

The Seattle Times
Winner of Nine Pulitzer Prizes

Local News

Originally published Friday, December 2, 2011 at 8:12 PM

Utilities workers fired for fixing their bills

For the second time this year, Seattle Public Utilities has fired employees for fixing utility bills.

By Lynn Thompson

Seattle Times staff reporter

For the second time this year, Seattle Public Utilities has fired employees for fixing utility bills.

Three employees were fired and a fourth suspended Friday for falsifying payment records, waiving late fees or arranging for extended payment plans, all to benefit themselves or a family member.

The dismissals came as the Seattle Ethics and Elections Commission in an independent investigation found that four current and one former SPU employees had improperly adjusted utility accounts. Four were customer-service representatives who routinely had access to utility and electric bills. The fifth was a civil engineer who also had access to the billing system.

The most serious is that of the engineer, Chau Phan, who left SPU in February after 16 years with the utility. Phan signed a settlement agreement with Wayne Barnett, director of the Ethics and Elections Commission, in which Phan acknowledged that he had fixed his own residential utility account and that of a rental property to record payments of more than \$1,000 when none were made.


Barnett is recommending that Phan be fined \$1,500. Because he is no longer an SPU employee, he was not subject to disciplinary action.


The Ethics Commission meets Wednesday and may accept the recommendation or impose different sanctions.


The utility fired two employees in January and February for lowering their own bills and said it would launch an investigation in cooperation with the city auditor. At the utility's request, the Ethics Commission began its own investigation in September. The utility said its investigation is expected to take several more months to complete.

Top comments

[Hide / Show comments](#)

 integrity and ethics Some people have it Some people will never grasp the... (December 3, 2011, by chapped)[Read more](#)

 Now the question is was it worth the small savings? Foolish people, ethics count! (December 2, 2011, by Tomday911)[Read more](#)

 How about prosecuting them for theft? (December 2, 2011, by The Real Dana)[Read more](#)

[Read all 27 comments >](#)

[Post a comment >](#)

The utility did not release the names of the employees disciplined, so its not certain they are the same ones mentioned in the Ethics Commission report, or which violations which employee is accused of committing.

The state auditor in June completed a routine examination of Seattle Public Utilities billing system that blasted the agency's oversight. The audit concluded that SPU did not have adequate controls over customer accounts and that as many as 300 employees had access to the combined utility billing system for SPU and Seattle City Light.

The audit also noted that in a 17-month period, July 2009 to November 2010, the utility made 2.4 million adjustments to more than 264,000 accounts.

SPU director Ray Hoffman said that although the dollar amount involved in all the cases is relatively small, the greater issue is employees using their positions for personal gain.

"SPU takes the public's trust seriously and expects our employees to follow the city's ethics code. We are committed to a full review of department procedures and have taken strong steps to prevent misconduct," Hoffman said in a statement.

Among the measures instituted since the billing investigation began last year are enhanced internal controls and monitoring of billing transactions, fewer staff with access to customer accounts, and a requirement that employees sign a confidentiality agreement that includes an ethics statement, said SPU spokesman Andy Ryan.

Ryan said that since the first cases were uncovered, the utility has been reviewing 10 years of department billing data for irregularities.

According to the settlement agreements released Friday by the Ethics Commission, one longtime customer-service account representative repeatedly set up payment programs for her own account that allowed her to defer payments and avoid late fees or collection action.

Between January 2010 and January 2011, the investigation found, the employee created 10 different payment plans using her access to the billing system.

In February 2010, she received a shut-off notice that required her to pay 75 percent of her outstanding balance. The employee paid just 3 percent of the balance and then set up a new payment plan, according to the investigation.

City ethics rules prohibit an employee from participating in a matter in which he or she has a financial interest.

The rules also say that an employee may not use a city position for private benefit. The employee has admitted wrongdoing and agreed to pay a \$1,500 fine, subject to approval by the Ethics and Elections Commission.

The other three cases involve account representatives who adjusted their own or a family member's bill, according to the Ethics Commission findings.

One has agreed to a \$700 fine for setting up 16 payment plans over three years that deferred payments to the utility and avoided credit action.

Another has agreed to a \$400 fine for creating five payment plans for her own account between August 2010 and February 2011.

A third agreed to a \$300 fine for waiving a \$5.90 extra garbage fee twice and one \$10 late fee, both on her parents' account.

Lynn Thompson: 206-464-8305 or lthompson@seattletimes.com. On Twitter @lthompsonimes.

The Seattle Times Winner of Eight Pulitzer Prizes

Originally published June 7, 2011 at 10:43 AM | Page modified June 7, 2011 at 9:27 PM

Audit questions \$24.7 million in billing cuts to Seattle utility customers

Seattle Public Utilities doesn't have adequate controls over customer accounts and may have lost millions in revenue to the city by reducing bills without ensuring the reductions were legitimate, according to a draft state audit.

