Discovering Unaccounted-for Energy with the Revenue Assurance Service

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**Introduction**

The Revenue Assurance Service (RAS) is a comprehensive analytical services offering for electric and gas utilities focused on identifying, quantifying and enabling the utility to recover “non-billed revenue” — the difference between potential revenue from energy supplied and actual energy billed.

RAS identifies administrative and commercial revenue leakage across a utility’s entire residential, commercial and industrial customer base. Administrative and commercial revenue losses today amount to an estimated 2 percent to 5 percent of a utility’s total revenue.

**Administrative Losses**

Administrative losses are typically the result of uncollected debt, customers being on wrong tariffs, improper billing, un-presented billing and bad debt. Administrative losses represent about $3 billion in revenue loss each year in the U.S., or just under 2 percent of energy supplied.

**Commercial Losses**

Commercial losses are generally a result of theft from known accounts (tampering) as well as un-metered and mis-metered energy. Commercial losses represent between $3 billion and $9 billion in revenue loss each year in the U.S., or between 1 percent and 3 percent of energy supplied.

*Based on $300 billion revenue and 4% loss - IURPA and EEI data*
Approach and Scope
The Revenue Assurance Service is delivered by an exclusive partnership between Itron, Inc. and Bass & Company Management Consultants. RAS offers a holistic approach to revenue recovery, combining: expert analytical resources, industry-leading data analysis software, existing utility customer and asset data, and external data sources to support revenue recovery programs across a utility’s entire residential, commercial and industrial customer base.

RAS is founded on the premise that years of utility operations expertise and revenue recovery experience can be codified into a series of statistical algorithms that, in essence, perform the same initial screening and analysis work usually performed by a team of utility revenue assurance experts, only in a more consistent manner and at a much lower cost. RAS identifies revenue leakage by applying these field-proven algorithms, along with revenue assurance investigation best practices, across multiple utility internal data sources (CIS, MIS, WFMS) and appended with external data sources (SIC, zip +4, credit score, weather) to create a list of suspect accounts. The suspect list is a prioritized list of premises or accounts with reason codes and a weighted revenue recovery valuation of each opportunity. A suspect list is provided to the utility’s revenue protection investigation team on a periodic basis for field investigation and subsequent actions (customer contact, back-billing, mediation, negotiations, etc.). And since all data aggregation and analysis is done at Itron’s hosting facility, RAS requires no software purchase, system implementation, infrastructure investment or time-intensive data analysis by the utility.

Itron uses powerful revenue assurance software to aggregate the utility data and perform advanced analytics, all in Itron’s secure, state-of-the-art hosting facility.
RAS is designed to provide a continuous improvement approach to finding incremental revenue recovery opportunities as offenders are acted upon and utilities account for anomalies by identifying and remedying problem business practices and equipment.

**Interface to the Revenue Investigator**

RAS does not require software purchase or implementation. RAS is a web-based service that provides an easy-to-use, secure browser interface that allows utilities to view and process new and existing cases. Revenue investigators log into the secure website to view new cases, track and update case status (e.g. move a case from ‘New’ to ‘In Progress’ to ‘Closed’), or forward specific cases to certain individuals for field investigation or escalation. RAS also allows the revenue investigation team to ‘Dispute’ a case and add comments that describe why the case is in dispute. The ‘Dispute’ status triggers further investigation from the RAS team at Itron and Bass & Company. This continuous utility feedback is part of the iterative process that drives the ongoing improvement and development of RAS algorithms. As time moves on and revenue leaks are identified and fixed, more sophisticated analytics and filters become necessary to continue to achieve significant results.
RAS displays each suspect case in a simple spreadsheet format that investigators can view, edit, print and download.

RAS also provides revenue investigators with sophisticated workflow management tools that allow them to track the status of each case.
Getting Started with RAS
With RAS, a utility can have revenue assurance programs up and running in months, not years, by following a simple three-step process:

1. Revenue assurance program design and requirements definition.
2. Utility data retrieval and export to comma-separated values (CSV) file format.
3. Data validation and integration, and algorithm configuration and testing.

Once the validated data exchange is in place, and the initial revenue assurance programs are configured, your first suspect list arrives.

RAS Pricing
RAS is offered as a commission-based service. Utilities pay a modest fee for implementation and then incur additional expense only if the utility actually finds revenue in their meter-to-cash value chain utilizing RAS. Utilities pay a fraction of the assessed value of a suspect case, when that case is determined by the utility to be legitimate.

Utilities that sign up for RAS can also take advantage of Itron and Bass & Company’s combined industry expertise for process consulting across their meter-to-cash lifecycle. With that, Itron and Bass can offer a complete turnkey solution to help utilities not only identify, quantify, bill, and collect unbilled revenue, but also to fix problems or conditions to prevent future revenue leakage.

Partner with the Best in Revenue Recovery
RAS is a collaborative effort between Itron and Bass & Company. As such, utilities that subscribe to RAS will benefit from the following advantages:

- Bass & Company has been a leader in the utility consulting industry for more than 10 years.
- Itron design and development expertise leads the industry in building leading-edge software applications for the utility market.
- Itron and Bass’s collaborative approach has made it possible to codify Bass’s utility operations expertise and revenue recovery experience into a series of statistical algorithms that can, in essence, perform the same initial screening and analysis work of an entire team of revenue assurance experts.

Contact
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Itron Inc.

Itron is a leading technology provider and critical source of knowledge to the global energy and water industries. Nearly 3,000 utilities worldwide rely on Itron technology to deliver the knowledge they require to optimize the delivery and use of energy and water. Itron delivers value to its clients by providing industry-leading solutions for electricity metering; meter data collection; energy information management; demand response; load forecasting, analysis and consulting services; distribution system design and optimization; web-based workforce automation; and enterprise and residential energy management.

To know more, start here: www.itron.com

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About Bass & Company

Bass & Company is a management consulting firm dedicated to providing expertise across a broad array of strategic and operational issues in the utility and energy industries. With a reputation for providing trusted, experienced advisers to senior management, Bass & Company is distinguished by its ability to assist clients in successfully conceiving, structuring, and executing growth and efficiency initiatives across the business enterprise with precision and impact. Bass & Company is industry-recognized as the leader in revenue assurance and credit & collections strategy development and execution.