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Utility Audit Produces \$6 Million for New Orleans

The city of New Orleans received a \$6 million check and will benefit from hundreds of thousands of dollars each year in future utility savings, thanks to a two-year investigation that uncovered errant billing practices by one of the city's electric utility contractors over the last 14 years.

New Orleans Public Service Inc. (NOPSI), a division of Louisiana Power and Light Company, has been under contract with the city to operate, maintain, and supply power to approximately 50,000 street lights and almost 1,000 metered electric accounts since the early 1980s. Following an investigation by TriStem, Inc., a utility audit firm, it was discovered that NOPSI was overcharging, mis-billing, and double metering many city accounts, and also was charging the city for street lights that either did not exist or were not operational due to NOPSI's failure to maintain them.

Following the audit, a national accounting firm was retained jointly by NOPSI and the city to calculate the amount of overbilling. The end result was a \$6 million out-of-court settlement between the city and NOPSI.

For more information, contact Lilliam Zayas-Pope, New Orleans Utility Department Director at (504) 585-5851, or Joe Seeber, President of TriStem, Inc. at (817) 776-2030. ■

Waco Tribune-Herald

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SUNDAY, NOV. 10, 2002

He's got a sharp eye for blunders

Man's Waco-based company helps clients find utility bill errors

By **MIKE COPELAND**
Tribune-Herald business editor

Ask Joe Seeber what he does for a living, and he may say, "I count utility poles."

He might add that he gets paid very well for counting them.

Seeber owns TriStem, a Waco-based company that helps cities, colleges and big companies find errors in their electricity bills. He works on a

contingency basis, so customers don't pay unless he sniffs out an overcharge. When he does, he collects 49 percent of any refunds his clients receive.

He travels all the time.

"I have a friend who tells me that when I show up at the American Airlines desk, they salute," said Seeber, laughing. "My kids have traveled all over the world with my frequent flier miles."

For two years, Seeber has been practically living in New Orleans. The city has sued its power provider, Entergy, claiming it overbilled the city millions of dollars for street-

lighting services over the past decade. TriStem serves as a consultant to the city.

"We did get them to refund \$1.8 million a year or so ago, and they have refunded another half-million or so in the last few months, but we're still fighting over the big money," said Seeber, who continues to travel between Waco and Louisiana.

A third-party auditor will decide how much Entergy owes the city of New Orleans, which agreed to drop its lawsuit.

Randall Smith, an attorney for the

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TriStem Successes

Utility overcharges discovered by Waco-based TriStem:

- City of New Orleans, \$8.2 million.
- United States Postal Service-Manhattan, \$2.2 million.
- State of Texas, \$1.5 million.
- Sewerage & Water Board of New Orleans, \$1.05 million.
- General Services Administration, \$808,000.

Source: TriStem

POWER

Market niche may be growing

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city, told the *Times-Picayune* newspaper, "I'm not speaking for the mayor, but if I had to guess, I'd say it will be in the \$10 million to \$20 million range."

Seeber said he could not comment on this case, with all the legal maneuvers still unwinding. But the TriStem Web site shows that Seeber in the past has helped recover \$8.2 million in overcharges for New Orleans, as well as \$1.05 million for the Sewerage and Water Board of New Orleans.

He's scheduled to receive a 35 percent cut of the latest over-billing refund, not his usual 49 percent, "because New Orleans has been a good client for us."

TriStem receives only a percentage of refunds, not a percentage of future savings.

"Other companies have come and gone because they got caught up in future savings. We have stayed away from that," he said. "When you try to calculate those savings, you're destined to have a disagreement with clients, and that comes back to haunt you."

Seeber launched TriStem in 1979, never thinking it would become a utility watchdog.

"We designed, installed and



Joe Seeber said he learned the world of electric rate-making "through hard work."

maintained energy management systems," he said. "To do that right, you have to study consumption patterns in a facility, and you must have some knowledge of how tariffs work. As I would make my proposals, I kept finding errors on electric bills. I finally started a sideline business of auditing electric bills on a contingency basis.

"After six months," he added, "I found out which business was my best."

Seeber, who earned a bachelor's degree in business administration from Southwestern University, said he learned the world of electric rate-making "through hard work and trial and error."

"Many years ago, a man named R.L. Johnston was head of the rate department for TU Electric. He and I were always pulling on different ends of the rope," said Seeber. But the two became friends, said Seeber, and Johnston appeared as an expert witness on TriStem's behalf a couple of times.

Reared in Grand Prairie, Seeber had no ties to Waco before making it TriStem's home.

"I visualized it as a statewide business, and Waco is only three hours from several million people when one considers Dallas, Austin and San Antonio," said Seeber. "I never visualized it becoming what it is today."

TriStem takes only large customers, such as cities, airports, factories or colleges. Seeber said they can afford his services and are more susceptible to being overcharged than homeowners who carefully examine their utility bills.

Scopes out buildings

Seeber scopes out each building, determining square footage and the heating and air conditioning units involved. He also studies the building's consumption and billing history before feeding data into a computer.

The process "tells us where there is a problem and where we need to look further."

Seeber said he has many war stories.

"I once was working for the General Services Administration, a federal agency, which had space in a large office building in New York," Seeber recalled. "We knew something was wrong, but we didn't know why. I went to the building, found the meters and traced the lines. Supposedly, all electric lines are properly segregated before they go through the meters, but in this case they weren't. Part of the electricity that went through the GSA

meter fed another tenant. The GSA was paying for half the electricity used by someone else."

When asked if overbilling is caused by mistake or mischief, Seeber says, "My standard reply is: I find the mistakes. Only God knows the motives."

His clients take legal action if necessary.

Seeber said he has customers in all 50 states, and his Web site said he has recovered or saved more than \$50 million for his clients.

With deregulation now a fact of life in Texas, and with several electric providers clamoring for attention, electricity users may need companies like TriStem more than ever, said Janee Briesemeister, a spokeswoman for the Austin office of Consumers Union.

She said the little guy — the small-business owner and the household consumer — sometimes needs help deciphering electric bills.

"In the past, utility bills were pretty plain vanilla. But with deregulation comes differences (in bills) and more room for error," she said. "I can see where someone in Mr. Seeber's business would be in demand."

Terry Hadley with the Public Utility Commission, a state agency that regulates electricity providers, said residential customers may file complaints with the PUC if they believe they have been overcharged or if their bills have not been properly explained.

"We would contact the provider and ask for an explanation for the customer," said Hadley.

Seeber, 62, said he's not thinking about retirement but may reduce his workload after Jan. 1. He has a small staff that may get larger.

However, spending months in New Orleans has had its advantages.

"The food is great," he said. "I haven't had a bad bowl of gumbo or po' boy sandwich."

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