By Lynn Thompson

Seattle Times staff reporter

Seattle Public Utilities doesn't have adequate controls over customer accounts and may have lost millions in revenue to the city by reducing bills without ensuring the reductions were legitimate, according to a draft state audit.

The audit found that Seattle Public Utilities (SPU) reduced bills by \$24.7 million on utility and electricity accounts between July 2009 and November 2010. That's 2.4 million adjustments to more than 264,000 accounts.

The utility didn't have adequate policies or training in place to clearly define the process for an adjustment or to review the adjustments once they'd been made, the audit found.

That means the utility can't say for sure how much money may have been lost in city revenues.

And it likely means the remaining ratepayers were paying more than they should have been, the audit says.


"Could it potentially be millions [of lost revenue]? Absolutely," said Dan Potapenko, assistant audit manager for state Auditor Brian Sonntag, after the audit briefing Tuesday before the City Council finance committee.


SPU says it has been "working aggressively" with the state auditor for several months to correct deficiencies identified in the audit. The utility agrees there are problems in its current system but questions the audit's conclusions about the magnitude of potential losses.


"We're taking this very seriously," utility spokesman Andy Ryan said after the briefing. "We're working with the Auditor's Office, and we're in the process of implementing all of their recommendations."

Top comments

[Hide / Show comments](#)

 HonestAbeLincoln There is one person doing his job. Brian Sontag (State Auditor) ... (June 7, 2011, by manannan)[Read more](#)

 As usual, the city is out to lunch. 2.4 million adjustments to 264,000 accounts. ... (June 7, 2011, by linux)[Read more](#)

 The issue is WHY the adjustments were made. I think the major reasons an adjustment... (June 7, 2011, by x1d1c1)[Read more](#)

[Read all 81 comments >](#)

[Post a comment >](#)

SPU says it routinely makes adjustments to customer accounts for reasons such as a reduction of late fees, discrepancies between actual and estimated meter-reads, service-cancellation adjustments, rebilling charges, extra garbage cans and water-leak rebates.

"We believe most of our customers are honest when they say they have a legitimate issue with a bill," Ryan said.

The audit noted that about 300 employees have access to the combined utility billing system.

Potapenko told the council committee that some customer-service representatives seemed to have been involved in a disproportionate share of adjustments. He said there was little documentation to show whether the adjustments were legitimate or whether they had been reviewed by supervisors.

He also told the committee that his review of customer accounts found some had been adjusted more than 100 times during the audit period.

The audit also found that the Mayor's Office for Senior Citizens may have given \$2.4 million in utility discounts to ineligible individuals because the office didn't require documentation from seniors and didn't routinely recertify participants every 18 months and drop those who became ineligible.

The city's Human Services Department, which runs the senior-citizens office, said it has revamped internal controls, management and staffing.

"We have already tightened policies and procedures, such as verifying age and income for seniors and adding a supervisory review of program eligibility," department spokesman David Takami said.

The audit covered the last six months of Mayor Greg Nickels' administration and most of the first year of Mayor Mike McGinn's term.

Councilmember Mike O'Brien, chairman of the utilities committee, said the audit clearly shows the need for better systems to monitor and review adjustments to utility bills. He also said the city must balance the genuine need of some people for a break on rates with the city's obligation to document that they qualify.

"Anecdotally, from my conversations with the utilities, I don't think there's been systemwide abuse," O'Brien said after the committee meeting. "But we clearly don't have the processes in place to say definitively what's going on."

In January and February, SPU fired two employees for lowering their personal utility bills. The money lost was estimated to be less than \$2,000. An investigation, including a review of past bill adjustments, is ongoing, Ryan said.

Information from the audit prompted the utility to take steps over the past several months to strengthen its billing system. Specifically, he said the utility is "rigorously monitoring" all transactions on customer accounts, reviewing daily and monthly reports of account adjustments and reducing the number of staff members who have access to the customer-billing system, Ryan said.

The audit also recommended a computerized monitoring system to identify adjustments that represent the highest risk.

SPU, which provides water, sewage, garbage and drainage services to city residents, also bills for City Light, which provides electricity. Together, the utilities have about 2 million customer accounts and annually bill about \$1.2 billion, the audit says.

City Councilmember Jean Godden, finance committee chairwoman, said the audit raises troubling questions about the extent of revenue loss to the city.

"The potential is horrendous," she said. "What actually happened is unclear, and that's a problem."

Lynn Thompson: 206-464-8305

or lthompson@seattletimes.com