

UTILI-FACTS

Submetered Utility Service for Property Owners

The material below is provided for general information purposes only and should not be considered a complete or exhaustive list of requirements and rules for any individual owner or utility operation. Evaluation and management of allocated and submetered water and sewer operations is the responsibility of each owner or utility. Please consult the Public Utility Commission of Texas Substantive Rules, Chapter 24, applicable to water and sewer service providers, which can be found on the PUC website at <http://www.puc.texas.gov/agency/rulesnlaws/subrules/water/Water.aspx>.

What is submetered utility service?

Under a lease agreement, an owner will bill the tenant for water and perhaps wastewater using a method called submetering. Submetered

utility service is water utility service that is master metered for the owner by the local utility, and the owner has installed a submeter or point-of-use submeter for each unit to measure each tenant's water use.

When discussing a rental agreement, the owner must provide the tenant with a free copy of either the rules

on utility submetering [Texas Administrative Code, Title 16 (16 TAC), Chapter 24, Subchapter H], or a copy of this summary of the rules that has been prepared by the Public Utility Commission of Texas (PUC).

Do I need to register with the Public Utility Commission?

An owner who intends to bill tenants for submetered utility service or who changes the method used to bill tenants is required to register with the PUC. Owners should also update their contact information when ownership of the property changes. The registration form and instructions can be found on the PUC website, http://www.puc.texas.gov/industry/water/Forms/Register_Submetering.pdf.

How does submetering work?

The tenant receives a bill from the owner or billing company, not from the local utility company. The tenant's usage is measured by an individual submeter or point-of-use submeter which is installed and owned by the property owner, not by the local utility. The owner or a billing company reads the submeter or point of use submeter and determines the tenant's actual water consumption to calculate their bill.

How do you determine a submetered bill?

The owner or billing company uses the tenant's actual water consumption, as read on the submeter, and multiplies it by either:

The owner's cost per gallon, liter, or cubic foot for water, as computed from the local utility's bill; or

The local utility's charge per gallon, liter, or cubic foot for water, as shown on the utility's rate schedule.

The owner may also calculate sewer charges the same way using the tenant's water consumption, since sewer service is not metered. A manufactured home rental community or apartment house that bills on a submetered basis may also assess a service charge. This charge must not exceed nine percent of the tenant's charge for water and sewer service.

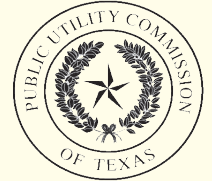
What should the rental agreement include concerning submetered water or sewer service?

The rental agreement, lease, or a lease addendum, should disclose the following information:

- Disputes about the calculation of the tenant's bill or the accuracy of a submeter are between the tenant and the property owner;
- The tenant will be billed for submetered service;
- The tenant will be billed for water and/or sewer service;
- The tenant has the right to receive information from the owner to verify the submetered bill;
- The average monthly water/wastewater bill for all dwelling units in the previous calendar year, and the highest and lowest bill in that year;
- The date submeters are usually read;
- The date bills are usually issued;
- The date bill payments are usually due;
- The number of days it will take to repair a leak in your dwelling unit, after you have reported it in writing; and
- The number of days it will take to repair a leak in an unmetered common area that you report in writing.

What utility charges can be passed through to tenants?

Submetered bills for water and sewer service may only include utility charges for water, sewer service, and surcharges directly related to those services. Tenants may not be charged for fees the utility has

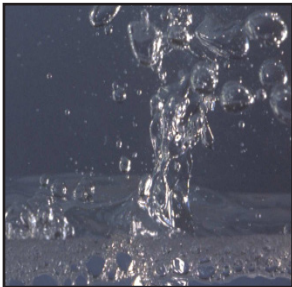


QUESTIONS:

Call: 512-936-7405

Write:
Public Utility Commission
Water Utility Regulation
Division

1701 N. Congress Ave.
P.O. Box 13326,
Austin, TX 78711-3326



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billed the owner for a deposit, disconnect, reconnect, late payment, or other similar fees. Texas law does not allow owners to profit from submetered billing by adding extra fees or hidden charges to water and wastewater bills.

What records must be made available concerning submetered service?

PUCT rules require owners to make the records listed below available to its tenants for inspection at the manager's office during normal business hours. The owner or manager may ask a tenant to submit a written request to view this information. Records routinely kept at the on-site manager's office should be made available within three days. Records routinely kept elsewhere must be made available within 15 days of receiving your written request. If there is no on-site manager's office, the owner must make copies of requested information available at the tenant's dwelling unit, at a time agreed to by the tenant, within 30 days of receiving a written request.

Records must be maintained for the current year and the previous calendar year. Testing results of submetering equipment must be maintained as long as that equipment is in service.

Information that must be made available to the tenant includes:

- Statute that allows owners to bill tenants for water and wastewater service (Texas Water Code, Chapter 13, Subchapter M),
- PUCT rules that regulate this practice [16 TAC, Chapter 24, Subchapter H],
- Rates charged to the property by the utility,
- Bills from the utility to the property,
- Total amount billed to tenants each month for water/sewer service
- Total amount collected from tenants each month for water/ sewer service;
- All submeter readings;
- All submeter test results;
- Calculation of the average cost per gallon, liter, or cubic foot;
- Chart showing how the utility's unit of measure is converted to the unit of measure used by the tenant's submeter (if applicable);
- Any other information the tenant would need to calculate and verify their water/sewer service bill; and
- Conservation tips

What information must be included on the tenant's submetered bill?

- Tenant's name and address,
- Amount due for dwelling unit base charge or customer service charge, or both, if applicable;
- Amount due for water and/or wastewater;
- Payment due date;
- Number of gallons, liters, or cubic feet you used;
- Cost per gallon, liter, or cubic foot for each service provided;

- Dates and readings of the submeter at the beginning and end of the period for which the bill is rendered;
- Name of the retail public utility and a statement that the bill is not from the retail public utility;
- Name of the billing company, if applicable;
- Name, address, and telephone number of the party to whom payment is to be made;
- Name or title, address, and phone number of the company or person to be contacted about a dispute; and
- Amount due for a service charge assessed by a manufactured home rental community.

Can the owner change the way tenants are billed?

No, not unless:

- The owner gives the tenant notice of the proposed change at least 35 days prior to implementing the new method,
- The tenant's existing lease expired, or the tenant is willing to sign a new lease before the current lease expires, and
- The tenant agreed to the change by signing a lease or other written agreement.

What about dues dates and late fees?

The owner has to give the tenant at least 16 days to pay the bill after it is mailed or hand-delivered to the tenant. If the due date falls on a weekend or a federal holiday, the following work day will be the due date.

The property owner may apply a one-time penalty to delinquent accounts. This amount cannot exceed 5%. The rental agreement must specify the percentage amount of the late penalty.

Who is responsible for the submeter or point-of-use submeter?

The property owner is responsible for installing, maintaining, and testing all submeters or point-of-use submeters. If a tenant asks for a meter test in writing, the owner must do either one of two things at no charge to the tenant:

- Provide evidence that the meter was calibrated or tested and shown to be accurate within the preceding 24 months, in accordance with standards established by the American Water Works Association (AWWA) for submeters or the American Society of Mechanical Engineers (ASME) for point-of-use and branch water submetering systems; or
- Remove and test the submeter and promptly advise the tenant of the test results. If the tenant requests an additional test, the owner may bill the tenant for actual testing costs not to exceed \$25 if the submeter meets AWWA accuracy standards or the point of use meter meets ASME accuracy standards.