

**CITY OF REDDING, CALIFORNIA  
COUNCIL POLICY**

SUBJECT	RESOLUTION NUMBER	POLICY NUMBER	EFFECTIVE DATE	PAGE
REVENUE PROTECTION DUE TO METER TAMPERING	92-376	1403	09/01/92	1

BACKGROUND

The City of Redding Revenue Protection Policy outlines the procedures employed to recover lost revenue and subsequent costs associated with the theft of utility services.

PURPOSE

The purpose of this policy is to provide uniform and consistent guidelines for detecting, investigating, and recovering revenue lost from the illegal or unauthorized diversion of utility services provided by the City of Redding, or as a result of any deliberate tampering, interference, or damage to utility meters belonging to the City.

POLICY

I. Definitions

For the purpose of this policy, the words and phrases listed below, when used in this policy, shall have the meanings ascribed to them as follows:

"City" means the City of Redding.

"Utility" means any electrical, water, wastewater or refuse system operated by any public agency as defined in the Public Utilities Code.

"Person" means any individual, partnership, association, firm, or corporation.

"Customer" means the person in whose name a utility service is provided.

"Utility service" means the provision of electricity, water, or any other service or commodity furnished by the utility for compensation.

"Energy diversion" means any action affecting the proper registration of energy.

"Water diversion" means any action affecting the proper registration of water usage.

"Tamper" means to rearrange, injure, alter, interfere with, or otherwise to prevent from performing normal or customary functions.

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"Vandalism of meters" means any intentional damage to City of Redding meters. Accuracy of energy or water measurement may be affected by the committed act; however, meters may be vandalized and still maintain proper registration.

**II. Detection and Reporting**

1. Utility field personnel finding evidence of a possible theft of utility services shall immediately report the suspected theft to the Customer Service office by radio. The employee reporting the suspected theft will maintain surveillance of the area and continue to wait for a serviceman, route manager, credit supervisor, or the police to arrive.
2. Tips of suspected theft of utility services reported by another utility customer or provider will be immediately reported to the credit manager or the route manager. Information received from an anonymous source will be kept confidential if the reporting party so desires.

**III. Investigation**

When a suspected theft of utility services has been reported to Customer Service, the route manager or credit manager will dispatch a serviceman to the location of the suspected theft.

**IV. Law Enforcement Interaction**

In an investigation of a possible theft of utility services, law enforcement interaction may be necessary in the following instances:

1. A City employee is threatened or believed to be in imminent danger.
2. Tampering and/or theft has been confirmed in the field by a serviceman, the credit supervisor or the route manager.
3. Tampering or theft has been confirmed, a witness and/or visual evidence has been obtained, and the presence of law enforcement is necessary for an arrest.
4. A search warrant is needed and can be obtained. The Director of Customer Service will determine whether sufficient probable cause to request a search warrant has been obtained.

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**V. Collection and Preservation of Evidence**

When investigating a suspected theft of utility services, documentation should include, but is not limited to: the date the diversion was suspected; the name of the person who suspected it; the methods of investigation used; the meter reading when found; the method of diversion; recorded readings and dates taken; and any reads taken with a line meter. It is also important to document in writing any conversations with the customer regarding the diversion.

Because theft of utility service cases may ultimately be settled in court, great care must be taken to properly handle all evidence gathered. For evidence to be admissible in court, strict chain-of-custody procedures must be followed to insure the integrity or the accumulated data.

**VI. Estimating Lost Revenue**

Any utility customer found to be responsible for, or knowingly benefiting from, illegal or unauthorized utility theft and/or diversion activities will be charged for estimated lost revenues and for all City costs incurred in the detection, investigation, and prosecution of the incident, as well as all fees or penalties authorized by the City Council. The aggregate of such direct costs, utility charges, fees, and penalties assessed shall not be less than the current meter tampering fee, as established by resolution of the City Council.

Court decisions around the nation have established that utilities may recover lost revenues from customers based on estimates of diverted or otherwise stolen utilities, providing the figures are reasonable and based on verifiable evidence rather than on speculation.

One or more of the following methods will be used in calculating the amount of lost revenue to be recovered from a customer as a result of theft of utility services:

1. Calculate estimated lost revenue based on recorded historical usage and/or charges at the location over several years. Determine when the usage or charge began to decline. Conduct an on-site energy, water, customer type and use audit. Based on the information gathered from the on-site audit, estimate what the actual utility charges should have been.

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2. If the customer has lived at other locations within the same service area, compare recorded historical utility usage and/or charges with the current locations usage and/or charges.
3. If available, evaluate previous access problems, estimations, and the customer's history of usage and charges with other utility companies.
4. Replace existing meter(s) with a tested meter(s) and analyze post-diversion or theft usage and/or charges to calculate an estimate.
5. In the case of a power diversion, install a line meter and monitor and record readings for a period that accurately measures summer/winter electric usage.
6. In the case of a water diversion, determine the different types of activities in use at the location, and compare the results with other locations similar in size engaging in the same types of activities.
  - a. Charges for water usage resulting from a hot tap on a fire hydrant will be levied at four times the rate of the amount diverted. (Redding Municipal Code, subsection 14.08.370A.5.)

**VII. Interview**

An interview will be set up with the customer alleged to have diverted utility services and a Customer Service Representative to arrive at the true facts, present the customer with charges due, to accept full payment for all utility charges and/or to discuss whether amortization of charges will be allowed.

**VIII. Prosecution and/or Revenue Recovery**

At the conclusion of the investigation and the interview, City employees involved will meet with the Director of Customer Service to review the case and to recommend whether further legal action should be pursued.

If further legal action appears justified, a chronological statement of facts and the documentation of the investigation and evidence collected will be forwarded to the City Attorney's office for his/her review and recommendation.

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The decision to prosecute a case for theft of utility services will depend on whether a customer has admitted guilt or knowledge of the diversion, the strength of the evidence and facts, and whether the customer has signed a reimbursement agreement.

If the customer has admitted guilt or knowledge of diversion and has signed an agreement to pay the charges owed, but fails to make such payments, the City will pursue civil or criminal prosecution.

If the City has obtained a written agreement with the customer, the statute of limitations does not apply since the customer has agreed to reimburse a specific amount of money. As long as the charges are filed within the statutory time frame, the mandates of the statute of limitations are satisfied. City will seek restitution of lost revenue from the time the theft was suspected to have begun until the date of discovery.

Criminal prosecution requires an admission of guilt, photographs of, or a witness to the act of diversion, a witness willing to testify as to its knowledge of attempts to divert, tamper with or otherwise steal utility services, or substantial evidence that supports the diversion or theft of utility services.

A three-year statute of limitations applies to cases prosecuted criminally unless one or all of the following occur:

1. Full reimbursement is a part of the plea bargain. Plea bargained agreements require concurrence of the Director of Customer Service, the City Attorney, and the City Manager.
2. Full reimbursement is written into and is a part of probation.
3. To support a felony charge, the City must have proof that the theft resulted in a revenue loss of four hundred dollars (\$400), or more.