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FOR IMMEDIATE RELEASE

Milwaukie Finance Department discovers utility billing system errors – conducting full audit

One of the top priorities assigned to the City of Milwaukie's Interim Finance Director when the position was filled in February was to conduct a thorough review of the City's utility billing system.

An audit of all 628 commercial and multi-unit residential accounts showed that 128, or 20%, are being billed incorrectly – some being charged too much, some too little. These findings prompted an audit of residential accounts. A random sample of fifty residential accounts showed that 14 accounts, or 28%, are being billed incorrectly. As result, a full audit of the remaining 6,500 residential accounts will be conducted over the next six months.

Although a high percentage of errors has been found in the residential account sample, the dollar amounts involved are quite small. Coupled with the fact the City will not be pursuing collections on accounts owing less than \$200, it is anticipated very few residential customers will be impacted.

"This discovery is upsetting but now we have to focus on protecting the integrity of our City's utility system," said Milwaukie Mayor Jeremy Ferguson. "We will make every effort to work with our customers to correct these mistakes and restore confidence in the system."

The audit of the commercial accounts shows that of the 128 commercial accounts that have been billed incorrectly a total of \$345,408.21 has been under-charged and a total of \$37,077.39 has been over-charged during the past three years. Many of these account errors go back more than fifteen years to when the accounts were created, although the incorrect billing amounts noted are limited to three years.

Those accounts that have been over-charged will receive full refunds. Those who have been undercharged will be notified and allowed to challenge the findings. If it is determined that charges are due the City will work with the customer to arrange a payment schedule of up to one year at zero per cent interest. As state law sets a three year restriction on how far back the City can go in settling these accounts, refunds and collections will be confined to 2007 - 2010.

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An analysis of the billing system concludes that a combination of factors lead to the inaccurate billings, including fragmented communication between departments and a complex billing system that creates opportunities for errors, but makes it difficult to detect them.

Interim Finance Director Andy Parks is leading the staff through the audit and says the staff is committed to making certain every record is carefully reviewed and a new system is set in place to guard against future inaccuracies.

“I want Milwaukie residents to know that we are making every effort to ensure complete accuracy and transparency in their billing system,” Parks said. “We’ve found errors, and we’re fixing them. Just as importantly, we’re fixing the system so that we’re billing our customers accurately from this point forward.”

In an effort to communicate with the City’s customers directly on this matter the City will be sending all of its customers letters in the coming billing cycle informing them of this problem and of the City’s plans to correct it.

For more information regarding the audit, its findings, and the program under which the City will rectify past accounts, visit <http://www.ci.milwaukie.or.us>.

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