

UTILI-FACTS

Allocated 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 sub-metered 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/ruleslaws/subrules/water/Water.aspx>.

What is allocated utility service?

Under a lease agreement, a property owner or designated allocated service provider will bill the tenant for water and perhaps wastewater using an allocation method. The owner or allocated service provider receives water and sewer service from the local utility and passes

through the cost of one or both of these services to each dwelling unit on the property.

When presenting a rental agreement, the property owner must provide the tenant with a free copy of the rules on utility allocation [Texas Administrative Code, Title 16 (16 TAC), Chapter 24, Subchapter H], or a copy of the summary of the rules for tenants, prepared by the Public Utility Commission of Texas (PUCT).

Rules require the property owner provide the tenant with specific information about their bills and include disclosures about billing practices in the rental agreement. Any billing disputes that arise must be resolved by the tenant and the property owner, usually by working with the on-site manager.

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Do I need to register with the Public Utility Commission?

An owner who intends to bill tenants for allocated utility service or who changes the method used to bill tenants is required to register with the PUCT. Property 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.

What should a rental agreement include concerning allocated water or wastewater service?

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

- Disputes about the calculation of your bill are between you and the property owner,
- You will be billed on an allocated basis,
- You will be billed for water and/or wastewater,
- You have the right to receive information from the owner to verify your utility bill,
- A clear description of the allocation method the property owner will use to calculate your bill,
- The average monthly water/wastewater bill for all dwelling units in the previous calendar year, and the highest and the lowest bill in that year,
- 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.



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

What utility charges can be passed through to tenants?

Allocated bills for water and wastewater may only include utility charges for water, wastewater, and surcharges directly related to those services. Tenants may not be charged for fees the utility has billed the owner for a deposit, disconnect, reconnect, late payment, or other similar fee. Texas law does not allow property owners to profit from allocated billing by adding extra fees or hidden charges to water and wastewater bills.

What about water or wastewater that is used outside dwelling units in common areas?

Common areas include pools, laundry rooms, and installed irrigation systems for landscaping. Before applying the selected allocation method, the owner must first subtract charges related to common areas, as required by PUCT rules.

What records must be made available to me concerning allocated service?

PUCT rules require property owners to make the following billing records available to tenants for inspection at the manager's office

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(continued from front)

during normal business hours. The owner or manager may ask the 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,
- Data on occupancy and square footage used to calculate allocated bills,
- Calculations showing deductions for common areas (if applicable),
- Total amount billed to tenants each month for water/wastewater,
- Total amount collected from tenants each month for water/wastewater,
- Any other information the tenant may need to calculate and verify their water/wastewater bill, and
- Conservation tips.

What information must be included on the tenant's allocated 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,
- 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, and
- Name or title, address, and phone number of the company or person to be contacted about a dispute.

Can the owner or allocated service provider 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.

How does a property owner calculate an allocated utility bill?

For specific instruction on the various methods to calculating the bill, please refer to PUC Rules [16 TAC, Chapter 24, Subchapter H, §24.281(e)].

Start with the retail public utility's master meter bill.

- Subtract dwelling unit base charges or customer service fees.
- Subtract utilities used for common areas such as landscape irrigation, pools, or laundry rooms. If these areas are not separately metered, refer to the rules for how to determine the percentage of utilities used for different types of common areas.

You now have the amount you will divide up amongst the tenants.

To calculate the tenant's bill you can divide this number in a number of ways.

- Occupancy method. The total number of tenants in the dwelling unit divided by the total number of occupants in the entire complex
- A ratio occupancy formula. This formula can reflect what the owner believes more accurately represents the water use in units that are occupied by multiple tenants. The rules give specific guidance on the ratios to be used.
- The average number of occupants per bedroom. The rules give specific guidance on the averages to be used.
- A factor using a combination of square footage and occupancy.
- Methods that used submetered hot water usage to determine the cold water usage or submetered cold water usage to determine the hot water usage.

There are other specific rules relating to calculating the utility bills for manufactured home rental communities and multiple use facilities.

What about dues dates and late fees?

The property owner has to give the tenant at least 16 days to pay the bill after it is mailed or hand-delivered. 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.