that taxes or special fees are applied to billing items where they should not be applied. Some taxes do not apply to schools.
4. **Wrong Rates** – Utility companies can change the rate they give you in order to achieve the best rate for your situation, however, they can’t look at every bill each month to see if that is occurring. Most schools’ main meters have a General Service Demand rate. You are charged a rate for total consumption (kWh, energy charge) and a separate rate for demand (KW, peak power for that month). The second most common is the General Service rate which is simply a charge on the total consumption (kWh). In some cases a Time of Use rate may be applied. These rates should be checked periodically to make sure that you have the one most economically beneficial.

Other utility meters are not as complex, but they too have potential problems in terms of malfunctioning meters, misreading, etc. Water meters also have a charge based on the diameter of the pipe. In some cases this is set at the time of building commissioning based on engineering specifications. You may find that actual usage dictates a smaller meter with a lower charge. Sometimes water service that is used primarily for irrigation or cooling towers includes a sewer charge that is not appropriate. Although there are no meters, telephone bills are also worth pursuing.

## **Contracting for Utility Bill Audits**

There are companies available to help you find these errors. They can also assist you in getting the corrections made and a return of any amounts that are due back to you. Here are some things to consider when contracting with these companies.

1. There are several approaches to fees that are offered by these companies. Many Utility Bill Analysis companies will offer a “no cost to you unless we find something” type of fee. Typically they will ask for a 50% share of any of the saving found, however, there may be some room to negotiate the actual split. The other approach is to offer a fee for services based on the number of hours used to do the analysis. Each approach has its advantages and disadvantages. A shared savings approach with no up front cost lets you get started without any funds. If anything is found, you are guaranteed at least 50%. This, however, risks the company being paid far more than the level of effort required if they find something big. There is no guarantee that any savings will be found. All the risk is on the contractor. On the other hand, paying a fixed fee places all the risk on you. But, in this case any large savings will be yours as well. You need to decide how you want to handle the risk. Some companies will agree to a cap on the 50% sharing. This way they can benefit from any large find but not to an unreasonable degree.
2. There are two categories of corrections that are treated differently – past errors and the effect of rate changes on future costs. Corrections of billing errors on bills that have already been paid mean that you will be getting a check back from the utility company. If it is a small amount, then they may just apply a credit of that amount to the next bill. However, rate changes affect only future bills. You will have to make some arrangement with the company to pay the agreed share of their compensation. This can be accomplished by the company providing a report showing what the bill would have been under the previous rate and comparing it to the actual bill under the new rate. This could be included with their invoice for the amount of their compensation. The key question here is how long you will have to pay them for sharing the savings of rate changes. This will vary; however, you should be able to get a period of time that is at least as low as 24 months.