

TECHS WARNED OF BILLING SYSTEM BUGS

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Summary: The Portland Water Bureau's own test team pointed to defects, but its memo was never seen by Commissioner Erik Sten. Eighteen days before the Water Bureau flipped on its malfunctioning computer billing system, the bureau's own technical test team warned that "many big defects have not been fixed" and recommended delaying the go-live date.

Instead, bureau managers and Commissioner Erik Sten, who says he never saw the memo, chose to turn on the system as scheduled, on Feb. 22, 2000.

Sixteen months later, the new billing software still isn't working properly, creating thousands of delayed bills, contributing to a \$30 million drop in projected water and sewer cash flows and boosting water and sewer rates.

The Water Bureau says the billing system, which bureau employees refer to as "the city's cash register," is close to fixed, with just 3 percent to 4 percent of bills expected to remain in limbo by month's end.

But Portland's main utility watchdog, the Portland Utilities Review Board, asked Mayor Vera Katz on Thursday for an immediate independent review of whether the \$8.6 million billing system, purchased from Severn Trent Systems of Houston, should be scrapped.

The Water Bureau's test team predicted many of the system's shortfalls in a six-page memo issued Feb. 4, 2000, listing 49 software glitches including many that immediately caused problems after the bureau turned on the system.

The system's debt recovery "is not working," the team said; billing for the most complicated sewer users "has yet to be fully developed;" the city's 15,000 sewer-only customers "have yet to bill in the system;" and system security functions "have not been set completely nor have they been tested."

Under a heading "Global Issues," the team said Severn Trent's Open Vision software "as a whole is not stable and continues to perform inconsistently." "Fixes are constantly being made," the team said, and "there has not been enough time to train employees thoroughly."

"Bottom line -- the current state of Open Vision . . . is not an improvement over our current system," the team wrote. Bureau managers chose to drop the current system after they turned on Open Vision, leaving the city without a backup.

Sten, who oversees the Water Bureau, said he was aware that starting up the system posed "a significant risk."

"This is unnerving," he said of the memo. "But it's unsigned and without any context. It might show that some of the decisions that I thought were reasonable shouldn't have been made. It might not. I've got to look into this some more."

Sten said he expects that he and bureau Director Mike Rosenberger will be held accountable for decisions made on the computer project, adding that Rosenberger "assured us we were ready to go." Severn Trent officials also endorsed going live, he said, as did the project's consultant, EMA.

Rosenberger was traveling Thursday and could not be reached for comment. The computer project's former manager, Sheila Maio, did not return calls Thursday. In a memo to Sten last year, Rosenberger said whether the bureau started the system too soon "is a good question."

"Certainly, some issues related to Go Live (starting the new system, abandoning the old) have significantly greater clarity in hindsight," Rosenberger wrote.

Mort Anoushiravani, the bureau's chief engineer, said the test team's analysis focused on a worst-case scenario, noting that the team said in the memo that it "focused on the negative." The team consisted of five or six Water Bureau employees, he said.

"Now if you come back and say it looks like worst-case scenario happened, maybe it did," Anoushiravani said.

Jim Abrahamson, chairman of the utilities review board and a former utility planner, called the memo "devastating." Sten should have known that a technical test team was evaluating the system and asked for their conclusions beforehand, Abrahamson said.

"In a way it's not surprising because a system like this couldn't have had this many problems without somebody being aware of it," he

said. "Obviously, people were raising red flags here. Those people did their jobs."

A bureau raises red flags

The Bureau of Environmental Services, the city's sewer bureau, was raising red flags before the go-live date, too, said Charles Garver, the bureau's liaison to the Water Bureau's computer project before the system went live.

Bureau of Environmental Services officials objected to the initial selection of Severn Trent, criticized the project management as inexperienced, and sent memos as late as November 1999 arguing that the system wasn't ready.

The Water Bureau had spent \$350,000 to upgrade its old system to meet the Y2K turnover, giving it breathing room to fix the new system before implementing it, Garver said.

"We didn't understand why they were so interested in going live," Garver said. "It didn't seem logical to us." The explanation he got, Garver said, was that going live would prompt Severn Trent to devote more time and resources to fixing the system's problems.

The Water Bureau also knew before it went live that "critical" ties between the billing system and its accounting system were not operating, according to a management letter from KPMG, the city's outside auditors, that the city received in May.

There was pressure to get the system running. The computer system originally was scheduled to be completed two years before the year 2000 changeover. In the 10 months before the system went live, the bureau and Severn Trent missed four go-live deadlines.

Sten said he and the council also were putting pressure on the bureau to implement a rate reform proposal and achieve other goals, including monthly billing, that required a functioning, long-term system.

On Jan. 12, 2000, Maio sent a memo to customer service employees, Sten, Rosenberger and bureau managers setting the Feb. 22 go-live date, saying the bureau had "reached the point where additional fine-tuning will better serve our customers after implementation."

On Feb. 10, six days after the test team issued its memo, an internal newsletter said go-live was on schedule.

Commissioner Jim Francesconi said Thursday that the council should have known about the significant doubts raised by city employees.

"I've never used this word before, but I'm actually outraged that the council wasn't made aware of the problems before the new system went into place," Francesconi said. "And I say the council because the council approves the rates."

Commissioner Dan Saltzman, who oversees the Environmental Services Bureau, said informing the council probably wouldn't have made a difference given the city's commission form of government, which gives individual commissioners control over specific bureaus.

"I frankly wish we had played more of a role," Saltzman said. "But in this form of government, oversight from another commissioner is viewed as more of an insult, as an affront."

Sten says problems not unusual

Sten and Water Bureau officials note that computer problems are not unusual among U.S. utilities.

Portland General Electric stepped away from the bulk of two computer systems in the 1990s, according to a company spokesman and a consultant's report commissioned by the Water Bureau in January 2000. Northwest Natural Gas switched from developing a custom system to buying a more "off-the-shelf" system in the 1990s, eventually eating \$8 million of the system's \$42 million cost, a company official said.

Garver, of the Bureau of Environmental Services, said he thinks it was clear at the time of implementation that the Water Bureau's system had deeper problems than most. "Yes there are problems with (computer systems)," he said, "but not of this magnitude and not this many before going live."

The original plan was to run the old and new systems together for three months, Garver said. But the Water Bureau decided to drop the old system because keeping it would have meant bringing on more staff and spending more money. The project was already \$2.1 million over budget.

Sten, who has said he unwisely played down warnings from his staff on the project, said he wasn't aware of the decision to drop the old system or of its import.

"It looks like there was more significant opposition to turning this on than we realized," Sten said, referring to the test team memo. "I wish we would have listened to whoever wrote this."

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