



NEPTUNE
TECHNOLOGY GROUP

CASH FLOW CASH REGISTER

For Water Utilities, Cash Flows through Registers

It's common knowledge: We're in a recession. One of its main triggers has been the mortgage crisis which has led to a housing slump. Particularly hard hit have been builders, sellers, and others directly connected to the housing market – such as utilities.

In an economic downturn, it's not unusual for companies to tighten their belts to conserve spending as well as resources. What makes utilities different is that the belt-tightening may actually improve full-cost recovery and equitable billing efforts.

How is this possible? Through correct, efficient use of meters – the “cash registers” of water providers.

HOW UTILITIES BECOME “INTERNAL REVENUE” SERVICES

The financial crunch is forcing utilities to prioritize, to “get back to basics,” according to Andre Noel, senior marketing manager for Neptune Technology Group Inc. Utilities' key focus: full-cost recovery and equitable billing. It's not just about being frugal; it's more about finding the most efficient and most effective way to manage resources and increase the value for their customers.

Recapturing production costs has been increasingly difficult. Many utilities routinely fail to recoup 20 to 30 percent of those costs; and in areas challenged with older infrastructure, the losses can reach 50 percent.

“Some of the infrastructure [in today's cities] is in need of an upgrade,” said Noel. “There is a potential for major losses and leaks in their water systems.” And with community mandates and even state requirements on maximum levels of Non-Revenue Water (NRW), utilities are under more pressure to control resources and to offset any rate increases. Noel added, “Utilities are thinking ahead to offset rate hikes through conservation measures. They're able to avoid costly expansions and pump less water – particularly the large amounts of Non-Revenue Water (water that has incurred the cost of treatment and pumping).”

To turn this tide, “utilities need to look within, to put needed programs and processes into place,” said Noel. The first and most important of these should address metering accuracy, “since the meter is what generates the revenue that pays for everything else – leak detection programs, valve programs, and infrastructure maintenance and repair.”

TOOLS FOR A QUICK ECONOMIC RECOVERY

These days, there are more tools than ever to assist in recovering Non-Revenue Water, including metering systems that combine accurate reads with added features such as leak detection. Among these are ARB® Utility Management Systems™ from Neptune.

Neptune's E-Coder® solid state absolute encoder, when combined with ARB® Mobile™ or ARB® FixedBase™ Systems, alerts utilities of leak, tamper, and reverse flow conditions so that they can actively monitor and address potential water loss

through service line connections. AMR Peralmag® acoustic leak sensor technology can be combined with Neptune's Mobile or FixedBase Systems to identify water loss through distribution lines. Utilities can use Neptune's E-Coder®R900™ as part of an ARB Mobile System to monitor leak status at the meter in 15-minute intervals over 24 hours as well as identify unauthorized or abnormal consumption, household leaks, and distribution system leakage as they occur. Data logging capability in the register helps improve cash flow, allowing the utility to proactively identify and address customer leaks before they evolve into billing disputes, reducing bill adjustments, bad debt expenses, and delays in revenue collection.

The FLOSEARCH® II System – comprised of a recorder, transmitter, and software – generates a consumption profile over a specified time period to detect incorrect meter sizing and meter type for the application, leaks, and/or abnormal usage.

SEER® (Statistical Evaluation for the Enhancement of Revenue) is a powerful analytical tool that utilities can use anytime, online, to determine which meters need replacing or rightsizing. Utilities using SEER can quickly calculate meter accuracy as well as calculate how the resulting revenue increase can cover replacement costs. SEER can assist with full-cost recovery efforts or help defer rate hikes.

Utilizing Neptune's revenue management tools and adhering to the American Water Works Association (AWWA) annual schedule for meter maintenance, utilities can make the most of their resources.

THE METER IS RUNNING, WITH UTILITIES PULLING AHEAD

Even in the midst of a trying economy, utilities can implement programs and processes that not only keep heads above water but actually achieve full-cost recovery and impart equitable billing practices. According to Noel, several of Neptune's customers have seen dramatic results – improvements in full-cost recovery, reductions in water pumped (and wasted), and deficits that have changed to surpluses, leading to self-sufficient operations.

“When they see the benefits, these proactive utilities see how important it is to have a comprehensive metering program in place,” said Noel. “To them, it becomes a no-brainer, and many go on to use the tools Neptune provides to create even more elaborate revenue management programs.”

As bond financing becomes harder to secure and other outside financing sources begin to dry up, those utilities that look inward for solutions are finding they can generate the revenue themselves to pay for metering and meter reading system projects. Some are even discovering that they can free up other capital projects that have been on the “back burner.”

While other industries struggle through the recession, water service providers can make a difference for their own operations; if they just look in their “cash registers,” they may find the solutions they need. 